2015/16 FY

# ANNUAL REPORT

## Volume I

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## PROPOSED 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. It replaces a template dating back to August 2003.

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. Once the draft has been finalised, training will be provided to facilitate the implementation of this initiative, and separate additional guidance may be issued if necessary.

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

MFMA Implementation Unit, National Treasury
October 2009

# CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: MAYOR'S FOREWORD

The Financial Year 2015/2016 is the last year of the current Political Term and, consequently preparations for the election of a Team of new Councilors are earnestly underway.

The highly anticipated Local Government Elections on the 3rd of August 2016 were characteristic of many occurrences, and in our case both EFF and BRA joined Council in the Opposition benches in addition to the Democratic Alliance (DA).Culminating from this watershed Municipal Election, the new Executive Committee was elected from which I was elected the incumbent Mayor of the Municipality. I therefore take this opportunity to thank the previous Council, for the excellent work undertaken to place our Municipality in a strategic pole position for sustainable growth and excellence in provisioning of services to our communities.

I would also like to thank the Municipal Manager, Mr. Morris Maluleka and his team for their unwavering support and advises to ensure that Bela-Bela remains a "A Tourism Destination of Choice". Our highly skilled Administration under the astute Oversight of Council committed to providing all our clients and communities with service excellence to provide social and economic growth. Whilst our Municipality was rattled by instability in its Council, which to an extent had negative ramifications on Council and its Committees' ability to effectively perform their Oversight responsibilities, the Municipality could still manage to roll out its infrastructural projects and implement as planned.

This ability of our Municipality to spend MIG on all its projects as planned culminated into the Municipality being awarded with additional MIG funding for its good performance in this area.

In the area of Governance, the Municipality had to commission a Forensic investigation into allegations of irregular decision by the Municipal Manager. In the contrary, the Forensic Report which have since being noted by Council found nothing irregular with regard to the dictions and/or the actions of the Municipal Manager.The manner in which we interact and relate with all our stakeholders in their different formations and groupings have being found to be wanting, which may to an extent being a fertile ground for vary elements tirelessly working against the progress of the Municipality.

Amidst many challenges confronting the previous Council, our Municipality could still manage to improve on its 2015/16 performance, which was a further improvement to that of 2013/14 and 2014/15 Financial Years. This is indicative that we have a resilient Team of Managers who are not easily sidetracked by nefarious activities around their space of operations.

It is evident that our Municipality does boast an immense potential, which if appropriately unlocked will culminate into sustainable livelihoods for our populace. We therefore sih to sound this clarion call to all grouping, formations and structures therein to rally behind our shared developmental Vision.

Sincerely Yours

.....

**CLLR J NGOBENI**

**MAYOR : BELA-BELA LOCAL MUNICIPALITY**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

This Annual Report, together with a third consecutive Unqualified Audit Outcome, bears testimony to what can be achieved by any Municipality through hard work, focus and determination amidst various forms of adversity.

In presenting this Annual Report 2015/2016, we affirm that Bela-Bela Local Municipality has made further massive strides "***To be the prime agricultural hub and tourism destination of choice***".

The 2015/2016 Financial Year saw instability within Council, which lead to dysfunctional Council and Council Structures thereby eroding the working relation between the PMT, Majority of Councillors and Administration. This culminated into some antagonistic relationships of convenience with some aggrieved stakeholders or members of the community, which were displayed through sporadic misguided protests, disruption of infrastructural projects and malicious print media publications, which could not be corroborated on allegations of maladministration and corruption.

Despite all these challenges, the Municipality showed resilience and continued in its excellent performance of its work, where infrastructure was rolled out throughout varying Wards therein. Consequently number of employment opportunities were created where majority of our Community Members benefited.

The 2015/2016 Financial Year was peculiar in that it marked the end of the current term of Council, which was replaced by the new Team of Councillors in the new Term after the 3rd of August 2016 Municipal Elections, the term which will start from 2016/17 and end by 2020/21.

To varying Municipalities across the Country, the aftermath of the August 2016 Municipal Elections brought new phenomenon, and in our context, whilst the African National Congress (ANC) retained its status as the governing Party, two (2) new Political Parties, Economic Freedom Fighters (EFF) and Bushbuckridge Residents Association (BRA) were joined Democratic Alliance on the Opposition benches in Council.

Whilst the number of Councillors remained at 17, the balance of power slightly changed in accordance with the following numbers of seat allocated to each Party in Council: ANC (09); DA (05); EFF (2) and BRA (01).

Over the 2013/14, 2014/15 and 2015/16 Financial Years respectively, our Municipality have received three (3) consecutive Unqualified Audit Outcome. Of paramount importance in these attainment was that over each Financial Year the number of matters of emphasis were reduced drastically. This is testimony to the fact that the Governance processes, controls and mechanisms continue to improve where efficiency and effectives are continuously becoming the determining factors of our actions.

During the Financial Year under Audit, our Municipality was nominated as one of the five (5) Municipalities in the Province, by the Department of Planning, Monitoring and Evaluation in the

Presidency to participate in the Pilot Programme of Local Government Management Improvement Model. The results confirmed the fact that our Municipality has improved tremendously on its Governance processes, and as such put in place requisite controls and was compliant with all the applicable Laws of the Sector and those of the Republic alike.

Due to our sound expenditure rate of the MIG, our Municipality was give additional funding, which enabled the Municipality to increase on the number of infrastructural projects being implemented therein. Consequently we had two Budget Adjustments to effect these changes in our Budget for the incumbent Financial Year.

Various key service delivery improvements achieved during the year under review confirmed the appropriateness of the strategic direction embarked on at the beginning of the term of office of the current leadership. These include, amongst others:

a) Attained Organizational Performance of 93.50%
b) Our Revenue Collection Rate was at 105%, which was above the 95% norm.
c) Realized significant reduction in irregular expenditure from R6 million in 2013/14 to R2 million during the 2015/16 Financial Year
d) Increased accessibility of free basic services (Water, Sanitation and Electricity) to all our Communities.
e) MIG Expenditure Rate of 100%

Bela-Bela Local Municipality continues to invest in infrastructure within the development of all our towns to create the best opportunities and provide excellent services for all our residents. The major infrastructure projects funded from the Capital Budget were:

a) *Bela Bela: Bulk Sewer Infrastructure X9*
b) *Water Infrastructure (MWIG)*
c) *CBD Roads Tarring - Phase2*
d) *Bela Bela: Upgrade Sport facilities stand 752 (Bela-Bela High)*
e) *Bela Bela: Storm water – Limpopo Road*
f) *Bela Bela: Road Paving X's 2, 7 &8*
g) *Bela-Bela Landfill Road Paving*
h) *Integration Electrification Programme( Build 10MVA Sub-Station*
i) *Upgrade Sunfa Stadium*
j) *Road Paving Phase 5 (Ext. 4)*
k) *Paving of Bus Route: Rapotokwane*
l) *Upgrade Sport Facilities Stand 274*
m) *Stormwater Marikana Street (x6)*
n) *Bela Bela: Multi-Purpose Center*
o) *Refuse Removal Equipment*

In 2015/2016, the Planning and Economic Development Department continued with the process to transform our Space Economy through key economic development imperatives and priorities as reflected in the 2015/2016 Integrated Development Plan (IDP), which primarily focus on job creation, investment promotion and sector development, rural economic development and the facilitation of skills development.

Our approach to expedite approval of building plans has moved into a higher gear. We are very much aware that in order to uplift the economy we need to pull out all stops to make this happen as fast as

is possible. Not only does the Municipality needs to be proficient on the approval of building plans, we also need to be customer friendly and assist our customers with the approval of plans and compliance thereto.

Despite the many challenges encountered with regard to Human Settlements, the Municipality through the support of the Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGSHTA) in the Province, has managed to provide 300 RDP Housing Units at Rapotokoane and Masakhane areas, which are Ward 9 and 8 respectively. It goes without saying that this is but a drop in the Ocean considering the fact that our backlog is at 4500. To this end the Municipality is earnestly searching for suitable land to be purchased and/or transferred by National/Provincial Government where mixed Human Settlement will be developed.

It is against this backdrop that we are confident that our Municipality is on track to good corporate Governance, where our communities will be provided with services in an excellent Manner.

Sincerely Your

.....

**MM MALULEKA**

**MUNICIPAL MANAGER: BELA-BELA LOCAL MUNICIPALITY**

## 1.2 INTRODUCTION TO BACKGROUND DATA

Bela-Bela Local Municipality is performing the Powers and Functions on the Table below: as assigned through the Constitution of the Republic of South Africa and the Local Government: Municipal Structures Act.

Table 1

| Function | Is this a Shared Service (Y/N) | RESPONSIBLE DEPARTMENT AT THE MUNICIPALITY |
|---|---|---|
| Air Pollution | N | Social and Community Services |
| Building Regulation | N | Economic Development and Planning |
| Electricity Reticulation | N | Technical Services |
| Fire Fighting | Y | Social and Community Services |
| Local Tourism | Y | Economic Development and Planning |
| Municipal Airports | N | Social and Community Services |
| Municipal Planning | Y | Economic Development and Planning |
| Stormwater Management Systems in Built Up Areas | N | Technical Services |
| Trading Regulation | N | Economic Development and Planning |
| **Potable Water** | **N** | **Technical Services** |

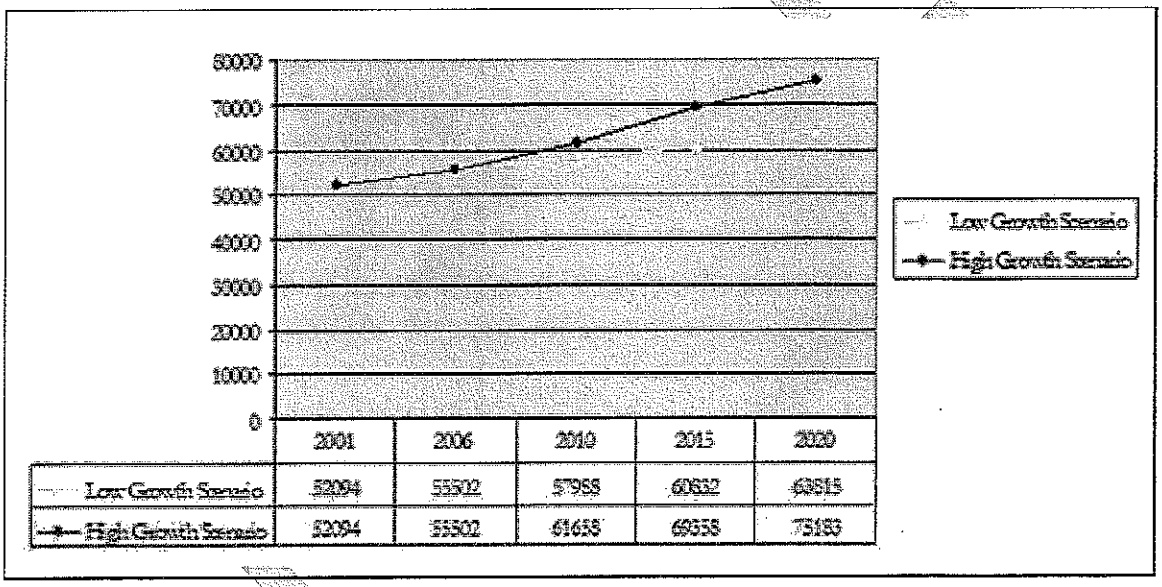
Whilst the Administration of the Municipality is tasked with the responsibility of ensuring optimal performance of all the Powers and Functions assigned to the Municipality as per the determination of the prescripts of the Law, Council through its Structures regularly performs an Oversight to all the respective Departments to ensure Legislative compliance to that effect and impacts aimed at improving the livelihoods of the communities therein.

Accordingly, the Municipality has developed and approved an Organizational Structure as depicted under graph 1 below that seeks to ensure optimal performance of these Functions. The picture correctly painted by the Organizational Structure is that the Departments of Technical Services, Social & Community Services and Planning & Economic Development respectively as the primary Service Delivery oriented Departments in line with the depiction under Table 1 above jointly constitutes more than 60% of the personnel of the entire Municipality.

Population Dynamics and Future Growth Trends

The total size of Bela-Bela's population as of 2011 was estimated to be at **66 500** individuals which has increased by 27. 6 % by 2011 compared to Census 2001. Annually, the Population of the Municipality is growing at the rate of **2.44%.** This is based on Census 2011 which also estimates that there are approximately **18 068 households** within Bela-Bela which is 3.7% increase from 2001 figure See **Table 2** below. Statistics South Africa indicated that this figure also takes into account Rapotokwane Village which was incorporated into the Municipality from Dr J.S. Moroka Local Municipality (Mpumalanga Province) in 2000. The **graph below** illustrates the estimated population projection when the information from BMR is taken into account.

**Graph 1 Population Growth 2001-2020**




| | 2001 | 2006 | 2010 | 2015 | 2020 |
|---|---|---|---|---|---|
| Low Growth Scenario | 52094 | 55502 | 57958 | 60632 | 63515 |
| High Growth Scenario | 52094 | 55502 | 61638 | 69358 | 78189 |

The high growth ratio takes into account other main factors such as in – migration, which can result in further increase in the population within Bela-Bela. It would be recalled from the 2007/ 08 IDP that there are a number of people who have relocated from Gauteng to Bela-Bela Town (specifically in the Warmbaths Extensions) to get away from the busy life of Gauteng.

Some of the impacts of the HIV/AIDS

- Low and/or zero population growth rate – affecting revenue base of the Municipality and sustainability of projects.

Table 2 Households Dynamics

| | Census 2001 | | Census 2011 | |
|---|---|---|---|---|
| **Municipality** | **Households** | **Ave HH size** | **Households** | **Ave HH size** |
| **Bela-Bela** | **12 335** | **3.7** | **18 068** | **3.7** |
| **Waterberg** | **145 883** | **3.7** | **179 866** | **3.8** |

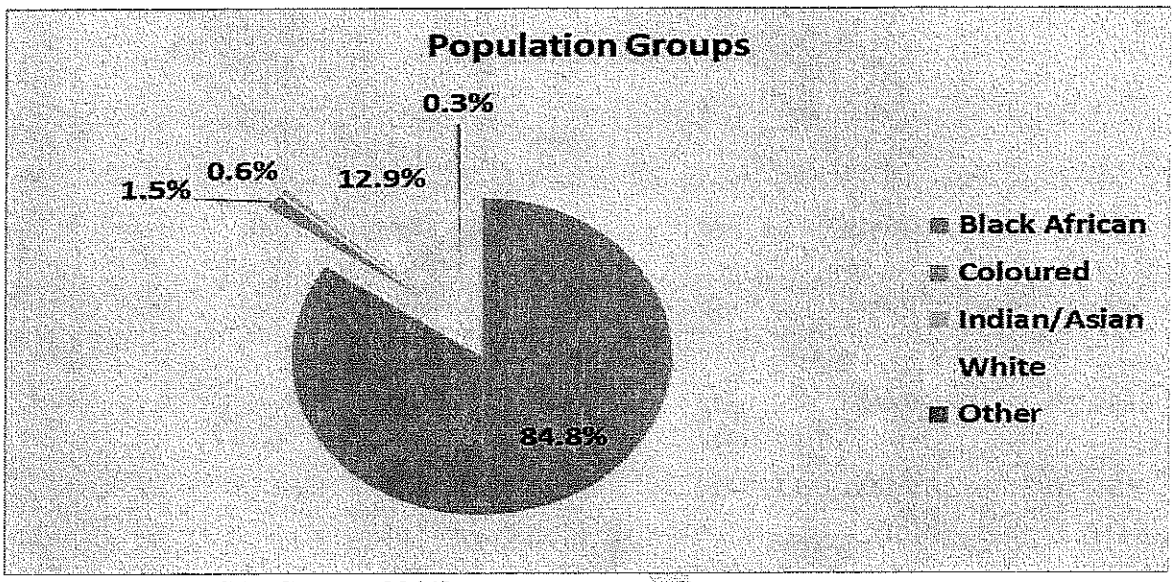
**[Source: Statistics SA: Census, 2011]**

They still have offices in Gauteng, but due to the development of technology they do not need to go to the office every day and therefore choose to live in areas such as Bela-Bela Town, further away from the city. The second factor is the increase of people entering the property market to such an extent that the number of home owners have increased. There was also an increase in people who bought weekend/holiday homes in resorts, estates, etc., of which some also opted for permanent residency specifically in the Estate developments. It can be assumed that the real growth rate for permanent residence in Bela-Bela Municipal area might even be higher than anticipated BMR growth rates up to the year 2020 as indicated in **Graph 1** above.

### 1.3 Population Group, Age Group and Gender in Bela-Bela Municipal Area.

The population of Bela-Bela Local Municipality in terms of groupings categorized as per the **Graph 2** below. It is evident that Black Africans are in the Majority followed by Whites. It is therefore imperative to take caution that whilst the development priorities within the Municipality seeks to address the plight of Black Africans who majority of which is still characteristics of the previous dispensation in the Country, such should not be at the detriment of the other minority groupings therein.

Graph 2 Population Groups




**[Source: Statics SA: Census, 2011]**

All the residents of Bela-Bela Local Municipality irrespective of their Colour of ethnicity should be encouraged to partake in the developmental Agenda of the Municipality from within their respective localities and interest groupings.

The age composition or structure determines the kinds of economic activities which are currently existing and may need to be explored in the future within the locality. Different age groups have different economic needs and different spending patterns. According to Census 2011, the composition of the Population of the Municipality is Young (0–14) 28.1%, Working age (15-64) 66% and Elderly 65+ 5.9%.

Table 3 Census 2011 age group, gender and population group

| | Black African | Coloured | Indian or Asian | White | Other | Unspecified |
|---|---|---|---|---|---|---|
| LIM366: Bela-Bela | | | | | | |
| Male | | | | | | |
| 0 - 4 | 3 225 | 52 | 14 | 206 | 5 | - |
| 5 - 9 | 2 730 | 43 | 17 | 208 | 2 | - |
| 10 - 14 | 2 563 | 37 | 13 | 225 | 5 | - |
| 15 - 19 | 2 686 | 47 | 8 | 214 | 2 | - |
| 20 - 24 | 3 377 | 63 | 27 | 201 | 28 | - |
| 25 - 29 | 3 243 | 66 | 36 | 243 | 22 | - |
| 30 - 34 | 2 619 | 28 | 31 | 241 | 9 | - |
| 35 - 39 | 1 997 | 37 | 18 | 260 | 11 | - |
| 40 - 44 | 1 690 | 27 | 17 | 280 | 12 | - |
| 45 - 49 | 1 371 | 18 | 9 | 250 | 7 | - |
| 50 - 54 | 1 119 | 16 | 7 | 282 | 1 | - |
| 55 - 59 | 817 | 20 | 7 | 254 | 2 | - |
| 60 - 64 | 599 | 23 | 5 | 338 | 3 | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| 65 - 69 | 350 | 10 | 5 | 333 | 6 | - |
| 70 - 74 | 188 | 3 | 2 | 239 | 2 | - |
| 75 - 79 | 101 | 1 | - | 198 | 2 | - |
| 80 - 84 | 68 | - | - | 107 | 1 | - |
| 85 + | 56 | - | 4 | 47 | 1 | - |
| Total | 28 799 | 489 | 218 | 4 127 | 122 | - |
| Female | | | | | | |
| 0 - 4 | 3 188 | 39 | 16 | 204 | 8 | - |
| 5 - 9 | 2 798 | 29 | 11 | 213 | 7 | - |
| 10 - 14 | 2 540 | 43 | 11 | 211 | 3 | - |
| 15 - 19 | 2 496 | 44 | 18 | 219 | 1 | - |
| 20 - 24 | 2 849 | 61 | 14 | 197 | 5 | - |
| 25 - 29 | 2 782 | 38 | 12 | 257 | 8 | - |
| 30 - 34 | 2 094 | 31 | 16 | 229 | 9 | - |
| 35 - 39 | 1 992 | 33 | 8 | 248 | 8 | - |
| 40 - 44 | 1 606 | 30 | 10 | 305 | 4 | - |
| 45 - 49 | 1 525 | 30 | 14 | 268 | 2 | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| 50 - 54 | 1 123 | 41 | 5 | 334 | 5 | - |
| 55 - 59 | 910 | 24 | 8 | 310 | 3 | - |
| 60 - 64 | 554 | 18 | 4 | 393 | 1 | - |
| 65 - 69 | 385 | 8 | 3 | 336 | 3 | - |
| 70 - 74 | 312 | 4 | 6 | 287 | 4 | - |
| 75 - 79 | 205 | 3 | 4 | 207 | 3 | - |
| 80 - 84 | 129 | 1 | - | 134 | - | - |
| 85 + | 117 | - | - | 82 | - | - |
| Total | 27 603 | 476 | 161 | 4 433 | 74 | - |

[Source: Statistics SA: Census, 2011]

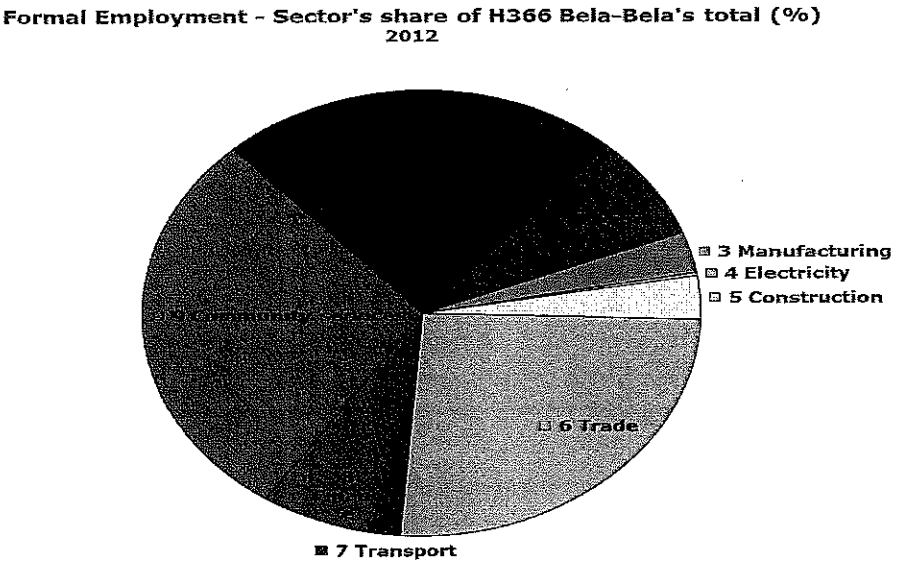
This trend in age composition obliges the government departments and the Municipality to ensure that a large percentage of the budget is allocated to Social Development Facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant Skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the Municipality in partnership with the sector departments such as the Department of Education, Health, Public Works, Roads and Transport etc.

The goal of the Local Economic Development Unit is to facilitate economic development, job creation and poverty eradication within Bela-Bela Local Municipality which is part of Waterberg District Municipality. This will be achieved by reducing the numbers of unemployed people, especially the youth, women and people living with disabilities. Secondly, by ensuring that there is economic development in the Municipality and in particular in the identified sectors. Furthermore, that there is

reduction in the number of people living below the poverty line. **Section 153 of the Constitution** stipulates the following developmental duties of all Municipalities:

- A Municipality must structure and manage its administration, budgeting and planning processes to give priority to the needs of the community, and to promote social and economic development.
- A Municipality must participate in national and provincial developmental programmes.

**Graph 3 Formal Employment Sector**




Source: IHS Global Insight Regional eXplorer version 920

Based on the above, Bela Bela Local Municipality is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A Municipal budget is being implemented and equally redistributed within the parameters or principles of EPWP, this implies that each and every Capital project that the Municipality is implementing (capital expenditure) the element of social partnership is being taken into cognizance.

- Number of Youth : **484**
- Number of Women : **271**
- Persons with Disability : **2**
- The number of FTEs is : **308**

Notably, Local Economic Development is also concerned with the creation of an environment, which will engage stakeholders in implementing strategies and programmes.

The LED Unit will be reviewing the LED Strategy, which will guide implementation of programmes and projects going forward.

Table 4

| REVIEW OF NEIGHBOURHOODS WITHIN BELA- BELA LOCAL MUNICIPALITY | |
|---|---|
| **Settlement Type** | **Households** |
| **Towns and townships** | |
| Bela Bela Town and Township(Growth Point) | 12 000 |
| **Sub-total** | **12 000** |
| **Small Towns** | |
| Pienaarsriver | 500 |
| Radium, Vingerkraal & Tsakane | 1137 |
| Rust de Winter, Mabula, Settlers & Farming Areas | 2000 |
| **Sub-Total** | **3 637** |
| **Rural settlements** | |
| Rapotokwane | 600 |
| **Sub-Total** | **600** |
| **Informal settlements** | |
| Jacob Zuma | 1020 |
| Bela bela ext 9 | 600 |
| Spa park( proposed warmbath extension 25) | 255 |
| Vingerkraal | 250 |
| Eersbewoon/tsakane | 245 |

| | |
|---|---|
| Masakhane | 145 |
| Rapotokwane | 30 |
| **Sub-total** | **2545** |
| **Total** | **18 182** |

Table 5

| Natural Resources within Bela-Bela | |
|---|---|
| **Major Natural Resource** | **Relevance to Community** |
| Hot Natural Springs | One of the key Tourism attraction point and the origin of the name of the Municipality. Large number of job and business opportunities. |
| Natural Gas | Potential employment and Business opportunities in the green Economy |

**MINING:** The contribution of the mining sector towards economic development of Bela-Bela is not highly significant. There is only one (1) mine (i.e. NAMCO which mine Industrial Diamonds) that exists within Bela-Bela. This mine is located on the southern parts of municipal area and approximately six (6) kilometres to the south east of Radium.

Although diamonds are found on the existing mining activity the previous research undertaken as part of the past IDP reviews revealed that the mineral occurrences that existed in Bela-Bela for mining resources and precious metals (i.e. gold and diamonds) is of a very low grade and potential to such an extent that it cannot be considered probable that these minerals can be mined within the next 20 – 50 years.

Other metals that are found on a limited scale include manganese, copper, tin, cobalt and the supply of calcite, refractory clay and fluorspar is sufficient. The distribution of limestone industrial mineral is small, with a medium scale supply of sandstone and clay which is used to manufacture the bricks within the area.

**AGRICULTURE:** In terms of the weather conditions, Bela-Bela comprises of temperatures between 20-29°C, with the average rainfall between 520 – 650 mm per annum. There are black and red clay soils of medium to high potential in the Springbok flats. Sandy, red soils and wetlands cover the rest of the area.

Vegetable crops include the following: Squash butternut, Squash hub barb, Onions, Watermelons, Cabbage assorted, Sweet Corn, Pumpkin Grey, Pumpkin White, Beetroot, Carrots, and Peppers. Fruit types include the following: Grapes, Citrus, and Peaches. Other crops include: Maize, Cotton, Millet, Tobacco, Lucerne, Cowpeas, Groundnuts, Wheat, Jugebeans, Chinabeans and Sunflower.

COMMENT ON BACKGROUND DATA:

Whilst the Hot Water Springs attracts thousands upon thousands of tourists to Bela-Bela, the benefits beyond mere employment opportunities, but for those aspiring to enter the Tourism business are still to be realised, particularly to the majority of the Black population therein

Due to the various crops produced, production systems vary widely. Although the trend is changing the whole industry is still characterized by a high unskilled labour input and a serious lack of middle management capacity. In the commercial estate farming the competitiveness of commercial production will be enhanced through appropriate skills development programmes at all levels and through infrastructure development. Access to water for irrigation is particularly important, but feeder roads to production areas and arterial roads to markets are just as important.

The agriculture sector is by its nature one of the most labour intensive industries, however, this ability to create jobs has decreased in recent times and there is evidence that the sector has even shed jobs. The main reasons can be attributed to the following:

- Mechanization – As with most other sectors, there is a trend towards mechanization (e.g. precision farming) in order to increase production output (per hectare).
- Availability of labour – There are claims that those people that have access to some form of social grant, may find the agriculture sector less attractive as they can probably get a similar, or very close to, a similar income through the social grant. As such, they may either withdraw their labour effort, or only offer it partially, which presents practical problems for the farmer.
- Effects of ESTA - The Extension of Security of Tenure Act (No. 62 of 1997) (ESTA) stipulates that farm labour that has worked on the farm for longer than 10 years and is 60 years and older, has a right to stay on the farm. Some of the farmers are trying to avoid this by employing less people.

The main conclusion is that the agriculture sector will play an increasingly important role to secure food security to the South African population, therefore making it a key sector in the economy. It is therefore important that all land be used productively

## 1.4 FINANCIAL HEALTH OVERVIEW

Bela-Bela Local Municipality is one of the higher performing Municipalities in the Limpopo province. Our average debt collection rate was 105% in the 2015/16 financial year which is the highest in the province and above average nationally. The Municipality always spend 100% of the allocated conditional grants before the end of the financial year. National Treasury has allocated Bela-Bela Local Municipality additional R39 million Municipal Infrastructure Grant (MIG) in the 2015/16 financial year based on good performance.

The Municipality's 2015/16 financial year's total revenue is R316 million. The highest source of revenue is Service Charges (income from Sale of water, electricity, waste collection and sanitation) followed by the grants from other spheres of government and property rates. The Municipality's 2015/16 financial year's total expenditure is R357 million. The highest expenditure is employee costs followed by the bulk purchases (Purchase of water and electricity) and Non-cash items (Depreciation and debt impairment).

The Municipality's financial performance resulted in a deficit of R41 million. The deficit has been arrived at after covering non-cash items amounting to R69 million.

The total consumer debtors book was R129 million at the end of June 2016. Debt collectors are being utilized to collect long outstanding debts.
Trade payables amounted to R105 million at the end of 2015/16 financial year. Major creditors included ESKOM for electricity distributions and the fleet service provider of which payment of the balance will depend on the outcome of the currently continuing court proceedings.

Table below indicates an overview of financial performance for the 2015/16 financial year.

Table 6

| Financial Overview 2015/2016 | | | |
|---|---|---|---|
| **Description** | **Original Budget** | **Adjustment Budget** | **Actual** |
| Income | | | |
| *Grants* | *102 848 200* | *102 848 200* | *104 252 391* |
| *Taxes and Service charges* | *210 537 770* | *212 365 809* | *187 924 679* |
| *Other* | *62 533 797* | *50 727 100* | *23 943 115* |
| Sub total | 375 919 767 | 365 941 109 | 316 120 185 |
| Less expenditure | 368 226 249 | 387 146 156 | 357 493 364 |
| **Surplus / (Deficit)** | **7 693 518** | **-21 205 047** | **-41 373 179** |

## 1.4.1 OPERATING RATIOS

**Table 7 below depicts the main operating cost rations in comparison with National treasury norms.**

| Operating cost ratios 2015/16 | |
|---|---|
| **Details** | **Value** |
| Increase in revenue | 15% |
| Employee cost | 31% |
| Repairs and maintenance | 3% |
| Finance charges and depreciation | 10% |
| increase in expenditure | 8% |
| Interest cover | 6 times |
| Net loss percentage | -12% |

Revenue has increased by 15% from the previous financial year which is above inflation mainly because of three main factors ie: The increase in service charges tariffs that were pushed by the bulk purchases take on costs, Rise in the number of learners and drivers license which resulted in increase in licensing revenue and higher adjustment of grants allocated to Bela-Bela Local Municipality in terms of Division of Revenue Act (DORA)

Employee costs is at 31% of the total operating expenditure and is considered to be within the National Treasury norms of between 25% and 40% as stipulated on MFMA Circular No. 71. Repairs and maintenance is at 3% while finance charges. Acquisition and construction of new infrastructure while gradually replacing the old infrastructure and cash flow limitations resulted in lower repairs and maintenance. Depreciation is at 10% of the total operating expenditure.

Total expenditure has increased by 8% which is above the inflation rate mainly because of annual general salaries increases above the inflation rate, Non-cash items on accelerated wear and tear from old assets written off and bulk purchases from ESKOM and Magalies water above inflation tariffs hike.

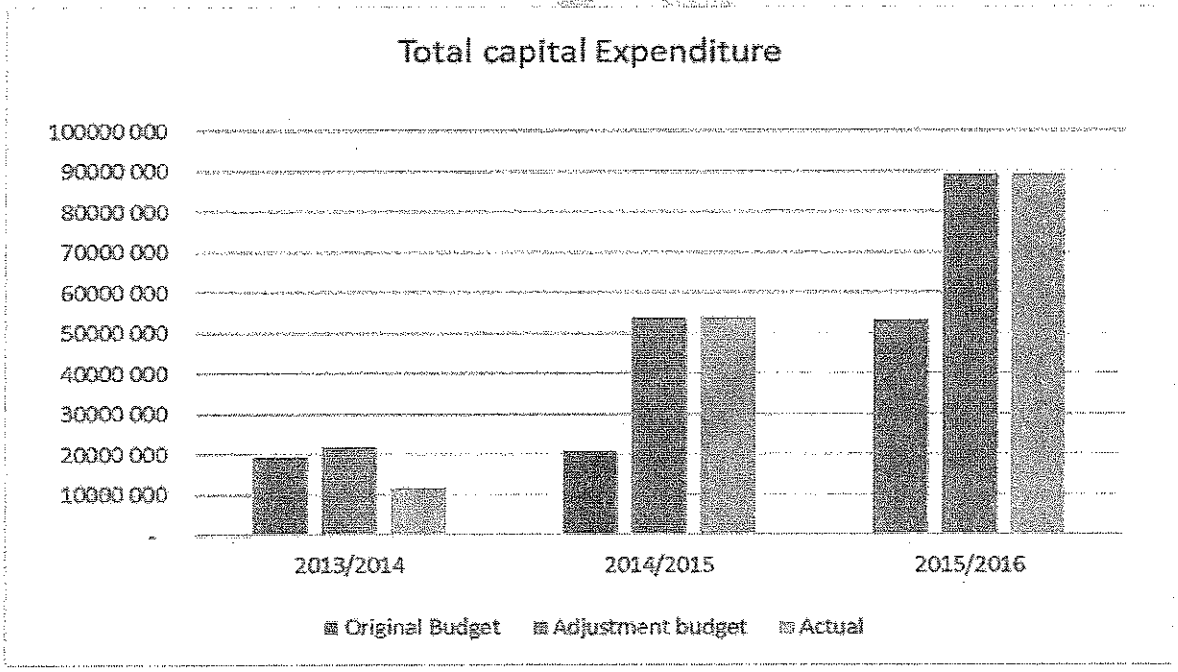
Interest cover is six times the operating deficit which is an indication of inadequate guarantee of interest payment when due. The net loss constitute 12% of total revenue. The deficit has been arrived into after taking in to account the non-cash items amounting to R59 million. In essence the Municipality has a net cash surplus of R22 million.

## 1.4.2 CAPITAL EXPENDITURE

Table 8 below shows the total capital expenditure over the period of three financial years.

| Total capital expenditure | | | |
|---|---|---|---|
| **Details** | **2013/2014** | **2014/2015** | **2015/2016** |
| Original Budget | 19 347 000 | 21 097 000 | 53 182 750 |
| Adjustment budget | 21 818 000 | 53 939 677 | 89 194 698 |
| Actual | 11 862 000 | 53 939 677 | 89 194 698 |

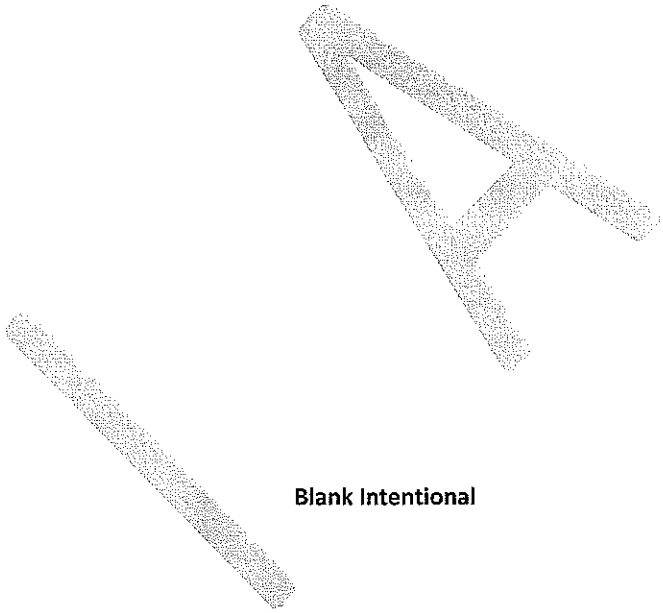
Graph 4 illustration of capital expenditure over the three financial years




The Municipality's capital expenditure has been increasing from R11 million in 2013/14 to R89 million in 2015/16 financial year. Major increase was as a result of new infrastructural grants allocated to Bela-Bela Local Municipality. Those grants include: Municipal Water Integrated Grant (MWIG) and Integrated National Electrification Programme (INEP)

## 1.5 AUDITOR GENERAL REPORT FOR 2015/2016 FINANCIAL YEAR

Bela-Bela Local Municipality complied with the provisions of Section 125 of MFMA and Section 45 of MSA of 2000 by compiling and submitting both the 2015/2016 Annual Performance Report and the 2015/16 Annual Financial Statements. Both the 2015/2016 Annual Performance Report and the 2015/2016 Annual Financial Statements were submitted to the Auditor General for auditing by the 31st of August 2016. The municipality obtained an unqualified audit opinion in the 2015/2016 financial year and the preceding financial years. Below is the detailed 2015/2016 Auditor General's Report.



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# Report of the auditor-general to Limpopo provincial legislature and the council of Bela-Bela Local Municipality

## Report on the financial statements

### Introduction

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

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) 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 to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

## Emphasis of matters

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

### Significant uncertainties

8. With reference to note 43 to the financial statements, the municipality is a defendant in various lawsuits. The municipality is disputing these claims. The ultimate outcome of these lawsuits cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### Restatement of corresponding figures

9. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of an error which was discovered during 2016 in the financial statements of the municipality at, and for the year ended 30 June 2015.

### Material losses and impairment

10. As disclosed in note 52 to the financial statements, material losses to the amount of R27 179 645 were incurred as a result of water and electricity losses.

11. As disclosed in note 33 to the financial statements, material losses to the amount of R29 944 421 were incurred as a result of a write-off of irrecoverable consumer debtors and receivables from non-exchange transactions.

12. As disclosed in note 14 to the financial statements, a material debt-impairment to the amount of R114 812 617 was raised on trade debtors due to the doubtful collection of long outstanding consumer debts.

### Irregular expenditure

13. As disclosed in note 49 to the financial statements, the municipality incurred irregular expenditure of R2 130 086 in the current year, in contravention of the *Supply Chain Management Regulations* (SCM regulations).

### Fruitless and wasteful expenditure

14. As disclosed in note 48 to the financial statements, fruitless and wasteful expenditure due to interest charged on overdue accounts of R857 891 was incurred in the current year.

## Additional matters

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

### Unaudited supplementary information

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 this schedule and, accordingly, I do not express an opinion thereon

### Unaudited disclosure notes

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

### Report on other legal and regulatory requirements

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected Key Performance Areas (KPAs) 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

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected Key Performance Areas (KPA) presented in the annual performance report of the municipality for the year ended

30 June 2016:

- KPA 1: Basic service delivery on pages x to x
- KPA 3: Local economic development on pages x to x

20. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development 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* (FMPPI).

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

22. The material findings in respect of the selected KPAs are as follows:

## Basic service delivery

### Usefulness and reliability of reported performance information

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for key performance area: basic service delivery.

## Local economic development

### Usefulness and reliability of reported performance information

23. I did not identify any material findings on the usefulness and reliability of the reported performance information for key performance area: local economic development.

## Additional matters

24. I draw attention to the following matters:

### Achievement of planned targets

25. Refer to the annual performance report on pages x to x; x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph(s) x; x; x of this report.

### Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for

auditing. These material misstatements were on the reported performance information of Basic service delivery and Local economic development. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

### Unaudited supplementary schedules

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

## Compliance with legislation

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

### Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of theMFMA.

    Material misstatements of expenditure, accumulated surplus and irregular expenditure and other disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure

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

31. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.

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

## Internal control

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

## Leadership

34. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with certain laws and regulations.

## Financial and performance management

35. Regular reconciliations between the general ledger and the underlying records were not performed, which resulted in material misstatements identified during the audit.

36. The financial statements and reported performance information contained a number of misstatements that were corrected. This is mainly due to inadequate review by management.

## Governance

37. An adequate risk assessment was not performed on the reporting of performance against the municipality's objectives.

38. The audit committee did not adequately review the financial statements and the performance report to ensure that they are prepared in terms of the required reporting standards and that an adequate portfolio of evidence is available for the reported performance.

## Other reports

39. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## Investigations

40. An independent consulting firm performed an investigation at the request of the municipality during the 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation was concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against seven employees. Disciplinary proceedings against five of these employees were concluded. Two employees were dismissed and three received final written warnings. Disciplinary hearings for other two employees were still in progress.

41. An independent consulting firm performed an investigation at the request of the municipality on allegations of possible irregularities in the housing department. The

investigation was concluded on the 30 June 2016. The report recommended proper controls to be implemented by the municipal manager.

42. An independent consulting firm performed an investigation at the request of the municipality during 2015-16 financial year. The investigation was initiated based on allegations of financial misconduct by the municipal manager. The investigation was concluded on 6 May 2016. The report implicated ten employees including the municipal manager. The council took a resolution to seek a legal opinion on the report which was received on 21 November 2016 and were advised that corrective and disciplinary actions be instituted against four employees excluding the municipal manager. These proceedings are currently in progress.

Auditor-General

Polokwane

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

## 1.6 STATUTORY ANNUAL REPORT PROCESS

*Table 9*

| 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 4th quarter Report for previous financial year | |
| 4 | Submit draft 08/09 Annual Report to Internal Audit and Auditor-General | |
| 5 | Municipal entities submit draft annual reports to MM | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant) | August |
| 8 | Mayor tables the unaudited Annual Report | |
| 9 | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General. | |
| 10 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 11 | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data | September - October |
| 12 | Municipalities receive and start to address the Auditor General's comments | November |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | |
| 14 | Audited Annual Report is made public and representation is invited | |
| 15 | Oversight Committee assesses Annual Report | |
| 16 | Council adopts Oversight report | December |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input. | January |

## 1.6.1 COMMENT ON THE ANNUAL REPORT PROCESS

In terms of Section 127 (2) of the Local Government Municipal Finance Management Act No 56 of 2003, the Mayor of the Municipality must within seven months after the end of the year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control. In order to comply with the provisions of the above mentioned Act, Bela-Bela Local Municipality established a process of compiling the 2015-2016 Annual Report. The process began with the adoption of the National Treasury Circular 11 and 63 which provides guidance on how and when to compile and to submit the Annual Report. It should be noted that the requirements of the two circulars compliments each other hence both applied in the compilation of 2015/2016 Annual Report of the Municipality.

Management commenced with the compilation of the report from July 2016 and the 2015/2016 Draft Annual Report was tabled to the Auditor General during Auditing of the 2015/2016 Annual Financial Statements and the 2015/2016 Annual Performance Report in August 2016. Management deemed it necessary to achieve the timelines as set out in the circulars to afford Council ample time to exercise its oversight role over the Administration work. Over and above, the compilation of the 2015/2016 Annual Report as per the above mentioned National Treasury Circulars allow the Municipality to provide more and comprehensive information on the activities and decisions made by the Municipality during the financial year under review.

Furthermore, the municipality adhered to the timeliness on the compilation of the Annual Report to provide more range of information on the challenges, successes and the overall performance of the Municipality. The information assist the new planning cycle for the 2017/2018 Financial Year. The Municipality also compiled the 2015/2016 quarterly performance reports in line with the 2015/2016 approved IDP, Budget and the SDBIP which formed the basis of the 2015/2016 Annual Performance Report outlined in Chapter 4 of this Annual Report.

# CHAPTER 2 – GOVERNANCE

## 2.1 INTRODUCTION TO GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA support the requirements of Section 18(1) (d) of the Municipal Systems Act information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

## 2.2 POLITICAL GOVERNANCE

### 2.2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Bela-Bela Local Municipality is a Category B municipality established in terms of Section 12 of the Municipal Structures Act (Act 117 of 1998) and applying a collective Executive Committee System. The Municipality has established Section 80 Committees and are functional. The Committees meet on monthly basis. The recommendations of the Committees are then forwarded to the Executive Committee chaired by the Mayor which also meet monthly.

The Municipality also established an Audit Committee which comprises of three members. The Committee is functional and established in terms of section 166 of MFMA (2003). For the audit of performance the Municipality utilizes the existing Audit Committee for the purpose of the Performance Audit Committee as per Municipal Performance Regulations. Municipal Public Account Committee (MPAC) is also established, and performs the role of the Oversight Committee.

| POLITICAL STRUCTURE | FUNCTION |
|---|---|
| **MAYOR** | |
|  Cllr L Nhlapo | The Mayor provides general political guidance over the fiscal and financial affairs of the municipality and perform all duties as prescribed in of Section 53 of the Local Government Municipal Finance Management Act No 56 of the 2003.<br><br>Presides at the meetings of the Executive Committee.<br><br>Performs the duties, including and ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or Executive Committee. In terms of Section 49 of the Local Government Municipal Structures Act No. 117 of 1998 and Regulations. |
| **SPEAKER**<br>  **Cllr S Maluleka – Ward 2** | The Speaker of Council presides at meetings of Council<br><br>Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government Municipal Systems Act (MSA) No 32 of 2000.<br><br>Ensures that Council meets at least quarterly<br><br>Also maintain order during meetings.<br><br>The Speaker is also responsible for ensuring compliance in Council and Council Committees with the Code of Conduct set out in Schedule 1 of MSA No 32 of 2000.<br><br>Ensures that Council meetings are conducted in accordance with the Rules and Orders of Council. |

**Chief Whip**



**CHIEF WHIP CLLR R RADEBE**

The Chief Whip of Council maintain sound relations between the Municipal Council and various political parties. Ensure that relationships are constructive and focused on the key issues at hand. Furthermore the Chief Whip is responsible for ensuring that Councillors of the various Political Parties are allocated to different Committees.

It is the responsibility of the Chief to ensure quorum at Council meetings, Advise councillors belonging to various parties to convene party caucuses so as to determine the party's position on specific item/motions on the Council's agenda. To collaborate with the Speaker in relation to issues of discipline and code of conduct of councillors. Attend IDP Rep Forum. Also draw Speaker's lists for the Council debates and determine the speaking time for members after consultation with the respective chief whips of all political parties in Council.



**Cllr J Van der Merwe – Ward 1 Ward Councillor , EXCO member and Planning & Economic Development/Infrastructure member**

The Executive Committee (EXCO) is the Principal Committee of Council in the Municipality. The Committee receives reports from other Committees and Sub-Committees of Council. Members of EXCO identify the needs of the Municipality. They also review and evaluate those needs in order of priority. Recommend to the municipal council strategies, programs and services to address priority needs through the Integrated Development Plan (IDP) and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and also recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programs and services to the maximum benefit of the community.



**Ward Councillor**
**Cllr W Mokgethoa – Ward 9**

**Planning & Economic Development and Infrastructure Committee Chairperson.**

The Chairperson of the Planning & Economic Development and Infrastructure Committee presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee further advise the Executive Committee on Infrastructure development and service delivery issues and proposals that includes water, sanitation, electricity, roads and maintenance. The Committee also serves as a hearing panel for all the applications as and when there are objections received by Council. It also plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments



**Ward Councillor**
**Cllr J Sesane – Ward 7**

**Planning & Economic Development and Infrastructure Committee member.**

Members of this Committee are responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee members further advise the Executive Committee on Infrastructure development and service delivery issues and proposals which includes water, sanitation, electricity, roads and maintenance. Plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments.



**PR Councillor**
**Cllr T Mokonyane.**

**Social & Community Services Chairperson**

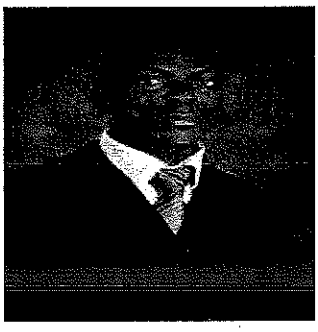
The Chairperson of the Social & Community Chairperson presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Social & Community Services. The Committee further advises the Executive Committee on Social Services, Disaster Management, Environment, Waste Management, and Safety & Security. The Committee also plays an oversight role on the performance of the Community and Social Services.



**Ward Councillor**
**Cllr P Aphane – Ward 8**

**Social & Community Services Member**

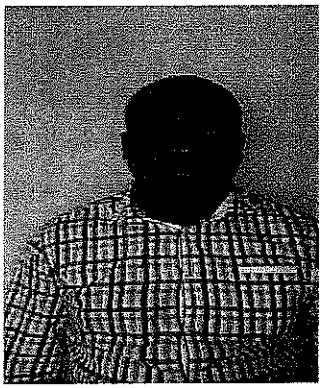
Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services.



***Ward Councillor***
***Cllr FS Hlungwane –Ward 04***

**Social & Community Services Member**

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services



**PR Councillor**
**Cllr D Senosha**

**Social & Community Services Sub-Committee and Local Labour Forum Member**

Members of the Social and Community Services Sub-Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services while the Local Labour Forum (LLF) is a Structure designed to strengthen the relationship between the Organised Labour and Management. Members of the LLF has the responsibility of negotiating and consulting on matters of mutual concern pertaining to the municipality and which do not form the subject matter of negotiations at the South African Local Government Bargaining Council (SALGBC). The Forum also addresses matters referred to the Forum by the SALGBC, employees and also by the Municipal Management. Furthermore, the members of the LLF also negotiate on the implementation of Minimum Service Level Agreements and other matters as may be relevant.



***Ward Councillor***
***Cllr LR Mpete- Ward 3***

**Budget & Treasury/Governance and Transformation Sub-Committee Chairperson.**

Councillors in the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



***PR Councillor***
***Cllr GT Malete***

**Budget & Treasury/Governance and Transformation Sub-Committee member.**

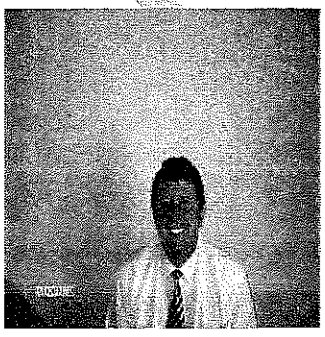
The Chairperson of the Budget & Treasury and Transformation Su-Committee also presides and provide political leadership to the meetings of the Sub- Committee. Councillors in this Sub- Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD, Legal Services, Occupational Health and Safety matters. The Sub-Committee also plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments



**Ward Councillor**
**Cllr H Ledwaba – Ward 5**

**Budget & Treasury/Governance and Transformation Sub-Committee member.**

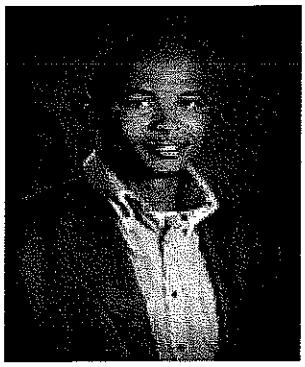
Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



***PR Councillor***
***Cllr MN Ras***

**Budget & Treasury/Governance and Transformation Sub-Committee member.**

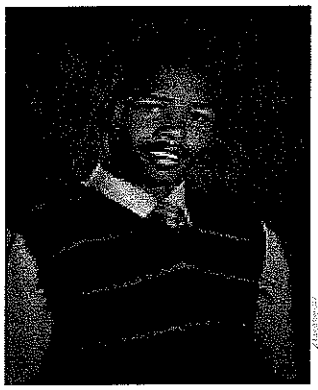
Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



**PR Councillor**
**Cllr P Mahlangu**

**Municipal Public Accounts Committee (MPAC) Chairperson**

The Chairperson of the MPAC convene and presides over the MPAC meetings. The core functions of the MPAC includes amongst others playing an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee further examine the Financial Statements and the Audit Reports of the municipality. It is this committee that consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee further promote good governance, transparency and accountability on the use of municipal resources. The Committee further recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee. The Committee also performs any other functions assigned to it through a resolution of Council.



**PR Councillor**
**Cllr K Alberts**

**Municipal Public Accounts Committee (MPAC) Member**

As indicated above members of MPAC plays an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee members further examines the Financial Statements and the Audit Reports of the municipality. It is the members of this committee who consider and evaluate the contents of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee members further ensures the promotion of good governance, transparency and accountability on the use of municipal resources.

## 2.1.2 COUNCILLORS

Bela-Bela Municipal Council has a total number of 17 Councillors, with the African National Congress being the majority party. Out of 17 Councillors, 9 are ward councilors and 8 are councilors appointed on a proportional basis.

## 2.1.2 POLITICAL DECISION-TAKING

Bela-Bela Local Municipality has established section 79 committees. The committees are structured as follows:

a) Planning and Economic Development/Infrastructure Sub Committee

b) Social and Community Services Sub committee

c) Governance & Transformation /Budget & Treasury

d) MPAC

The committees sit every month. All recommendations are then forwarded to the Executive Committee for consideration. The Executive Committee has the authority to approve delegated functions and the remaining are resolved at Council meetings. During 2015/16 financial year, 4 ordinary Council meetings and 4 Special Council Meetings were held. The Municipal Council took 207 resolutions were during 2015/2016 financial year of which all 207 resolutions were fully implemented.

## 2.3 ADMINISTRATIVE GOVERNANCE

### 2.3.1. INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Organizational Structure of Bela- Bela Local Municipality makes provision for a Municipal Manager and five Section 56 Managers. This indicates that there are five Head of Departments reporting to the Municipal Manager thematically depicted as follows:

Graph 1

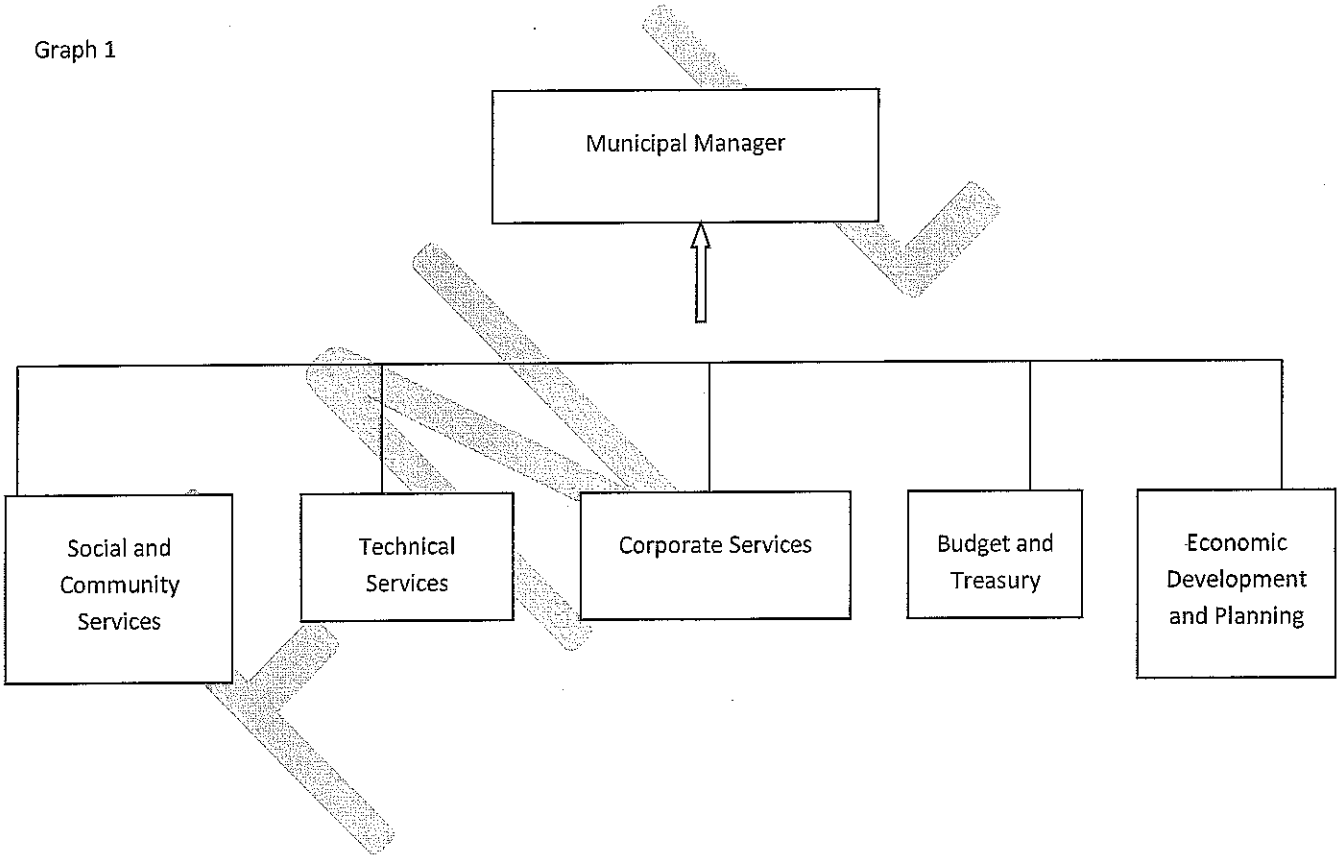


Table 1

| TIER 1 TOP ADMINISTRATIVE STRUCTURE | Function |
|---|---|
| **Municipal Manager**<br>**MM Maluleka** | a) The Municipal Manager -<br>(i) as head of the administration, is responsible for the effective day to day running of the administration of the municipality;<br>(ii) is responsible for the execution of Council resolutions;<br>(iii) plays a prominent role, together with the Mayor, in building, maintaining and enhancing a good relationship between the Council, Councillors and the administration;<br>(iv) must ensure, after consultation with the Mayor and Speaker, that a proper and effective Committee service responsible for the agenda and minutes is in place for each of the Committees, and that then Committees meet on a regular basis;<br>(v) receives reports with recommendations from the Managers on all matters that must be handled by either the Municipal Manager, the Mayor or the Council in terms of the delegation of powers of the Council; |
| **Manager Planning & Economic Development**<br>**Raputsoa P** | Managing the development, approval and implementation of the IDP.<br>Monitoring the performance of the Municipality through PMS requirements. |

Compiling and monitoring the implementation of strategic, operational and activity plans to give effect to the IDP.

Compiling and submitting progress performance reports on all the development initiatives, projects, programmes and activities taking place within Bela Bela (i.e. Quarterly, Mid - yearly and Annual Reports).

Developing and Implementing policies and procedures to manage and co – ordinate all approved public participation and communication projects, programmes and activities.

Marketing of Bela Bela.

Co – coordinating investments proposals

Liaison with investors

Promotion of tourism

Supporting the LED projects

Providing incentives for the SMMEs./Support SMME Development

Ensuring the implementation of the town planning requirements within the development taking place in Bela- Bela Municipal Area.

Render Land Use, Building and Housing administration.

Render survey and demarcation of sites.

Decision – making in terms of spatial and physical planning.

Develop and advertise by-laws and policies related to Town Planning in accordance with the applicable laws.

| | |
|---|---|
| **Manager Corporate Services**<br>**Seleka GM** | Render acquisition of staff.<br>Administer employees' benefits.<br>Render administration, labour and legal relations.<br>Render training and development services.<br>Render organisational development services.<br>Render record management services.<br>Render information technology services.<br>Provide auxiliary services.<br>Oversee the drafting and updating of by-laws.<br>Compilation of council agendas.<br>Provide Legal Services |
| **Acting Manager Community and Social Services**<br>**Mothapo TJ** | Responsible for the maintenance of Parks, Cemeteries and Community Facilities.<br><br>Protection and Emergency Services<br><br>Waste Management and Cleansing Services. |
| **Acting Manager Technical Services**<br>**Moloto J** | Technical Services Directorate is responsible for the provision of Water and Sanitation<br>Roads and Storm-water<br>Electrical Services |
| **Chief Financial Officer**<br>**SM Kgatla** | The Chief Financial Officer (CFO) is responsible for Budget and Treasury Office( Finance),<br>Budgeting and Financial Reporting, Expenditure and Revenue collection.<br>The CFO play an advisory role to the Accounting Officer on the exercise of powers and duties assigned to the Accounting Officer in terms of the MFMA. It is also |

the CFO who assist the Accounting Officer with the administration of the Municipality bank's accounts and in preparation and implementation of the Municipality's budget.

Other than advising the Accounting Officer, the CFO also advise the Senior Managers and other Senior Officials in the exercise of powers and duties assigned to them in terms of Section 78 and 79 of the MFMA.

Additionally the CFO review budget, account, analyse and draw financial reports, manage debts, supply chain and other duties as delegated to the CFO and the Accounting Officer.

FINAL

# COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Bela-Bela Local Municipality participates in forums for intergovernmental relations, The Premier Mayor's forum and the Municipal Manager's forum. The IDP/PMS Divisions also participates in the Provincial and District Municipality's Fora. These forums include sector departments operating at cold face of society and communities. The Presidential hotline is established and deals with queries raised from various stakeholders inclusive of community members.

### 2.4 1INTERGOVERNMENTAL RELATIONS

### 2.4.1 .1 NATIONAL INTERGOVERNMENTAL STRUCTURES

Besides Provincial forums attended by both officials and politicians, there are other formal intergovernmental structures dealing directly with the National Government. The interaction between National Government and the Municipality is done through the Provincial forums which are as follows: The Provincial IDP forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA).

### 2.4.1.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial Planning forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by Cooperative Governance and Traditional Affairs. These forums assist with implementation of the Performance Management Systems (PMS) at municipal level and the establishments of credible IDP and SDBIP and further ensuring that municipalities are striving to obtain Clean Audit Opinions.

### 2.4.1.3. DISTRICT INTERGOVERNMENTAL STRUCTURES

The Waterberg District Municipality is the only District in Limpopo Province that does not have powers and functions on water provision (Water Service Authority). Its role is to coordinate, facilitate and provide support to the local municipalities on service delivery and governance related matters. Bela- Bela Local Municipality is benefitting from attending the District Monitoring and Evaluation forum, the District Planning Forum the Mayor's forum and the Municipal Managers forum.

# COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Communities within Bela Bela Municipality play a vital role to ensure accountability in municipal affairs. Through established ward committee system and scheduled IDP/Budget/PMS community participation processes Council account to the community.

The community participation processes have entrenched a culture of involving communities in decision making processes and finalising the IDP/Budget/PMS of the municipality.

Through the usage of the local media, Council sittings and established Council committee (ward committees) communities are continuously informed on municipal governance, management and other development.

## 2.5 PUBLIC MEETINGS

### 2.5 .1 COMMUNICATION, PARTICIPATION AND FORUMS

Communication is an important element of good governance. It is through communication that the communities and other stakeholders are informed about the activities of the municipality, and thereby getting empowered to participate in the affairs of the municipality. Section 18 of the Municipal Systems Act No 32 of 2000 stresses the importance of communication between Councils and Communities. It gives guidelines of issues that the municipality must communicate about to its community. It is in this regard that over the years the municipality has utilised different strategies to encourage community participation. This included programmes of mobilising, informing and educating, engaging and empowering communities in municipal affairs.

IDP/Budget/PMS public participation processes and ward committee meetings are the cornerstone sessions that entrenches community participation and accountability to the community on municipal programmes. The IDP/Budget/PMS sessions are held in each cluster during the week and on weekends in accordance with set time schedule. The purpose of these meetings is to give feedback and account to the community on the implementation of the IDP/Budget of the municipality. They are further utilized as a platform to agree on community needs which shapes the planning processes.

Further than the IDP/Budget/PMS public participation processes, the municipality involves the community on targeted consultations at ward level, with interested and affected stakeholders (NGOs, business, etc.) and through the IDP/Budget /PMS Rep Forum.

Other methods used to communicate with the community includes ward Imbizos, media and utilization of the website. Over and above acquisition and confirmation of needs, the Rep Forum meeting serves as a platform for Bela- Bela Local Municipality to engage the different stakeholders during the different stages of the IDP Process as a built up towards the approval of the future budgets, reports on performance on current and past financial years activities.

## 2.5.2 WARD COMMITTEES

The key purpose of ward committees is to create formal unbiased communication channels and cooperative partnership between the community and the municipality in the ward and facilitate public participation in the process of development, review and implementation management of the Integrated Development Planning of the Municipality and municipal processes.

The ward committees have fully participated in the IDP/Budget consultation meetings, however there has been a challenge of functionality due to none attendance by some members.

## 2.5.3 WARD COMMITTEE MEETINGS

During the 2015/2016 financial year ward committee meetings were held in order to inform local community about the IDP process, and also provide report back with regard to the implementation of the IDP review process as well as on projects which were implemented in the municipal area. Amongst other things which were discussed was the review of the existing IDP project list and identification of new projects.

## 2.5.4 IDP REP FORUM MEETINGS

The forum should be restructured so as to include the recently established ward committees, service providers and other community – based organizations. The Municipality held its IDP Representative Forum meetings on the 26th of October 2014 and 28 February 2015.

## 2.5.5 IDP ROAD SHOWS

The Mayor held 2015 - 2016 IDP/ Budget Mayoral Roadshow in all the wards within the jurisdiction of Bela Bela Local Municipality. The 2015 – 2016 IDP/ Budget Mayoral Roadshows took place during the months of April and May 2016

## 2.5.6 STRATEGIC PLANNING

Strategic planning session was held on the 17th to – 19th of February 2016 with Senior and Middle Management, Municipal Mayor, Executive Committee Members and the rest of the Council members. The Strategic Framework provided the strategic direction of the municipality, which also formed the basis for updating the Vision, Mission, Values, Objectives and Strategies. Furthermore, the most important aspect was the formulation of key performance indicators.

Table 2

| Public Meetings | | | | | |
|---|---|---|---|---|---|
| Nature and Purpose of Meeting | Date of events | Number of participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Dates and Manner of Feedback given to the community |
| Substance Abuse Campaign: Community Dialogue | 30 July 2015 | Six | Two | 306 | The activity was hosted with an objective of discouraging young people to indulge in illegal substances particularly Nyaope.<br><br>Various stakeholders such as Department of Social Development, SANCA, and South African Police Services were invited to engage our community on possible ways to fight substance abuse. |
| Disability Indaba | 07 August 2015 | One | Two | 149 | People with disabilities were informed about general municipal services and other government institutions were invited to present their products and services to the sector. |
| Older Persons Campaigns | 22 August 2015 | Two | Two | 80 | Elderly people from various community based organizations were presented with general service delivery issues |

| 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 | Dates and Manner of Feedback given to the community |
| | | | | | particularly Indigents registration and municipal accounts |
| Youth Consultative meeting | 08 November 2015 | Two | Three | 130 | The Mayor consulted young people on general issues relating to youth development. |
| Report back meeting: Ward 9 Masakhane | 12 January 2015 | Two | Two | 189 | The Mayor and Ward Councilor reported about the RDP housing development that will commence in due course. |
| You Decide: Underage alcohol drinking | 13 February 2016 | Three | Two | 200 | Youth in high schools were engaged through workshop to refrain from underage drinking due to peer pressure |
| Report Back meeting Ward 4 | 27 March 2016 | One | Two | 300 | Ward Councilor provided feedback on general service delivery issues raised by the community. |
| Ward Meeting Ward 6 | | One | Two | 400 | Ward Counsellor provided feedback on general service delivery issues raised by the community. |
| IDP/Budget Road Show Ward 1 Spa Park | 03 May 2016 | Two | Four | 98 | Proposed IDP and Budget for 2016/2017 was presented |

| 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 | Dates and Manner of Feedback given to the community |
| IDP/Budget Review Dienssentrum, Community Hall and Laerskool Warmbaths | 26 May 2016 | 0 | Six | 168 | Reviewed proposed IDP/ Budget for 2016/2017 was presented by the Municipal Manager |
| IDP/Budget Road Show Ward 2 | 14 April 2016 | Three | Five | 115 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 4 | 08 May 2016 | Two | Three | 237 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 5 | 23 April 2016 | Four | Three | 153 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 6 | 21 April 2016 | Two | Four | 198 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 8 Rapotokwane | 12 April 2016 | Four | Two | 79 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 8 | 18 April 2016 | Three | Two | 100 | Proposed IDP and Budget for 2016/2017 was presented |
| IDP/Budget Road Show Ward 9 Masakhane | 28 April 2016 | Two | Three | 137 | Proposed IDP and Budget for 2016/2017 was presented |

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

As a developmental Municipality, Bela Bela Municipality has a responsibility to mobilize ,inform, educate and empower local communities to expand their livelihood assets and capabilities, to participate in ,negotiate with influence , control and hold accountable institutions, like the Municipality that affect their lives and their well-being.

Guided by these principles, Bela- Bela Municipality has put Community participation and communication at the centre of its activities and programmes in order to ensure that these are guided and informed by the time aspirations of the community and that the Municipality meets Community needs.

Bela Bela Municipality acknowledges the need and intent to build on the Mayoral Imbizos and Council outreach programmes as the meetings or the programmes take Council closer to the people and afford Council an opportunity to interact directly with all members of the community and also see the conditions under which the communities live in. This consultation initiative further afford Council to learn about the level of satisfaction of community members with regard to the services rendered by the Municipality. These public meetings also provide a platform for community members to present to the Municipality matters of concerns whereby the Municipality clarify and strive to resolve some of the issues raised which also contribute towards a stable Municipality with reduced Community uprisings.

## 2.6 IDP PARTICIPATION AND ALIGNMENT

*Table 3*

| IDP Participation and Alignment Criteria* | Yes/No |
|---|---|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the Section 56 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| | |

## COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA of 2000: stipulates that information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

## 2.7 RISK MANAGEMENT

No organization operates in a risk-free environment. Risk management is an integral component of good management and decision-making at all levels. It is about making decisions that contributes to the achievement of the Municipality's objectives.

The purpose of an ERM process is to ensure that all significant risks that the Municipality is exposed to (whether at an executive, cluster, branch, component or project level) are proactively identified and managed to acceptable levels on a continuous basis. The key drivers to embed such a process within the Municipality are:

a) The avoidance of unplanned impacts as a consequence of risks that take us by surprise;

b) The need to protect the Municipality's reputation and image;

c) To comply with the requirements of applicable laws and regulations;

d) To ensure that we live the Municipality's values and comply with our code of conduct, and

e) To foster a culture of responsible risk taking.

Risks are defined as 'uncertain future events that could influence the achievement of objectives'. These could include strategic, operational, financial and compliance objectives. Some risks must be taken in pursuing opportunity, but the organization should be protected against avoidable losses.

In turn, ERM is defined as a 'process that is effected by people at every level of an organization, is applied in strategy setting and across the organization. It is designed to identify events potentially affecting the entity and manages risks within its risk appetite. It further provides management and the Executive Authority with reasonable assurance regarding the achievement of the entity's objectives.'

The definition of ERM reflects certain fundamental concepts. It is:

a) A process, ongoing and flowing through an entity;

b) Effected by people at every level of the organization;

c) Applied in strategy setting;

d) Applied across business, at every level and unit,

e) Includes taking an entity level portfolio view of risk;

f) Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite;

g) Able to provide reasonable assurance to an entity's management and oversight structures; and

h) Geared to achievement of objectives in one or more separate but overlapping categories.

Benefits of risk management

Some of the benefits of risk management can be summarized as follows:

a) Ensures that management is focused on strategic objectives

b) Identifies and manages cross-organizational risks

c) Provides integrated responses to risks

d) Ensures rationalization of capital and financial resources

Municipality has risk management committee which composed of head of departments and chaired by an external person.

The risk management committee sits on a quarterly basis to discuss risks that threatens the municipal objectives. Below are five high risks identified by the municipality:

a) Ageing Infrastructure

b) Possible floods

c) High outstanding debts

d) High amount of distribution losses

e) Illegal occupation of land.

## 2.8 ANTI-CORRUPTION AND FRAUD

### 2.8.1 Fraud and Anti-Corruption Strategy

Bela-Bela Local Municipality has priorities fraud risk management as per the Local Government Municipal Finance Management Act (MFMA) No 56 of 2003. Fraud prevention policy and plan are in place. The hotline through which service delivery complaints are received and whistle blowers anonymous are reporting is centralized at the District Municipality and as well as at the Office of the Premier. To instill confidence in the anonymous reporting of incidents of fraud and corrupt activities, the hotline is managed independently. Bela-Bela Local Municipality has sound internal controls in place to work as a deterrent and to also prevent occurrence of fraud. All reported cases are monitored, investigated and furthermore discussed during Top and Broader Management meeting as well as during the Audit Committee meetings. Internal audit and Risk Management Committee assist to detect fraudulent and corrupt activities.

### 2.8.2 INTERNAL AUDIT FUNCTION

The Internal Audit Division is a governance structure. The unit report administratively to the Municipal Manager, functionally to the Audit Committee and has a staff complement of two officials.

The Internal Audit Division is responsible to evaluate the adequacy and effectiveness of the internal control system and report quarterly to the Audit Committee.

During the 2015/2016 Financial Year the internal controls were rated to be adequate, moderate and effective to accomplish the municipal goals and objectives. Furthermore the through the internal control system 95% of control weaknesses were raised during the year under review and the 90% of the weaknesses have been resolved while 5% are in the process of being resolved.

## 2.9 SUPPLY CHAIN MANAGEMENT

### 2.9.1 OVERVIEW SUPPLY CHAIN MANAGEMENT

Section 112 of the Municipal Financial Management Act (MFMA) No.56 of 2003 requires municipalities to have a Supply Chain Management Policy which is fair, equitable, transparent, competitive, cost-effective and comply with the prescribed regulatory framework. As guided by the above mentioned Act Bela-Bela Local Municipality revised its SCM Policy during 2015/16 financial year in order to comply and implement the provisions of Section 112 of MFMA. And taking into account other development in Supply Chain Management (SCM) such as the new South African Revenue Services (SARS) phasing out of tax clearance certificates and introduction of compliance PIN numbers, the new Centralized Supplier Database (CSD) and the e-Tender advertisement platform.

Supply Chain Management (SCM) has improved from the 2014/15 financial year. The Municipality improved its SCM through implementation of the sound internal policies and procedures. Furthermore, it should be noted that with the improvement on SCM and other areas the Municipality received Unqualified Audit Opinion in the 2015/16 financial year with reduced SCM compliance findings. However, it should be reported that there were

few non-compliance issues raised by the Auditor General. In order to address the findings of the Auditor General in this regard the municipality developed an action plan to closely monitor the implementation of the Auditor General's recommendations. The action plan is attached as a separate annexure.

With regards to the long term contracts and Public Private Partnerships (PPP) it should be indicated that the Municipality did not have long term contracts and PPP's during the 2015/16 financial year.

## 2.10 BY-LAWS

During 2015/2016 financial year the Municipal Council approved seven by laws that were taken for public participation and promulgated. The table below depicts details of public participation dates.

*Table 4*

| Description | Date Revised | Public Participation Conducted Prior to Adoption of By Laws (Yes/No) | Dates of Public Participation | By Laws Gazetted (Yes/No) | Date of Publication |
|---|---|---|---|---|---|
| Water Services | March 2015 | Yes | 15 March 2014 – 28 April 2015 | Yes | 12 June 2014 |
| Indigent Support | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |
| Electricity | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |
| Credit control | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |
| Property Rates | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |
| Collection | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |
| Tariff | March 2015 | Yes | 15 March 2015 – 28 April 2015 | Yes | 12 June 2015 |

COMMENT ON BY-LAWS

The Municipality planned to promulgate more by-laws however, the target was not achieved during the 2015/2016 financial due to financial constraints. Hence the Municipality sought financial assistance from the Department of Cooperative Governance and Traditional Affairs.

## 2.11 WEBSITES

*Table 4*

| **Municipal Website : Content and Currency on Material** | |
|---|---|
| **Documents published on the Municipality's Website** | **Yes/No** |
| Current annual and adjustments budget and all budget related documents | Y |
| All current budget-related policies | Y |
| The previous Annual Report (2014/2015) | Y |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act no 32 of 2000 | Y |
| All service delivery agreements 2015/2016 | N/A |
| All long term borrowing contracts 2015/2016 | N/A |
| All supply chain management contracts above a prescribed value give the value for 2015/2016 FY | N/A |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during 2015/2016 FY | Y |
| Contracts agreed in 2015/2016 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section | N/A |
| Public-Private Partnership agreements referred to in section 120 made in 2015/2016 FY | N/A |
| All quarterly reports tabled in Council in terms of Section 52 of the Municipal Finance Management Act no 56 of 2003 during 2015/2016 Financial Year | Y |

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In terms of Section 75 of the Municipal Finance Act no 56 of 2003, the Accounting Officer of a Municipality is expected to place on the municipal website refered to in section 21 of the Local Government Municipal Systems Act no 32 of 2000 information as may be required and prescribed by the above mentioned Acts.It is in this regard that Bela-Bela Local Municipality established its website which is regularly updated.

## 2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### 2.12.1 PUBLIC SATISFCATION LEVELS

The Municipality did not conduct Customer Satisfaction Survey during 2015/2016 financial year however, a Customer Care Unit was established to gather service delivery issues raised by the community.

# CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

## 3.1 INTRODUCTION

During the 2015/2016 financial year BBLM managed to maintain water services and access to all its consumers. The Municipality's water sources were under extreme pressure due to drought therefore, the Municipality had to implement water restrictions measures. Water supply was augmented by ground water in all the settlements through the MWIG funding. It is worth mentioning that informal settlements such as Vingerkraal and Tsakane were provided with water at an RDP standard. It should further be mentioned that the Municipality experienced mushrooming of new households in these areas.

The Municipality utilized infrastructure and service support as provided by Eskom in some of its areas such as Tsakane where 270 Households were electrified. In addition, the same settlement benefited from Magalies Water Board where a total of 50 VIP toilets were constructed and handed over to the beneficiaries.

During the financial year under review the Municipality has successfully maintained the electricity supply to all consumers and carried out preventive maintenance in order to minimize and where possible avoid load outages and shedding. In order to improve the electricity supply and to address the backlog on electricity, the Municipality embarked on a process of constructing a 10MVA substation with the assistance from Department of Energy. For the financial year under review the Municipality conducted an assessment on the current electricity capacity, and submitted a business plan to construct the 10MVA substation. The business plan was approved on a 3year funding cycle by the Department of Energy however Eskom also has to approve the designs hence the project implementation is anticipated to commence during the 2016/2017 financial year.

The municipality has also conducted a road visual assessment and produced a status quo report on the municipal roads and further developed a standard guidelines for design and maintenance specifications. Routine road maintenance was maximized to improve roads infrastructure conditions and accessibility.

## COMPONENT A: BASIC SERVICES

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

### 3.2 INTRODUCTION TO BASIC SERVICES

Bela-Bela Local Municipality is a water services authority and provider. During the 2016/2017 financial year the Municipality experienced challenges with regard to the water supply system. The municipality was under severe strain due to drought and high water demands. The informal settlements in the municipal jurisdiction continued to grow and had to be catered for in the provision of water services even though they were not included during the planning processes.

Magalies water board is contracted to the municipality to provide purified water at 4.6 Mega-Litres (ML) per day. However, on average 2ML/day was received in this financial year. Obviously this was less than half of the required supply from the water board, hence the strain on the municipal resources.

Sewerage plants are on a high critical risk according to the green drop 2014 and need to be refurbished and upgraded in order to accommodate all the settlements. Programmes to develop funding business plan has already started and the municipality received R2 million from the Department of Water and Sanitation to do some maintenance at the Bela-Bela Waste Water Treatment Plan. Other plants will be covered as funds are made available from other sources.

The Municipality is as well licenced to provide electricity to the town and its townships. The outskirts of the municipal town is serviced by Eskom and that is where there is majority of the backlog. The municipality is in a process of applying for the licence to also supply electricity in those areas which are currently services by Eskom.

### 3.2. 1. WATER PROVISION

**INTRODUCTION TO WATER PROVISION**

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

Bela-Bela Local Municipality is a predominantly dry area with an average annual rainfall of 481mm which is below the Country's average (500mm). The rainfall is seasonal and very variable over the past year resulting in unpredictable drought coupled by high evaporation.

The draught situation resulted in low water levels for Bela-Bela dam's i.e Warmbaths and Platrivier dams which also influenced the discharge of raw water for socio- economic factors.

Due to the irregular, rather unsustainable water supply in the area, the Municipality embarked on a plan to conserve, save and manage the supply of water and the plan had to be documented for purposes of reporting.

Bela Bela Local Municipality recorded 25% water losses in 2015/2016 audited financial year. The Water losses was more often discussed as un-accounted for water which is in two aspects i.e Technical losses ( water loss in the system due to infrastructure failure. Non-revenue water (water theft through illegal connections and non - payment by consumers).-

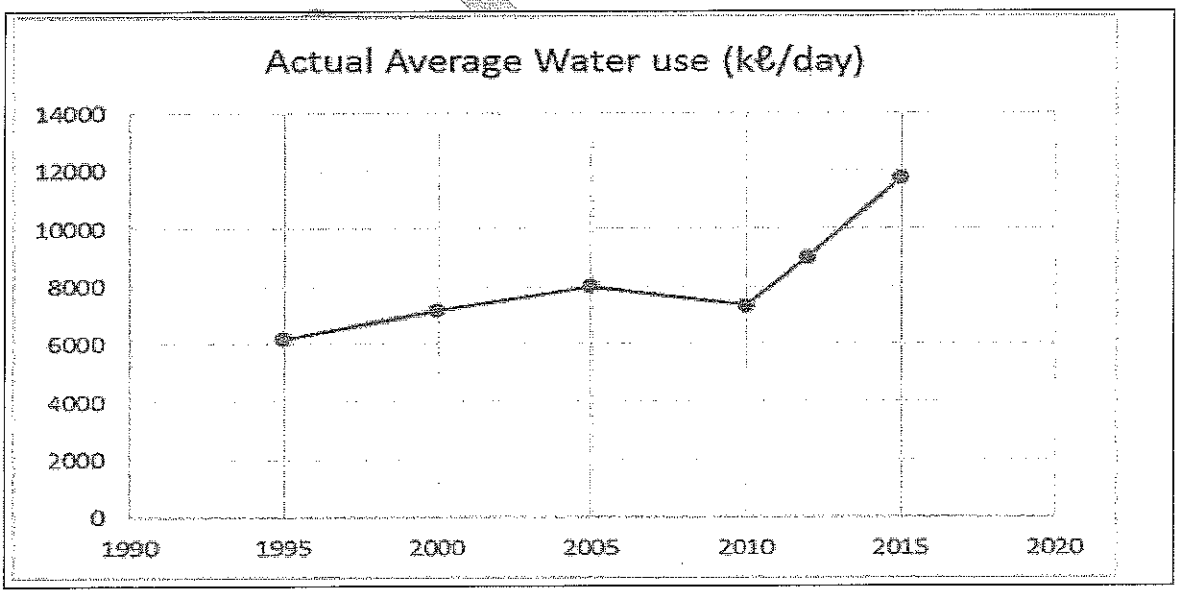
Bela-Bela Local Municipality has a total of 18068 households as per "Census 2011 Statistics" of which 14497 constitute Urban Residential as per the "Spatial Development Framework Bela-Bela 2011", meaning that the difference is either not proclaimed, illegal or rural settlements.

Urban Water Usage in 2015 was 11747kℓ/day, while for the other category the use is on the Moderate level of supply of 80ℓ/c/day (320ℓ/H/d) on 3571 households, the need is therefore 1143kℓ/day.

The indigent household in BBLM received 10kℓ of free basic water per month

The Water Demand in Bela- Bela Local Municipality jurisdiction is calculated at 12890kℓ/day.

*Graph 1*




Bulk Water Resources in Bela-Bela

The urban regions of Bela-Bela Local Municipality receive bulk water as follows:

i. Portable water from Magalies Water Board
ii. Bela- Bela Local Municipality Water Treatment Works
iii. Boreholes/ Ground Water

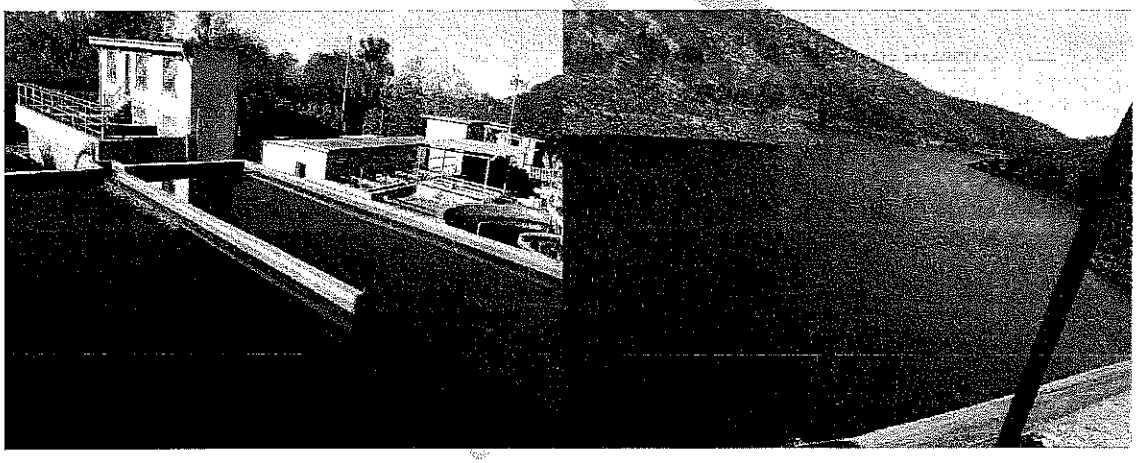
*Table 1*

| Bulk Resource | Average kℓ/day | % Contribution |
|---|---|---|
| Magalies Water | 2542 | 24.34 |
| BBLM WTW | 6700 | 64.16 |
| Ground water | 1200 | 11.49 |
| Total | 10443 | 99.99 |

****Note that the % Contribution is rounded off to 2decimal place*

Table-----above illustrates that there is a deficit of 2447kℓ/day on the current demand (11 747kℓ/day)

*Figure 1*



Bela- Bela Water Works Warmbaths Dam

The pictures above shows the state of water works. As depicted from the picture on the left side, it is confirmed that the old section of the water works need to be re-worked and incorporated to the current functioning plant.

The Warmbaths dam was at a critical state, almost at 31% empty and there was no enough water to be drawn from it. This then confirms that water management and conservation has to be improved.

Only one borehole (Roodepoort) was functional during the 2015 year and the delivery of 1200kℓ/day was unsustainable.

The Bela- Bela Local Municipality Water Treatment Works was the only sustainable Bulk Supply Resources.

To argument the bulk water supply, Bela- Bela Local Municipality embarked on the process of developing boreholes.

Additional six new boreholes were drilled & equipped while four were refurbished. All the work was done both at Bela- Bela urban area and in other settlements around Bela- Bela Local Municipality .it therefore be noted that the project was funded by the Department of Water & Sanitation.

While faced with challenges of draught, low water levels, and infrastructure in some areas, it is recommended that the Municipality prioritize reduction of water losses to acceptable limits and negotiate with Magalies Water Board to supply the Municipality with the agreed quota in order to reduce the shortfall.

Furthermore, the Municipality continued with Water Conservation Demand Management programme with the aim of reducing the impact of drought and also improve municipal revenue and performance.

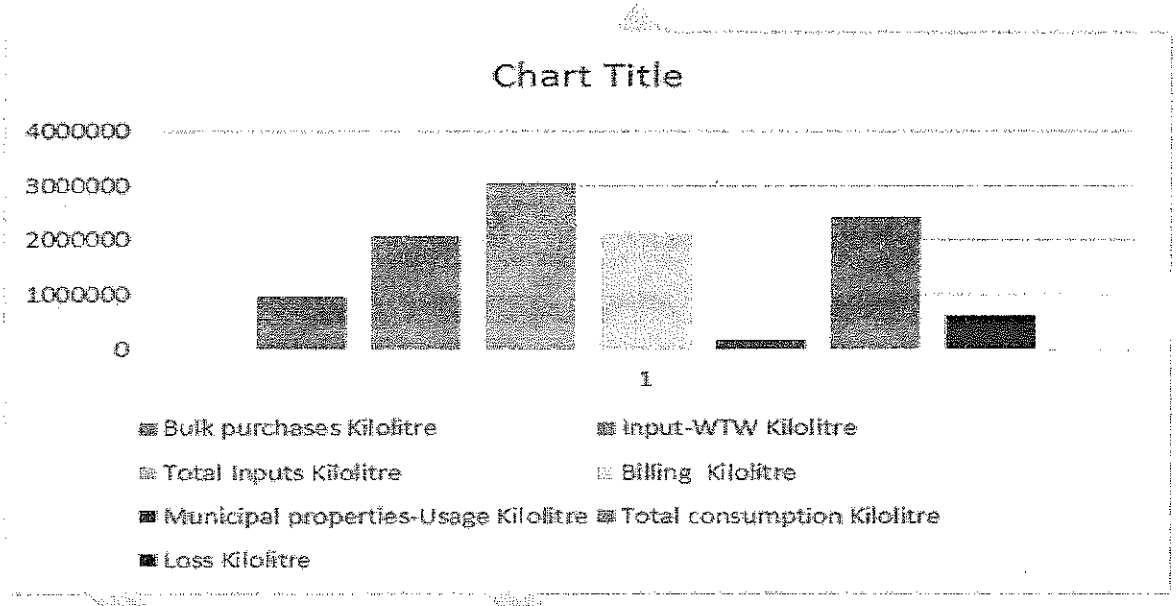
While implementing the austerity measures to reduce water supply challenges the Municipality Water Conservation Demand Management Plan prioritized the following actions:

- Reduce the level of non- revenue demand
- Reduce pressure in the reticulation system
- Water recycling
- Manage high water demand areas
- Reduce water losses to minimum acceptable levels
- Explore use of Ground water
- Education & awareness
- Replace aged infrastructure

*Table 2*

| Water use (quantity)-July 2015 to June 2016 | | | | | | |
|---|---|---|---|---|---|---|
| **Bulk purchases** | **Input-WTW** | **Total Inputs** | **Billing** | **Municipal properties-Usage** | **Total consumption** | **Loss** |
| Kilolitre | Kilolitre | Kilolitre | Kilolitre | Kilolitre | Kilolitre | Kilolitre |
| **955713** | **2089720** | **3045433** | **2166451** | **168617** | **2432643** | **612790** |

*Graph 2*




## 3.2.2 COMMENT ON WATER USE BY SECTOR:

Due to persistent drought, the Municipality continued with water shading for management and storage accumulation for bulk. Serious consideration on bulk water availability was done when considering applications for settlements with high service level.

The following Water Conservation Demand Management actions were prioritized:

- Reduce the level of non- revenue demand
- Reduce pressure in the reticulation system
- Water recycling
- Manage high water demand areas

- Reduce water losses to minimum acceptable levels
- Explore use of Ground water
- Education & awareness
- Replace aged infrastructure

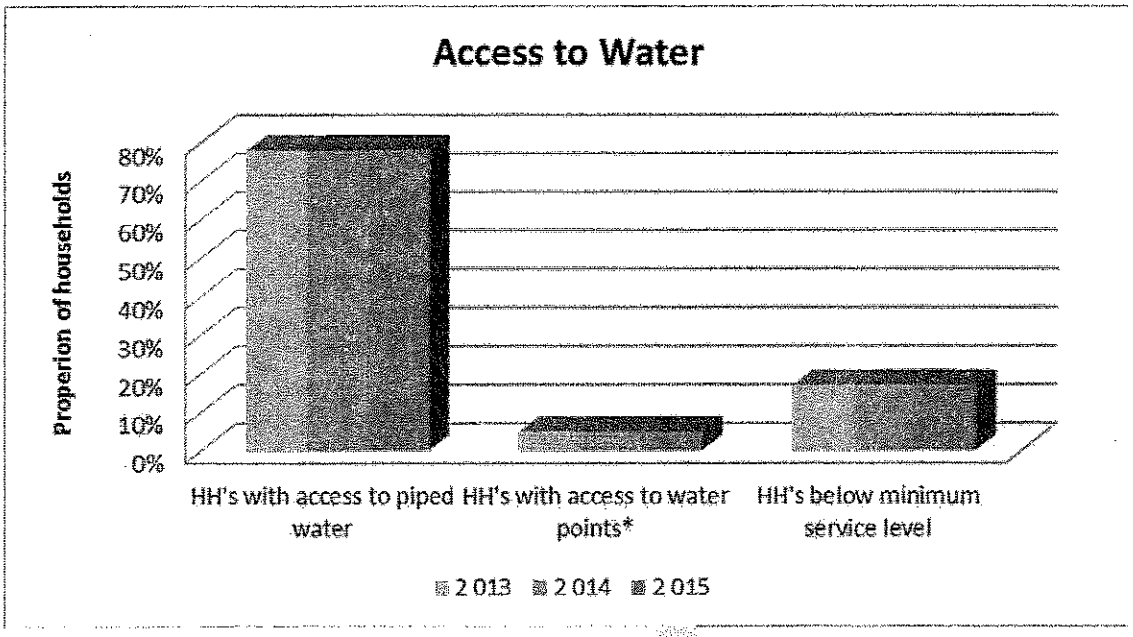
Magalies Water Board was constantly engaged to ascertain its capacity to supply water to the municipality.

*Table 3*

| Bela Bela :Residential water services delivery access profile [Water] | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Census Category** | **Description** | **2013** | | **2014** | | **2015** | |
| | | **Nr** | **%** | **Nr** | **%** | **Nr** | **%** |
| | **WATER (ABOVE MIN LEVEL)** | | | | | | |
| Piped (tap) water inside dwelling/institution | House connections | 14 073 | 78% | 14 073 | 78% | 14 073 | 78% |
| Piped (tap) water inside yard | Yard connections | 855 | 5% | 855 | 5% | 855 | 5% |
| Piped (tap) water on community stand: distance less than 200m from dwelling/institution | Standpipe connection < 200 m | 3 136 | 17% | 3 136 | 17% | 3 136 | 17% |
| | **Sub-Total: Minimum Service Level and Above** | **18 064** | **100%** | **18 064** | **100%** | **18 064** | **100%** |
| * To include informal settlements | | | | | | | |

The wording "*within/more 200m from dwellings*" be replaced with "*stand pipes*" as it is challenging to measure.

*Graph 3*




* 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

# 10,000 liters of potable water supplied to indigent households per formal connection per month

*Table 4*

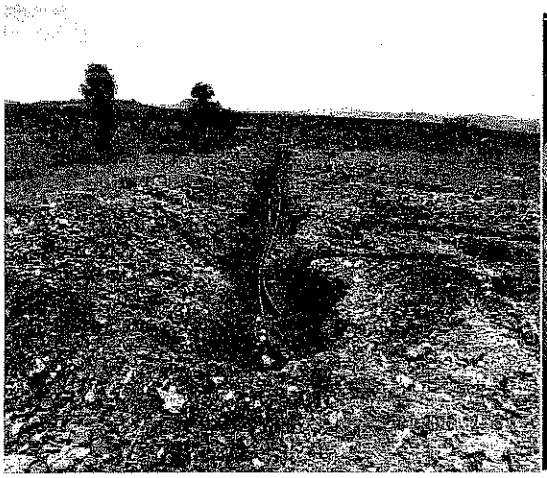
| Employees: Water Services: 2015/2016 Financail year | | | | |
|---|---|---|---|---|
| Job Level | Number of Employees | Number of Posts | Vacancies | % Vacancy |
| 0-3 | 2 | 2 | 0 | 0 |
| 4-6 | 1 | 1 | 0 | 0 |
| 7-9 | 1 | 1 | 0 | 0 |
| 10-12 | 3 | 3 | 0 | 0 |
| 13-15 | 17 | 17 | 0 | 0 |
| 16-18 | 10 | 10 | 0 | 0 |
| Total | 34 | 34 | 0 | 0 |

A narrative providing information on the staff critical to service delivery and shortage hereof to accompany the above table on all municipal services. Municpalities should report for employees where cost centers are allocated.

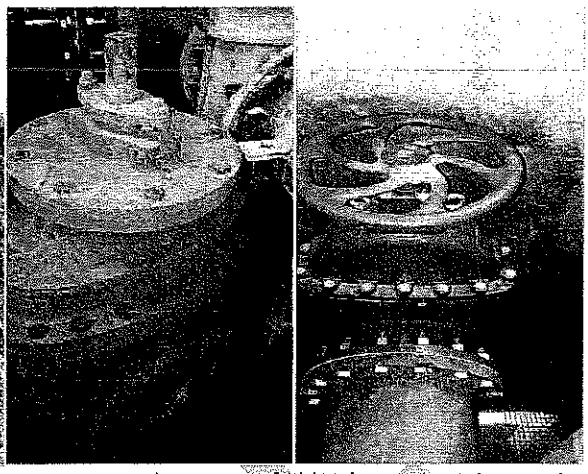
***Table 5***

| CAPITAL EXPENDITIRE 2015/2016 | | | | | |
|---|---|---|---|---|---|
| **WATER SERVICES** | | | | | |
| **NAME OF PROJECT** | **BUDGET** | **ADJUSTMENT BUDGET** | **ACTUAL EXPENDITURE** | **VARIANCE** | **TOTAL VALUE** |
| Bela Bela Re-equip of boreholes | **R 800 000,00** | **R 0,00** | R 800 000,00 | R 0,00 | R 800 000,00 |
| Vingerkraal Water Supply | **R 1 700 000,00** | **R 0,00** | R 1 700 000,00 | R 0,00 | R 1 700 000,00 |
| Upgrading of Tsakane Water Supply | **R 2 000 000,00** | **R 0,00** | R 2 000 000,00 | R 0,00 | R 2 000 000,00 |
| Pienaarsrivier Borehole development and Pump Station refurbishment | **R 900 000,00** | **R 0,00** | R 900 000,00 | R 0,00 | R 900 000,00 |
| Water Conservation and Water Demand Management | **R 2 600 000,00** | **R 0,00** | R 2 600 000,00 | R 0,00 | R 2 600 000,00 |
| Upgrading of Masakhane Water Supply | **R 2 000 000,00** | **R 0,00** | R 2 000 000,00 | R 0,00 | R 2 000 000,00 |
| **TOTAL** | **R 10 000 000,00** | **R 0,00** | **R 10 000 000,00** | **R 0,00** | **R 10 000 000,00** |

Figure 2



Vingerkraal pump line.



Replacement of old Valves at 7ML Reservoir

### 3.2.3 COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality has not performed well in the 2014/2015 blue and green drop assessments. The Blue Drop risk rating remain high in the risk category due to the borehole system posing significant health risks. However the water quality compliance was adequate (within the SANS 2410 summarized as follows:

a) Chemical Compliance 99.7%

b) Microbiological Compliance 95.3%

Positive improvements by the municipality on the Blue Drop:

(i) Improved microbiological compliance on Water Supply by Magalies

(ii) Developed & presented a WCDM Strategy coupled with a business plan

(iii) Some improvements on Blue drop risk rating for Bela- Bela Water Treatment Works (WTW).

(iv) General workplace satisfaction is adequate.

Below is the Blue Drop Assessment Summary

Table 6

| Water Services Authority | Bela-Bela Local Municipality | | |
|---|---|---|---|
| Water Services Provider(s) | Magalies Water , Bela-Bela LM | | |
| 2014 Municipal Blue Drop Score | 43.11% | | |
| 2012 Municipal Blue Drop Score | 71.21% | | |
| 2011 Municipal Blue Drop Score | 71.07% | | |
| Performance Area | Bela-Bela | Radium | Rapotokwane |
| Water Services Provider(s) | Magalies Water , Bela-Bela LM | Bela-Bela LM | Bela-Bela LM |
| Water Safety Planning (35%) | 21.35 | 18.55 | 18.55 |
| Treatment Process Management (8%) | 6.00 | 0.00 | 0.00 |
| DWQ Compliance (30%) | 17.63 | 0.00 | 0.00 |
| Management Accountability (10%) | 7.75 | 3.30 | 3.30 |
| Asset Management (14%) | 9.42 | 6.16 | 6.16 |
| Use Efficiency, Loss Management (3%) | 0.27 | 0.27 | 0.27 |
| Bonus Scores | 4.79 | 3.15 | 3.75 |
| Penalties | 1.50 | 2.83 | 1.70 |
| 2014 BLUE DROP Score | 65.70% | 28.60% | 30.33% |
| *2012 Blue Drop Score* | 74.88% | 38.59% | 69.72% |
| *2011 Blue Drop Score* | 78.67% | 38.95% | 48.45% |
| *System Design Capacity (Ml/d)* | 24.0 | N/A | N/A |
| *Operational Capacity (% ito Design)* | 37% | N/A | N/A |
| *Average daily Consumption (l/p/d)* | 514 | N/A | N/A |
| *Microbiological Compliance (%)* | 95.3% | 84.2% | 80.0% |
| *Chemical Compliance (%)* | 99.7% | 99.9% | 50.0% |
| Blue Drop Risk Rating (2012) | 59.6% | 95.3% | 90.5% |
| Blue Drop Risk Rating (2013) | 57.8% | 89.7% | 91.6% |
| Blue Drop Risk Rating (2014) | 38.1% | 81.5% | 82.0% |

The Municipality has currently submitted business plans to Department of Water & Sanitation in an attempt to implement recommendations of the Blue drop regarding Rapotokwane and Masakhane. Other recommendations are already actioned at the water works.

## 3.3 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

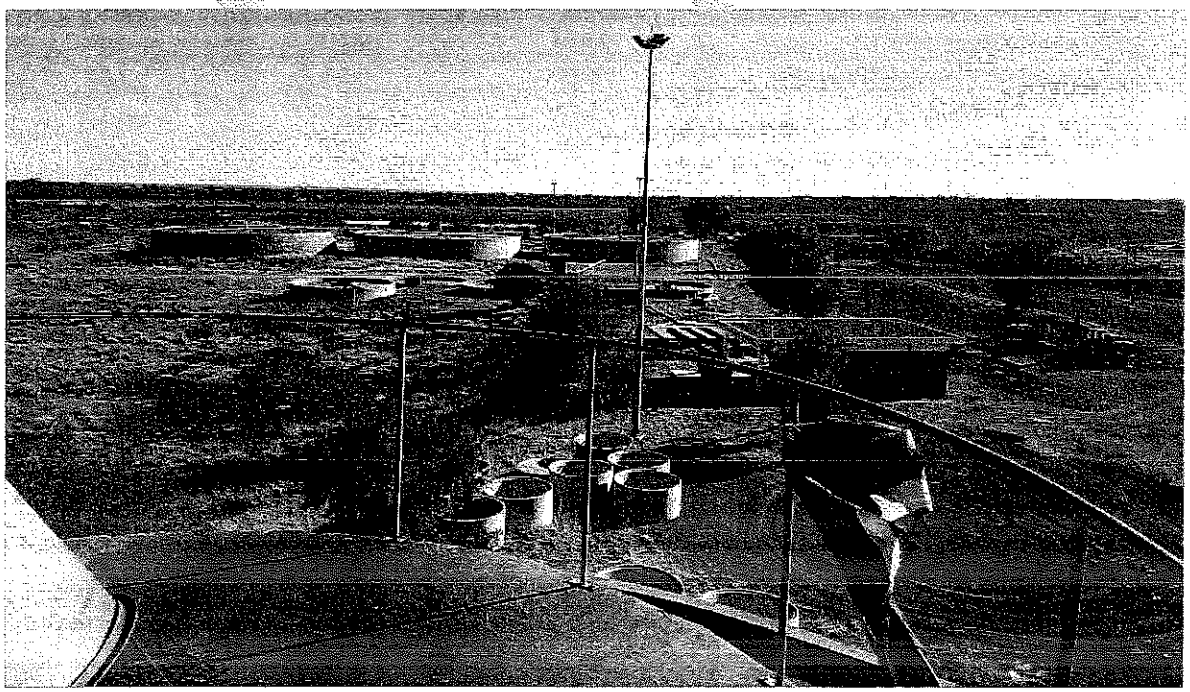
BBLM household predominantly have water borne sanitation system. The biggest challenge in this kind of technology is the continuous spillages of sewerage in the township due to limited understanding on what can and cannot be flushed down the toilet. Another challenge being that the household stormwater is connected to the sewer drains causing high flows during rainy days.

Communities that are not connected in the sewer system have dry sanitation system but mainly this is in the informal settlements and Rapotokwane village.

The municipal backlog on sanitation was 1274 households (7%) as of end of June 2016. In order to address this matter the Municipality is in a process of formalising informal settlements by either moving them to proclaimed townships and or alternatively realign their stands in anticipation of township establishment process.

The three municipal treatment plants are over capacity and need urgent refurbishment and upgrades

***Figure 3***



**Warmbarths Waste Water Treatment Plant**

The Municipality received support from Messrs Magalies Water Board in construction of 50 Ventilated Improved Pit Latrines in Tsakane. However, it should be mentioned that the area has since mushroomed and more toilets are needed.

The approved township development in Bela-Bela Ext 9 and Ext 25 (Koppewaai) will assist with sanitation backlog reduction but will be placing more strain on the Water Waste Treatment Works (WWTW).

*Graph 4*

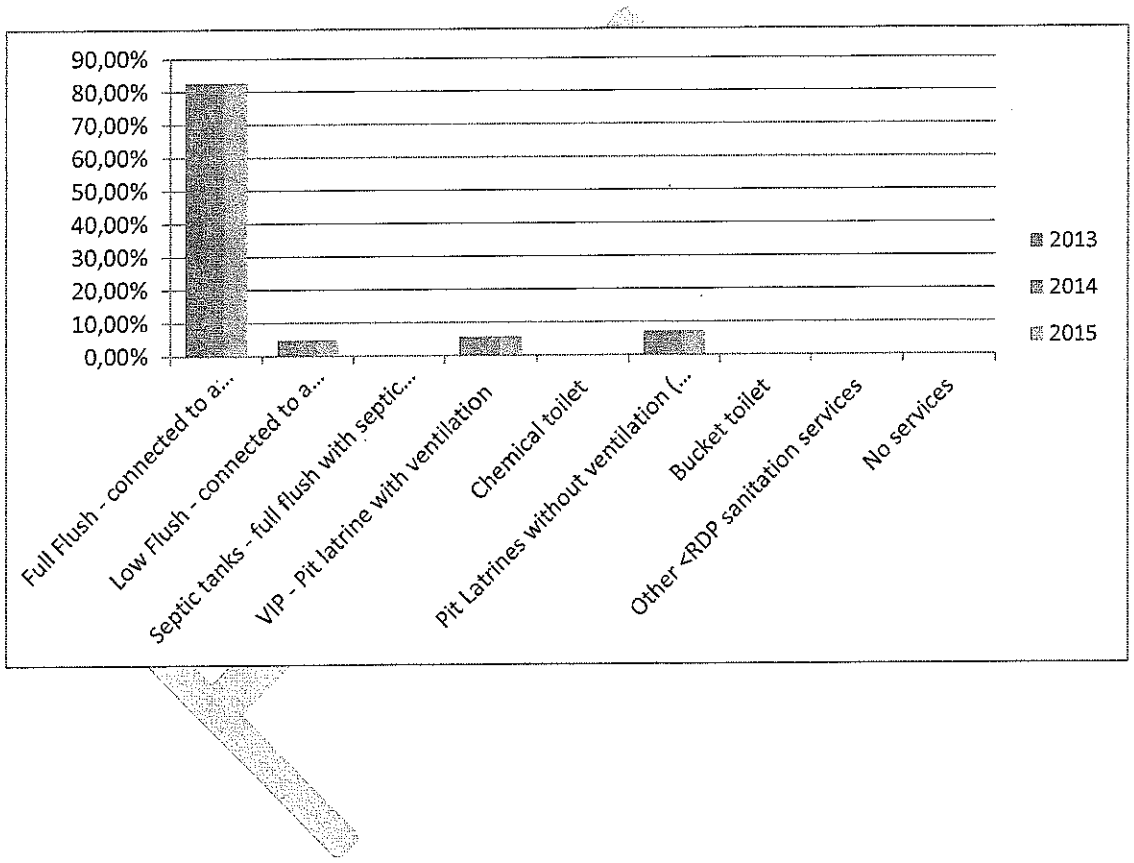


*Table 7*

**Residential water services delivery access profile [Sanitation]**

| Actual service levels | 2013 | | 2014 | | 2015 | |
|---|---|---|---|---|---|---|
| | Actual Nr of HHs | % of total HHs | Actual Nr of HHs | % of total HHs | Actual Nr of HHs | % of total HHs |
| Full Flush - connected to a sewage system | 14928 | 82.60% | 14928 | 82.60% | 14928 | 82.60% |
| Low Flush - connected to a sewage system | 855 | 4.73% | 855 | 4.73% | 855 | 4.73% |
| Septic tanks - full flush with septic tank | 20 | 0.01% | 20 | 0.01% | 20 | 0.01% |
| VIP - Pit latrine with ventilation | 862 | 5.47% | 962 | 5.69% | 987 | 5.69% |
| Chemical toilet | 0 | 0 | 0 | 0 | 0 | 0 |
| Pit Latrines without ventilation ( Backlog) | 1399 | 7.19% | 1299 | 7.13% | 1274 | 7.00% |
| Bucket toilet | 0 | 0 | 0 | 0 | 0 | 0 |
| Other <RDP sanitation services | 0 | 0 | 0 | 0 | 0 | 0 |
| No services | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **18064** | **100** | **18064** | **100** | **18064** | **100** |

**Sanitation Capital Project**

**Table 8**

| Service objective | | Project/ Initiative | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent |
|---|---|---|---|---|---|---|
| 1. i | Improved access to Sanitation | Bela Bela: Bulk Sewer Infrastructure X9 | MIG | 4 145 545 | 0.00 | 4 145 545 |

Table 9

| Employees: Sanitation Services: 2015/2016 Financail year | | | | |
|---|---|---|---|---|
| Job Level | Number of Employees | Number of Posts | Vacancies | % Vacancy |
| 0-3 | 2 | 2 | 0 | 0,00% |
| 4-6 | 2 | 2 | 1 | 50,00% |
| 7-9 | 1 | 2 | 1 | 50,00% |
| 10-12 | 1 | 1 | 0 | 0,00% |
| 13-15 | 25 | 25 | 0 | 0,00% |
| 16-18 | 9 | 12 | 3 | 25,00% |
| Total | 40 | 44 | 4 | 9,09% |

## 3.3.1 COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Table 10

The 2014 Green drop Assessment produced reports per system as presented in the Table below:

| Technology Description | | Pietermaritzburg | Radium | Warrenton |
|---|---|---|---|---|
| Technology( Liquid) | | Anaerobic ponds/ Facultative ponds | Rotating biological contractors and Evaporation ponds ( no effluent) | Biological filters and Evaporation ponds ( no effluent) |
| Technology ( Sludge) | | Sludge lagoon/ pond | Sludge lagoon/pond | Not specified |
| Key Risk Areas | | | | |
| A | ADWF Design Capacity (Ml/d) | 2 | 1 | 5 |
| B | Operational Flow (% of Design Capacity ) | 151% (NI) | 151% (NI) | 96% (NI) |
| C | Annual Average Effluent Quality Compliance ( 2012- 2013 | | | |
| | 1) Microbiological Compliance (%) | | | |
| | 2) Physical Compliance (%) | | | |
| | 3) Chemical Compliance (%) | | | |
| D | Technical skills ( Reg 813) | Yes | No | Yes |
| 2013 Wastewater Risk Rating (%CRR/CRRmax) | | 82.4% | | 52.9% |
| 2013 Wastewater Risk Rating (%CRR/CRRmax) | | 88.2% | 64.7% | 76.5% |
| Risk Abatement Planning | | | | |
| Highest Risk Areas based on the CRR | | Effluent compliance, flow | Effluent compliance, flow measurement and technical skills | Microbial and chemical compliance |

| | measurement | | |
|---|---|---|---|
| WW Risk Areas based on the CRR | None | None | None |
| Capital & Refurbishment expenditure for Fin Year 2012-2013 (Rand) | Nl | Nl | Nl |
| Description of Projects Expenditure 2012-2013 | Nl | Nl | Nl |

It is further highlighted that the Warmbaths Waste Water Treatment Works (WWTW) design capacity has exceeded with no budget allocation to upgrade the plant. In order to address the above mentioned challenges the Municipality is currently in a process of applying for funds to upgrade all three WWTW.

## 3.4 ELECTRICITY

### 3.4.1 INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

There are two electricity providers in the Bela-Bela municipal area, namely the Bela- Bela Local Municipality and Eskom. The access to electricity is recorded at 14504 households with a backlog of 3 564 households. These backlog is found in areas that are predominately informal.

Bela-Bela Local Municipality supplies areas such as Bela-Bela Town, Bela-Bela Township, Spa Park, Jinnah Park, Feur n Villa, Eu Montagne, Golfbaanpark as well as outer plot areas like Bospoort and Noodhulp / Roodepoort.

Eskom supplies the remaining areas, smaller towns/nodal points and the rural areas of Bela-Bela Local Municipality viz Radium/ Masakhane, Rapotokwane, Settlers, Pienaarsriver and farms areas.

Bela-Bela Municipality has one main supply substation namely, Bela-Bela main substation located within town at Industrial Str. Next to the main substation, is the Eskom yard with 2 x 20MVA transformers which supply the substation via 2 x 11kV feeder cables of +/-160 m (each feeder consist of 2x 300mm2 cables). Eskom is only responsible for supply into the main substation (i.e. 2 x 20MVA supply transformers). The reported Notified Maximum Demand was at 17.87 MVA. Current usage throughout the year varies between 14 MVA and 17 MVA, with the higher peak in the winter months.

Figure 4



Bela-Bela Sub Station

Graph 5

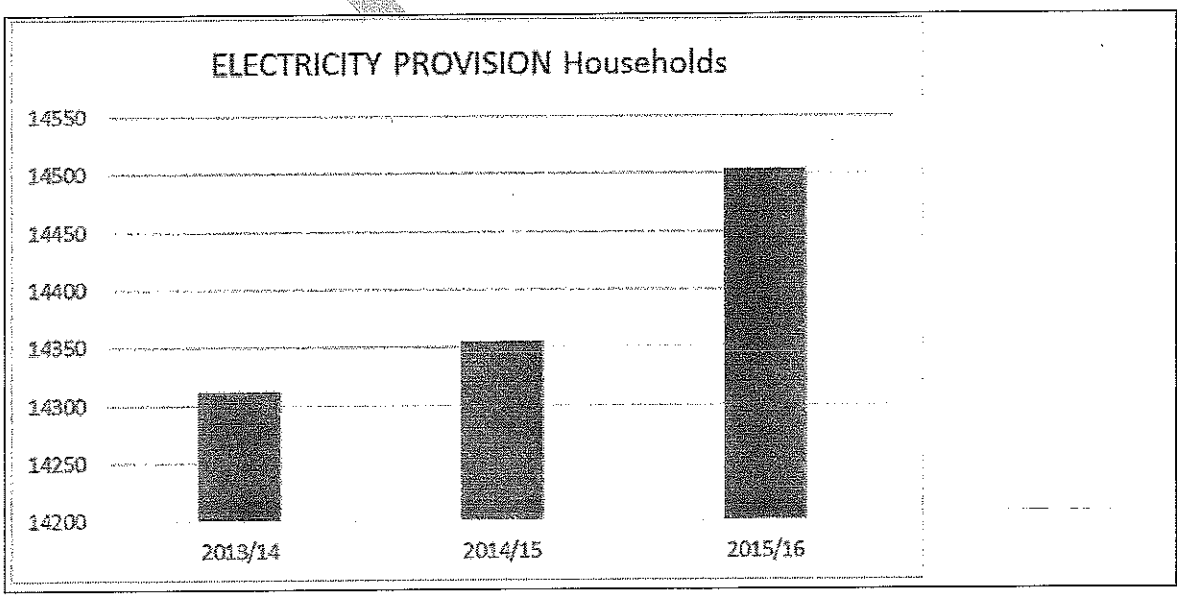


Table 11

| Electricity Service Delivery Levels | |
|---|---|
| **Description** | **2015/16 H/H #** |
| Energy : (above minimum level) | 599 |
| Electricity (at least min.service level) | 7324 |
| Electricity- prepaid (min. service level) | 6581 |
| Minimum service level and above sub total | **14504** |
| | |
| Below minimum level | |
| Other Sources | 3564 |

Graph 6

Below is a percentage breakdown of capacity allocations by consumer class.

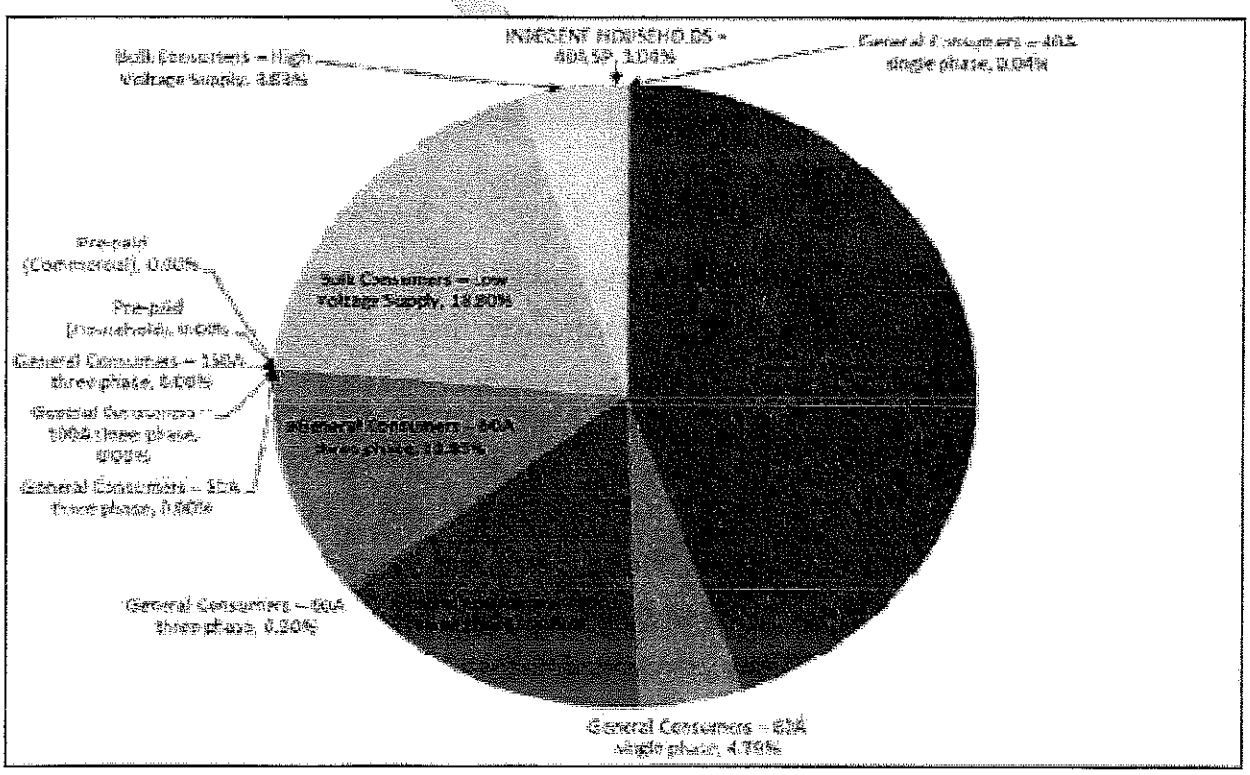


**Table 12**

**Capital Electrification Programme**

| Service Objectives | Project Name | 2015/2016 Budget | 2015/2016 targets | 2016/2017 Budget | 2017/2018 Budget |
|---|---|---|---|---|---|
| Electricity | Integrated Electrification Programme ( Build 10MVA Sub-Station) | 2 000 000 | Designs and EIA | 28 000 000 | 30 000 000 |
| Electricity | Electrical Asset | 500 000 | Procure 1 Mini Sub-station and 2 Electrical Transformers | 0.00 | 0.00 |

*Table 13*

| Employees : Electricity Services 2015/2016 Financial Year | | | | |
|---|---|---|---|---|
| Job level | Number of Employees | Number of Posts | Number of Vacancies | %Vacancy |
| 0-3 | 1 | 2 | 1 | 50% |
| 4-6 | 7 | 7 | 0 | 0.00% |
| 7-9 | 1 | 3 | 2 | 66.67% |
| 10-12 | 3 | 4 | 1 | 25% |
| 13-15 | 19 | 21 | 3 | 14.29% |
| Total | 31 | 37 | 6 | 16.22% |

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Based on the 2015/2016 financial year electrical losses calculations, various reasons could be observed as the average electrical losses was 8 % exclusive of technical electrical losses which is anticipated to be 10%. The 3 % reduction realised during the first, second and third quarters of the current financial year (2015/2016) is maintained from the 2014/2015 electrical losses benchmarking of 11% (excluding technical electrical losses

which is assumed to be 10%) and such improvements is as a results of robust interventions made by the Electrical Division together with revenue division.

Interventions includes:

a) Continuous audits on the large power users.

b) Continuous of the audits on the streetlights and municipal buildings energy meters.

c) Continuation of the audits in the plots around the BBLM.

d) Replacement of identified faulty electrical energy meters.

Some of the emanating challenges reported by the staff are symptomatic to aged cables.

These are:

a) Inefficient sections of cable that can no longer carry the rated load

b) Cables that are prone to faults

c) Repeated faulting on the same length of cable

d) Cable breakdown i.e. cables that will operate for a long time and then instantly fail. With no gradual deterioration experienced.

All of the substation buildings structures require work to address leaks, ventilation, and security. With the exception of the main substation, all substations require major upgrade to MV switchgear panels (with busbars), breakers including protection, control and instrumentation.

**The following matters relates to the electrical losses versus revenue:**

a) The average bulk purchases (Eskom account) is R 6 404 531

b) During the high season period (June, July and August), the average bulk purchases and revenue collection increases to R 8 181 649 and R 9 206 571 respectively.

c) The average electrical losses (in KWh) and the value of the losses (in Rands) is 1 345 418 KWh and R 1 674 598 respectively per month. Taking away the technical losses, the consumption and value of losses is still significant.

**PROGRAMMES TO BE IMPLEMENTED DURING 2016/2017**

a) Reduced the Free Basic Electricity (FBE) issued to the indigents from 100 kWh to 70 kWh. BBLM is using the staggering approach to reduce the FBE to 50 kWh and will implement the next reduction once the resolution has been reached.

b) Downgrading of prepaid meters to 20 Amps to all the indigents as well as all RDP houses and informal dwellings (Shacks).

c) Replacement of old medium voltage cables i.e. From Brandweer switching station to Van Staden miniature substation and Municipal switching station to KFC miniature substation.

d) Refurbishment and maintenance of identified 23 miniature substations around Bela Bela town.

e) Developed the Energy Efficiency and Demand Side Management plan for BBLM and submitted the application to DoE in seeking funding.

f) Construction of a 10 MVA substation to assist backlog eradication as well as to accommodate any future developments around Bela Bela area.

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

### 3.5. 1 INTRODUCTION TO WASTE MANAGEMENT

Section 24 (Chapter 2) of the Constitution indicates that everyone has the right to have an environment that is not harmful to his or her health and to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:

a) prevent pollution and ecological degradation;

b) promote conservation; and

c) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Based on the Constitution National Environmental Management Act (NEMA) 107 of 1998 came to effect with the objective to:

a) protect health, wellbeing and the environment by providing reasonable measures for-

I. Minimising the consumption of natural resources.

II. Avoiding and minimising the generation of waste

III. Reducing, reusing, recycling and recovering waste.

IV. Treating and safely disposing of waste as a last resort.

V. Preventing pollution and ecological degradation.

VI. Securing ecologically sustainable development while promoting justifiable economic and social development.

VII. Promoting and ensuring the effective delivery of waste services.

VIII. Remediating land where contamination presents or may present a significant risk of harm to health or the environment and

IX. Achieving integrated waste management reporting and planning.

b) To ensure that people are aware of the impact of waste on their health, well- being and the environment.

c) To provide for compliance with the measures set out.

d) Generally to give effect to section 24 of the constitution in order to secure an environment that is not harmful to health and well-being.

The Municipality has an approved Integrated Waste Management Plan (IWMP) which has an optimum approach to waste management planning in terms of the resources allocation, time scheduling achievable targets and allocation of responsibilities.

The overall objective of this IWMP is to reduce the generation of waste and the environmental impact of all forms of waste, thereby ensuring sound socio-economic development, a healthy population and that the quality of environmental resources are no longer adversely affected by uncontrolled and uncoordinated waste management. The internationally accepted waste hierarchy approach for waste avoidance/reduction, reuse, recovery, treatment and disposal is adopted in the strategy.

**3.5 .1 Achievements:**

**3.5.1.1 Waste and or Refuse Removal**

In order to comply with the requirements of Section 24 of the 1996 Constitution of Republic of South Africa, (NEMA) 107 of 1998 and Bela-Bela Local Municipality approved Integrated Waste Management Plan, which highlighted all the pivotal areas where the Municipality is responsible for Waste Management. During the 2015/2016 financial year the Municipality collected waste from all formal settlements once per week per household which was at (Bela-Bela Town, Bela-Bela Township, Pienaarsrivier and Masakhane). The collection of waste was also done twice per week in business areas. Furthermore, it should be noted that apart from the collection of waste in the formalised areas, the Municipality could not ignore the informal settlements. The collection of waste was further extended to informal settlements by means of emptying of Mass Refuse Containers placed in different areas of the informal settlements. The Waste collection service in informal settlements covered Zuma, Koppewaai and Ext 9.

Figure 5 Kerbside Collection by Compactor Truck

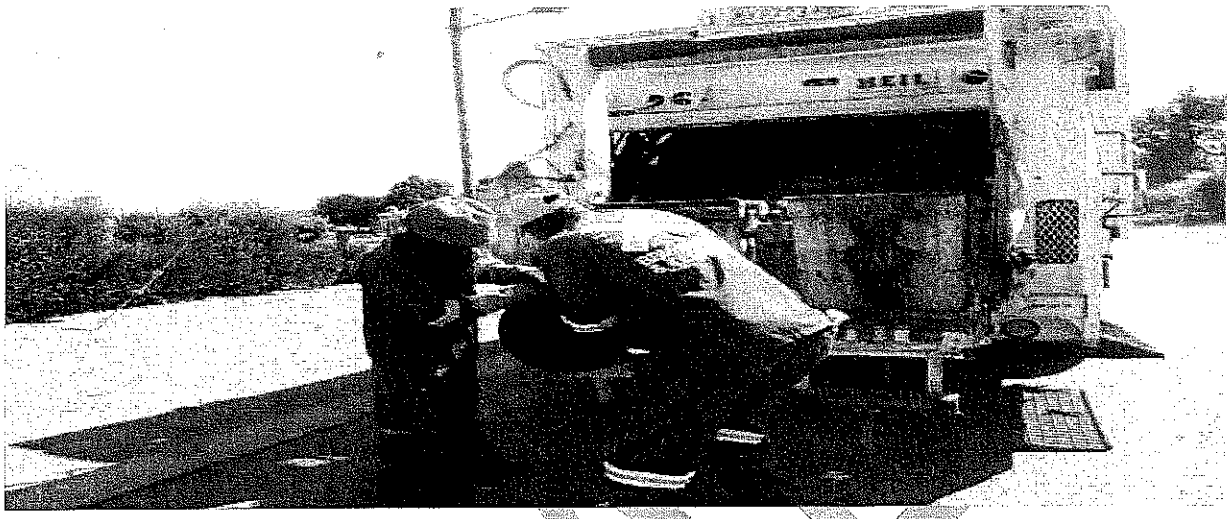
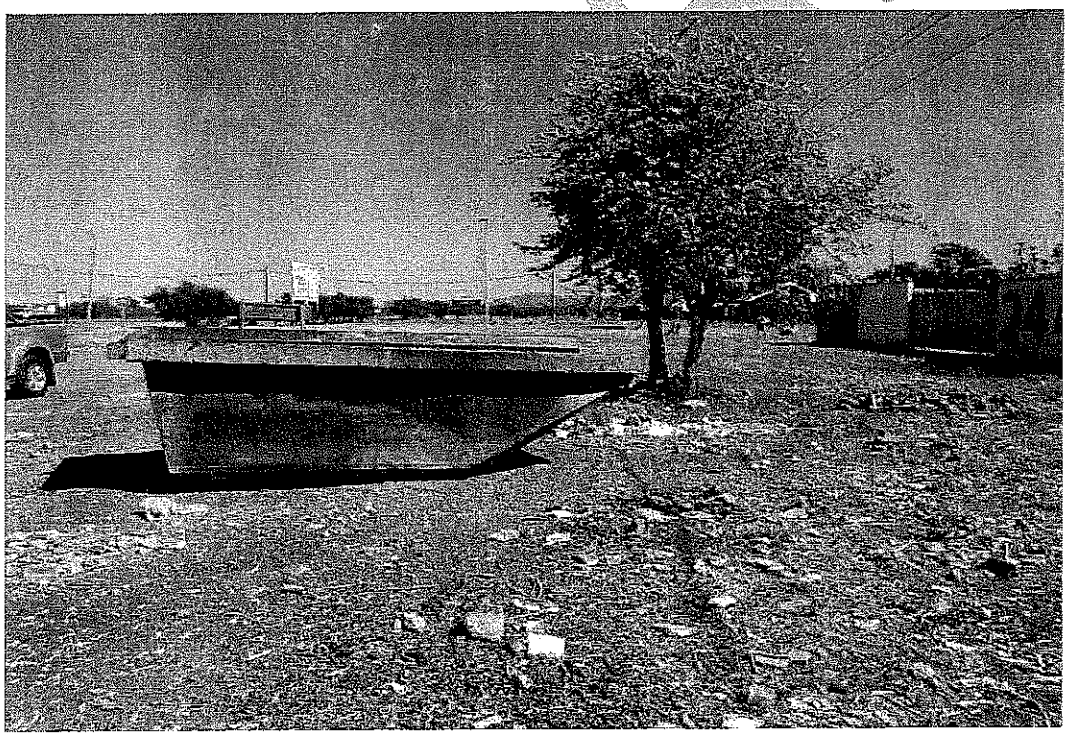


Figure 6 Mass Refuse Containers at Illegal Dump Side.



### 3.5.1.2 Street Cleaning

As part of Waste Management in the Bela-Bela municipal jurisdiction, the Municipality embarked on daily street cleaning programme. There are number of employees who were assigned to cleaning of the streets on daily basis and public holidays excluding Sundays.

**Figure 7 Street Cleaning**



Figure 8 -Social & Community Services Awareness Campaign

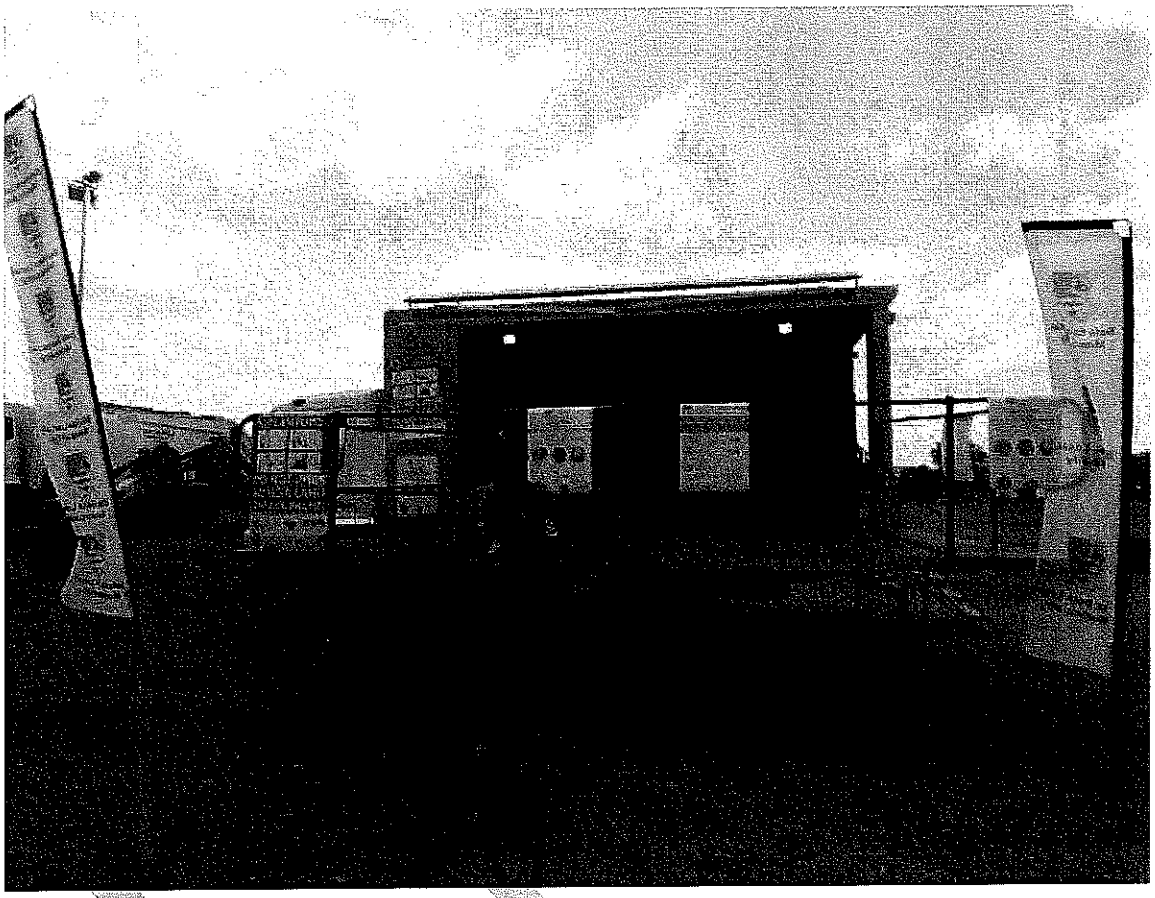
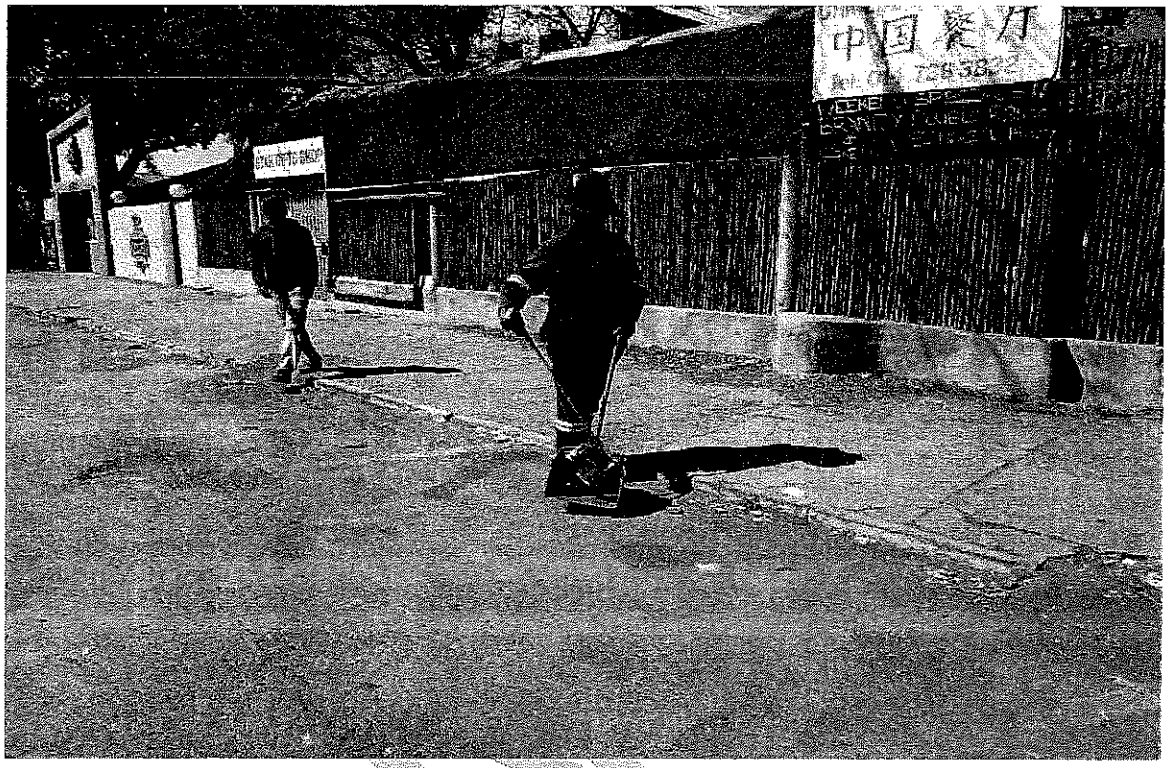


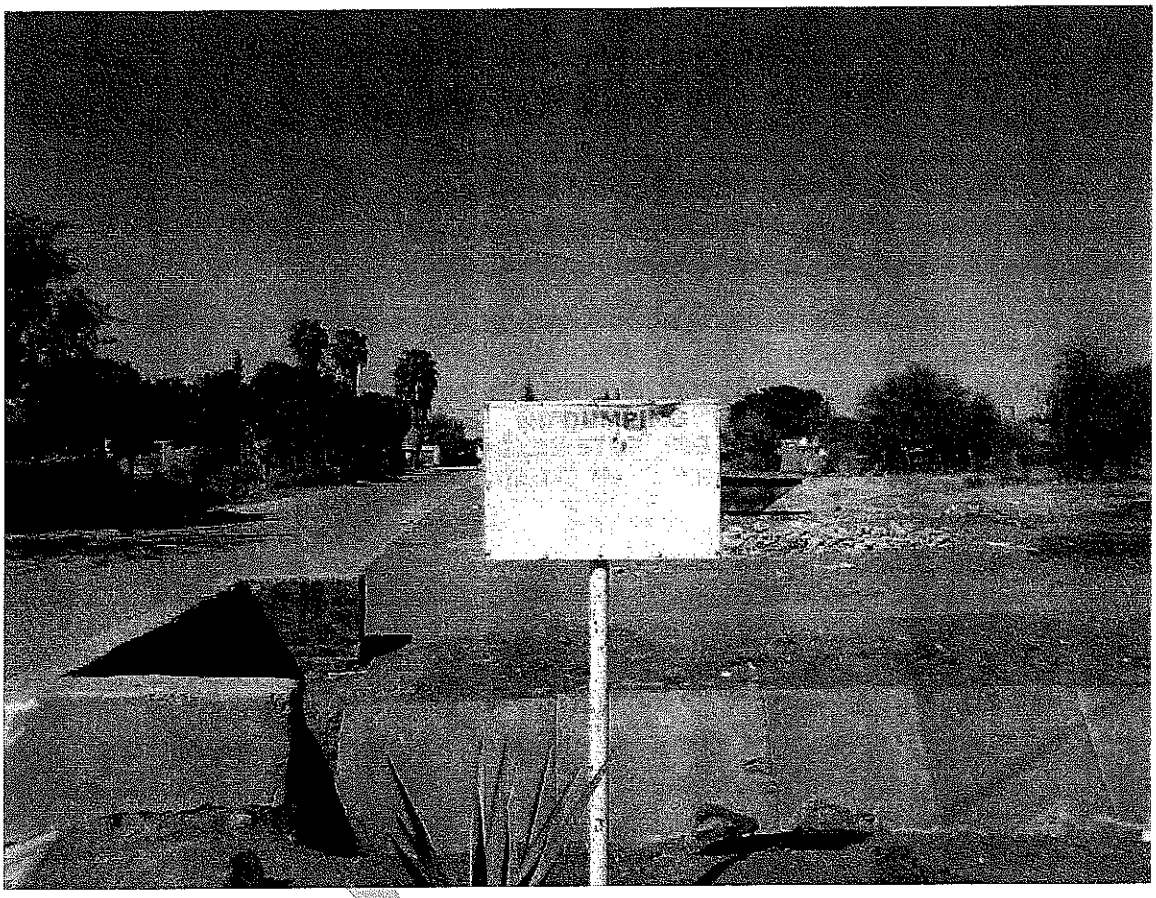
*Figure 9 Street Cleaning*



### 3.5.1.3 Illegal Dumping

Due to the mushrooming of informal settlements in the municipal area, the municipality is faced with the challenge of illegal dumping in some areas. In order for the municipality to comply with the provisions of Section 24 of the Constitution of RSA the municipality cleared the illegal dumping areas bi-weekly.

*Figure 10 Illegal Dumping Area*



### 3.5.1.4 Waste Complaints Management

With regard to waste management complaints the municipality had developed a complaints management register. The municipality registered all complaints received from community members and other stakeholders as well as al complaints identified by municipal officials. All complaints reported in either way were attended to within 48 hours upon receipt.

### 3.5.1.5 Waste Management Initiatives

In cognisance of the challenges of high rate of unemployment, the municipality initiated waste management initiatives whereby 1x Waste recycling Co-operative namely Dynamic Waste Removal Co-operative was established.

### 3.5.1.6 Youth Job in Waste Management

The Youth Jobs in Waste Programme is the result of a study that DEA undertook in 2007, which assessed the status of waste services delivery, as well as capacity at local government level. The study presented an account of the backlog with regards to solid waste service delivery in all municipalities in the country. In order to address this backlog, and create capacity within municipalities in order to lessen the burden with regards to the provision of waste services, the department developed this initiative. It was also developed in recognition of the fact that the waste sector is now, more than ever, ready for major investment in both infrastructure development as well as capacity building programmes to create decent jobs and fuel the green economy.

In the financial year (2014/2015) the municipality in partnership with the Department of Environmental Affairs (DEA) rolled out the Youth Jobs in Waste Management Programme which was subsequently extended for two months (July- August 2015) for the financial year 2015/2016 aimed at jobs creation for Youth whereby 16 youth were employed, further to assist municipalities to strengthen awareness campaigns in best waste management practises, landfill and waste collection management. The municipality with DEA embarked on the awareness campaigns at schools, government institutions, businesses and communities. The (seven 7) awareness campaigns held were aimed at advising on the best waste management practices such as Reduce, Reuse and Recycle (3RS). Hence the establishment of Dynamic Waste Removal cooperative and the donation of the Recycling bins to the Bosele Droping Centre and Department of Education in the Bela-Bela.

**Figure 11 Awareness Campaign Community- ward 2**



Figure 12 Recycling Bins Donated to BOSELE DROPPING CENTRE



Figure 13 Awareness Campaign Recycling Initiative: Education about Separation of Waste at Source



### 3.5.1.6 Challenges

The Municipality is experiencing an increase in the number of illegal dumping areas. There is also a shortage of mass refuse containers to be used at illegal dumps and for rental to businesses and to the community.

The Municipality has only one (1) landfill site which has the lifespan of 6 years remaining, furthermore, the landfill site is not accessible during rainy days due to the gravel and muddy road which resulting into private persons dumping the waste on the road side instead of inside the landfill. With regard to waste collection it should be noted that most households are using 85l waste bins which are not able to handle the amount of waste generated.

Due to the new demarcation of boundaries conducted during 2005/2006 Rapotokwane was transferred from Mpumalanga province to Limpopo Province within Bela-Bela municipal jurisdiction. Rapotokwane is a rural area situated about 80km from the Bela-Bela landfill site and is currently not serviced in terms of waste management.

Absence of a recycling infrastructure which will enable separation of waste at source and diversion of waste streams to material recovery and buy back facilities.

A growing population and economy, which means increased volumes of waste generated. This puts pressure on waste management facilities, which are already in short supply.

**Table 13**

| Solid Waste Service Delivery Levels | | | | Households |
|---|---|---|---|---|
| Description | Year -3 Actual | Year -2 Actual No. | Year -1 Actual | Year Actual No. |
| ***Solid Waste Removal:*** **(Minimum** | | | | |
| Removed at least once a week | 14805 | 15000 | 16000 | 16000 |
| *Minimum Service Level and* | 14805 | 15000 | 16000 | 16000 |
| *Minimum Service Level and Above* | 100% | 100% | 100% | 100% |
| ***Solid Waste Removal:*** **(Below** | | | | |
| Removed less frequently than once | 0 | 0 | 0 | 0 |
| Using communal refuse dump | 0 | 0 | 0 | 0 |
| Using own refuse dump | 0 | 0 | 0 | 0 |
| Other rubbish disposal | 0 | 0 | 0 | 0 |
| No rubbish disposal | 0 | 0 | 0 | 0 |
| *Below Minimum Service* | 14805 | 15000 | 16000 | 16000 |
| *Below Minimum Service Level* | 0% | 0% | 0% | 0% |
| **Total number of households** | 14805 | 15000 | 16000 | 16000 |
| | | | | |

Table 14

| Households - Solid Waste Service Delivery Levels below the minimum<br>Households | | | | | | |
|---|---|---|---|---|---|---|
| Description | 2012/13 | 2013/14 | 2014/15 | 2015/2016 | | |
| | Actual | Actual | Actual | Original Budge | Adjusted Budge | Actual |
| **Formal Settlements** | | | | | | |
| Total households | 0 | 0 | 0 | 0 | 0 | 0 |
| Households below minimum service | | | | | | |
| Proportion of households below minimum | % | % | % | % | % | % |
| **Informal Settlements** | | | | | | |

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

Bela-Bela Local Municipality has approved Indigent support policy where consumers who earn R2500 and below qualify to receive free / subsidised basic services. These services include 10kl of water, 100KWH of electricity, free weekly waste collection, free sanitation services and 100% subsidy on property rates. An indigent register has been developed and it is being used as a guide of the number of household provided with the above mentioned free basic services. According to the statistics in the register Bela-Bela local municipality provide 3985 houses with free basic services during 2015/2016 financial year.

FINAL

## COMPONENT B: ROAD TRANSPORT

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

### INTRODUCTION TO ROAD TRANSPORT

Bela- Bela Local Municipality is responsible for routine road maintenance, upgrade and rehabilitation. The roads in the municipal jurisdiction is in an appalling state. It is against this backdrop that the Technical Services Department conducted a Road Visual Assessment in order to obtain much details on work to be done over various streets. Details are in Visual Roads Assessment Report with Council Resolution number MC141/03/2016.

However, it must be emphasised that the routine road maintenance as well as refurbishment and upgrade of roads requires more funds.

## 3.7 ROADS

### 3.7.1 INTRODUCTION TO ROADS

Council approved the standard Road Specification in October 2015, these Standards provide guidance on design, and specification of roads for construction as well as guidance on Routine Roads Maintenance.

The state of the local access roads (internal roads) that require attention of the Municipality due to poor condition can be highlighted as follows:-

Table 15

| Ward | Crack sealing, Slurry seal, Rejuvenation | Re- seal | Dilute Emulsion | Rehabilitation | Upgrade to pave |
|---|---|---|---|---|---|
| 1 | R9 690 000 | R44 600 000 | R1900 000 | R19 500 000 | R2400 000 |
| 2 | | | | R6 650 000 | R2112 000 |
| 3 | | | | R600 000 | R11 400 000 |
| 4 | | | | | R23 350 000 |
| 5 | | | | | R1706 000 |
| 6 | | | | R1 350 000 | R17 250 000 |
| 7 | | | | R1000 000 | R19 400 000 |

| Ward | Crack sealing, Slurry seal, Rejuvenation | Re- seal | Dilute Emulsion | Rehabilitation | Upgrade to pave |
|---|---|---|---|---|---|
| 8 | | | | R400 000 | R29 950 000 |
| 9 | | | | R100 000 | R14 100 000 |
| **Sub-Total** | **R 9 690 000** | **R44 600 000** | **R1900 000** | **R29 600 000** | **R121 668 000** |
| **Total** | **R207 458 000** | | | | |

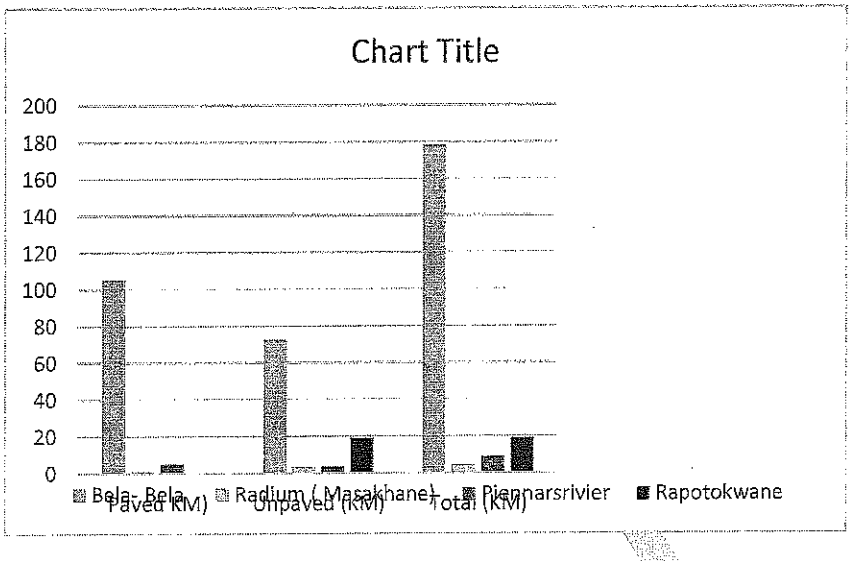
Table 16

Bela- Bela Local Municipality currently have records of roads as follows:

| Settlements | Length of Roads/Street | | Total |
|---|---|---|---|
| | Paved | Unpaved | |
| Bela- Bela Town<br>Bela- Bela Township | 105.6km | 72.6km | 178.2km |
| Radium ( Masakhane) | 1.03km | 3.27km | 4.3km |
| Piennarsrivier | 5.1km | 3.7km | 8.8km |
| Rapotokwane | 0 | 19km | 19km |
| **Total** | 111.73km | 98.57km | 210.3km |

Below is a bar chart representing table 16 above.

Graph 7



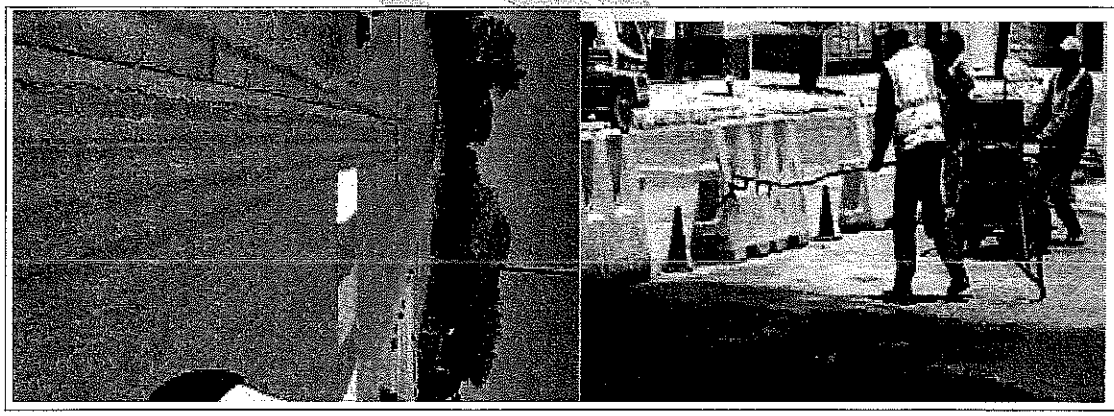

The municipality upgraded the following roads in the CBD and resurfaced with asphalt:

Table 17

| PHASE ONE | | PHASE TWO |
|---|---|---|
| **Street Name** | **Length** | **Length** |
| Ritchie | 232m | 0 |
| Sutter | 226m | 205m |
| Marx | 243m | 0 |
| Pretoria | 232m | 0 |
| Potgieter | 892m | 0 |
| Crockery | 0 | 134m |
| Chris Hani (four lanes) | 0 | 1120m |

*Figure 14*

Routine Road maintenance was done as follows:

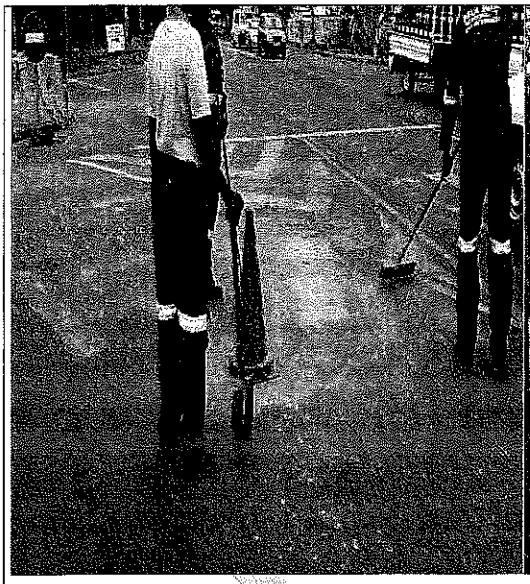


Cleaning of roads | Repair of potholes

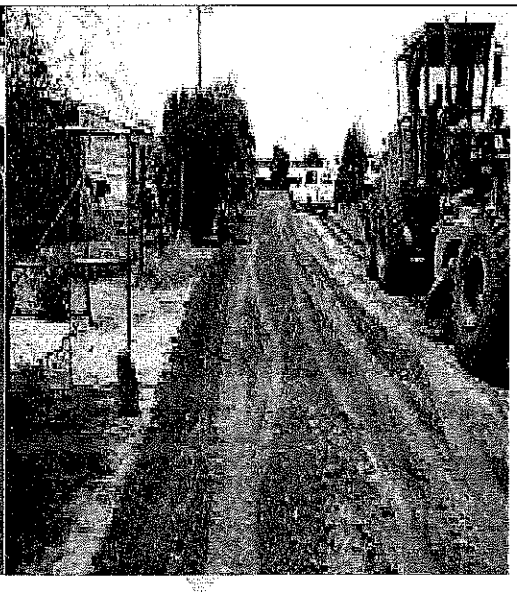
Table 18

| Institutional Indicator | Work done |
|---|---|
| Km of roads regravelled | 7,68km |
| Km of roads graded | 90,8km |
| Km of storm water channels cleaned | 25,5km |
| $m^2$ of pavement repaired | 1996$m^2$ |
| M of kerbing replaced | 2758m |
| storm water repaired | 125m |
| #Catch inlets cleaned | 154 |

Figure 15



Routine road maintenance



Grading of streets

The municipality further registered projects for funding by MIG and appointed service providers for professional and construction work. Refer to table 19 below.

*Table 19*

| No | Project Name | Budget Allocated | Locality |
|---|---|---|---|
| 1. | Stormwater Limpopo street | R4 811 078.00 | Bela Bela X6 |
| 2. | Road paving X2,7,8 | R1 215 180.00 | Bela Bela X2,7 & 8 |

Table 20

| Employees: Roads Services and Storm water | | | | |
|---|---|---|---|---|
| | 2015/2016 | | | |
| Job Level | Employees # | Posts # | Vacancies# | % Vacancy |
| 0-3 | 2 | 2 | 0 | 0,00% |
| 4-6 | 1 | 1 | 0 | 0,00% |
| 7-9 | 0 | 2 | 2 | 100,00% |
| 10-12 | 8 | 12 | 4 | 33,33% |
| 13-15 | 21 | 35 | 14 | 40,00% |
| Total | 32 | 52 | 20 | 38,46% |

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

Figure 16



### 3. 7. 3 Upgraded roads in the CBD

The division of roads and storm water performed very well in its operational maintenance targets sets from the Service Delivery and Budget Implementation Plan. Identified potholes were patched as per the maintenance plan and also when required, open storm water channels cleaned and unblocked, damaged pavement repaired, paved roads cleaned and gravel roads were bladed.

It is evident from the Roads Visual Pavement Assessment that the municipality requires more funds to address roads challenges. Currently the municipality has registered projects to pave the streets and is full at work with the routine road maintenance.

## 3.8 WASTE WATER (STORMWATER DRAINAGE)

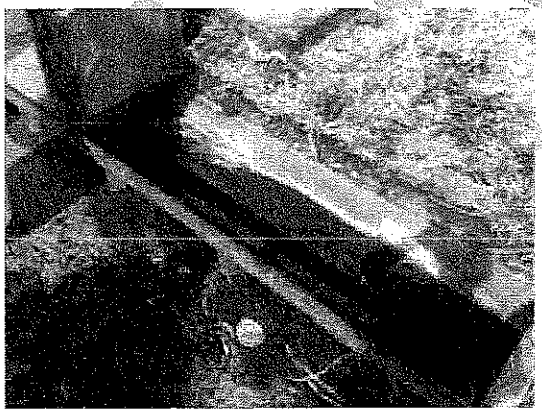
### 3.8.1 INTRODUCTION TO STORMWATER DRAINAGE

The Storm water infrastructure is distributed throughout the jurisdiction of Bela-Bela Local Municipality and forms the backbone of the stormwater network. Amongst others are Bridges and Guardrails, while others are more subdued such as borrow pits, storm water facilities and ditches. There is also infrastructure underground including inlets and pipes. Each plays an important role to Bela-Belas' stormwater network. Below is the stormwater assets in the municipality:

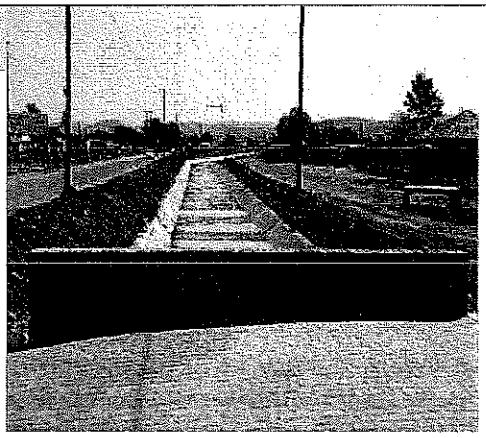
*Table 21*

| DESCRIPTION | DISTANCE/ QTY |
|---|---|
| **Guardrails** | 15.6 KM |
| **Underground pipes** | 62 KM |
| **Catch Inlets (number)** | 154 |

*Figure 17*



Cleaning of stormwater catch inlet street



Stormwater channel in Limpopo

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

In terms of storm water drainage, there are four parts of Bela-Bela Township which were developed without sufficient infrastructure for stormwater drainage and this prone these areas to the excessive water surface run – off or even flooding during the heavy rains.

These areas are Bela-Bela Township Extension 2 ("Leseding"), 5 (Mandela Village), 6 and 7. These areas accommodate approximately 23% [3 343HH (i.e. Ext. 2 = 836HH, Ext. 5 = 1098HH, Ext. 6 = 1084HH and Ext. 7 = 325HH)] of the total population within Bela-Bela.

The Municipality should also ensure that the future settlements (i.e. Bela-Bela Extension 9) are well provided with sufficient stormwater infrastructure at the early stages to avoid future backlogs occurrence.

## COMPONENT C: PLANNING AND DEVELOPMENT

## 3.10 PLANNING

### INTRODUCTION TO PLANNING

Planning in South Africa operates within the Legal Framework, which strives to ensure that municipalities deliver their developmentally-oriented planning objectives as embraced under Sections 152 and 153 of the Constitution of South Africa. Bela-Bela Local Municipality, through the Planning and Economic Development Department is the custodian of land development and land use; and this is guided by planning policies including the Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS).

a. Ongoing revision, implementation, monitoring, and evaluation of the SDF informed by current realities and policy frameworks
b. Monitor implementation of the LUMS, capture current and future development
c. Development of the Land Use and other By-Laws as well as other policy guidelines to enforce the implementation of the LUMS
d. Coordinated building control activity. (Building plans, and Certificate of Occupancies, implementation of National Building Regulations Act 103 of 1977)

e. Coordinated/administered land development applications (township establishment, rezoning, consent uses, subdivision and consolidation and any developmental application).

Table 22

| Applications for Land Use Development | | | | | | |
|---|---|---|---|---|---|---|
| Detail | Formalisation of Township | | Rezoning | | Built Environment | |
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Planning Applications Received | 1 | 0 | 12 | 2 | 48 | 40 |
| Determination made in a year of recipient | 1 | 0 | 10 | 2 | 46 | 40 |
| Determination made in the following year | 1 | 0 | 8 | 4 | 0 | 5 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications outstanding at a year end | 1 | 0 | 4 | | 0 | 0 |

Table 23

| Building Plans Applications | | |
|---|---|---|
| Number of Building Plans received 2015/2016 | Number of Building plans approved 2015/2016 | Number of Building plans not approved 2015/2016 |
| 143 | 136 | 7 |

Table 24

| Employees services in Town Planning Division | | | | | |
|---|---|---|---|---|---|
| | 2014/2015 | | | 2015/2016 | |
| Job Level | Employees Number | Post Number | Employees Number | Vacancies(Fulltime equivalents | Vacancies(as %of total post) % |
| 0-3 | 1 | 0 | 1 | 0 | 0% |
| 4-6 | 1 | 3 | 2 | 3 | |
| 7-9 | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Total | 2 | 3 | 3 | 3 | |

## 3.9.2 COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

Municipality has the approved Spatial Development Framework and Land Use Management Scheme which is currently implemented, however, there are few challenges which were experienced during the implementation. Enforcement of LUMS is one of the challenges that Municipality face, as the result the illegal land uses is experienced within municipality area. In order to educate communities about the negative impact of the illegal land use that affects municipal planning for provision of basic services, the Municipality conducted number of awareness campaigns regarding the compliance with Land Use Management to reduce the illegal land uses and ensuring proper planning for provision of basic services. Other major challenge identified in town planning was shortage of land for human settlement which resulted in increasing number of informal settlements. The Municipality has requested the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) through Housing Development Agency (HDA) to purchase the land for the Municipality to develop for human settlement with the aim of reducing the number of the informal settlements within the Municipality area.

3. 9.2 1 Spa Park (koppewaai)

The informal settlement is located at Erven 1491 & 1492. Erven 1491 is registered under the ownership of Housing Development Agency (HAD), whereas Erf 1492 is registered under SBN Family Trust. The Map below illustrate the location of the informal Settlement:

Figure 18 Spa Park Informal Settlement

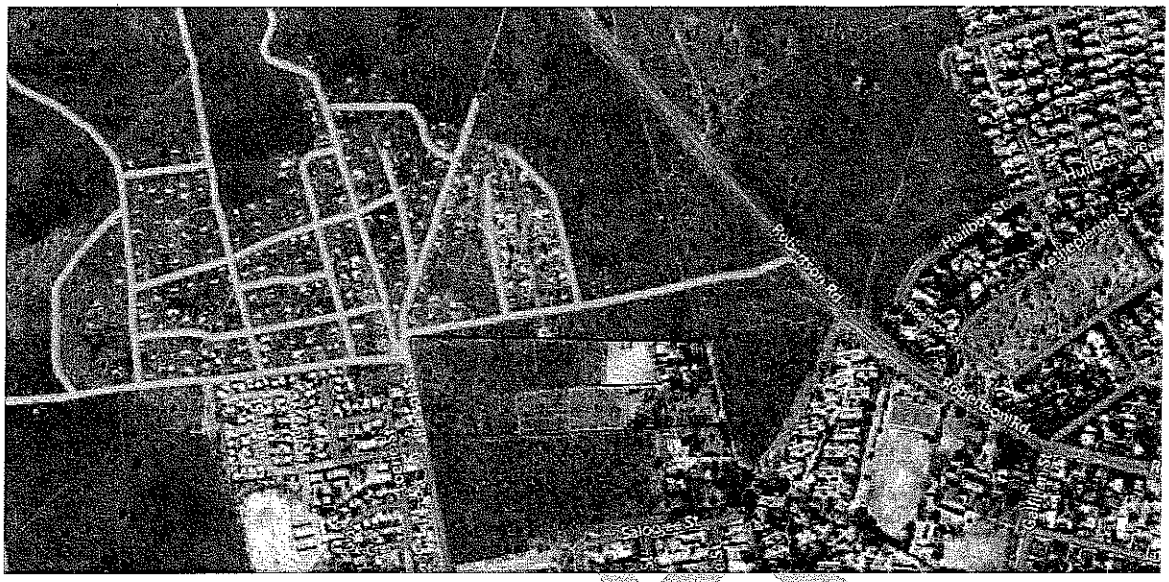


Figure 19 -Tsakane Informal Settlement

The informal settlement is located at portion 52 of the farm Tweefontein which is registered under Bosvel Distrikraad. The Map below illustrate the location of the settlement:

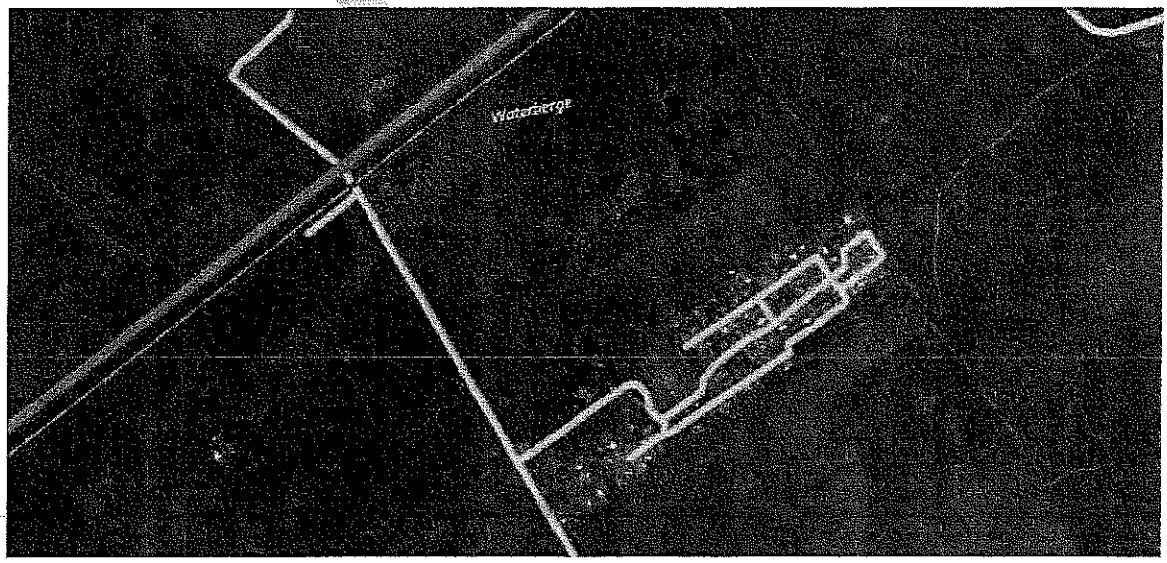


Figure 20 Zuma Informal Settlement

The informal settlement is located with Bela-Bela Township, See below Map

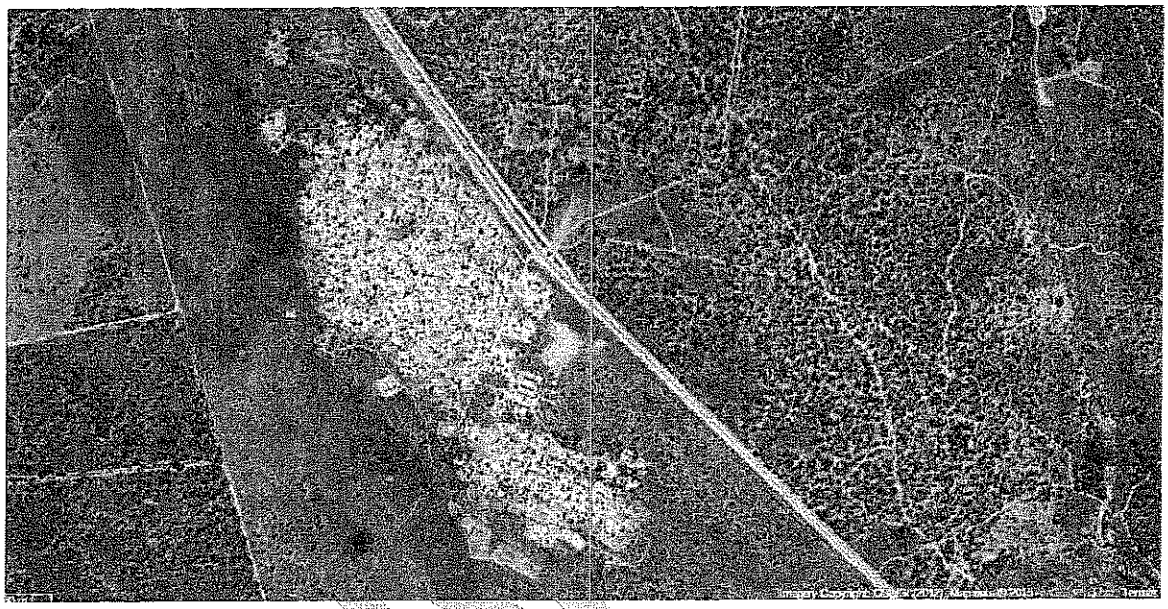



*Figure 21* Hlala-Mpwa Settlement
The informal Settlement is located within the Bela-Bela Township, see below Map



Figure 22 -Vingerkraal Informal Settlement

The settlement is located on portion 05 of the Farm Vingerkraal 472-KQ the settlement is outside the Urban edge.



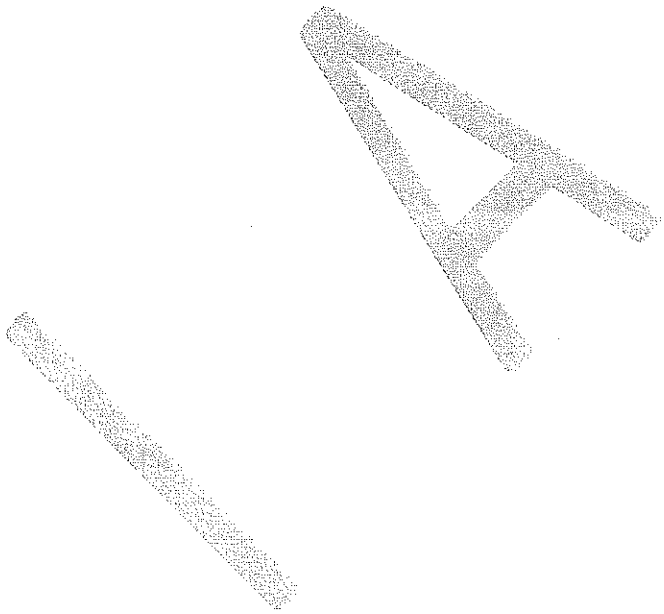
## 3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVLOPMENT

Bela-Bela Local Economic Development recognises the importance of Local Economic Development (LED) it is further acknowledged that LED involves far more than merely a list of projects. Instead, LED has a very strong strategic character and it essentially involves the process by which public, business and non-governmental sector partners and work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all. The economy of Bela-Bela is dominated by three sectors, which is in Tourism, Agriculture and Mining, even though mining contribution is very minimal. The population of Bela-Bela as at the 2011 Census indicates that the level of unemployment is the most high in the youth segment. It is with consideration of such facts that the LED Strategy need to create favourable conditions which will enable youth to create their own SMMEs. The LED Strategy serves as a framework within which the local economy could allow the creativity of youth. The local economy is set to fight poverty, unemployment and inequality.

Table 25 Extended Public Works Projects

| Job creation through EPWP projects | | |
|---|---|---|
| Details | EPWP Projects | Jobs created through LED and Private Sector |
| 2015/2016 | 372 | 765 |



## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: community parks & open spaces, community halls, sports fields, grounds and courts, cemeteries & crematoria and libraries & archives.

## 3.11 INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Two of the objects of local government as enshrined in Sectiion 152 (1) (c) (d) of the Constitution of the RSA is:

a. To promote social and economic development and

b. To promote safe and healthy environment.

Section 24 of the Constitution of RSA Chapter 2 (b) i, ii and iii of Bill of Rights mandate municipalitites to protect the environment for the benefit of present and future generations, through reasonable measures that prevent pollution and ecological degradation, promote conservation, secure ecologically sustainable development and use of natural resources. In recognition of this Constitutional obligation, National Environmental Management: Protected Areas Act No 57 of 2003 and Biodiversity Act No 10 of 2004 were promulgated to provide for the protection and conservation of ecologically viable areas and biodiversity.

Some of the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 within the Constitution of RSA are as follows:

a. Cemeteries and crematoria

b. Local sports facilities

c. Municipal parks and recreation

d. Bela-Bela Local Municipality within Social and Community Services aim to improve the quality of life of its citizens by effectively and efficiently identifying, developing and delivering comprehensive programmes that provide safe, sustainable and aesthetically pleasing recreational parks, municipal buildings, community facilities, streetscape locations, road reserves/verges, sports facilities and cemeteries in accordance with acceptable management practices or standards.

e. the community with a dignified and responsive cemetery and memorialisation service and consistent maintenance in accordance with acceptable management practices or standards.

f. promote effective sustainable "Greening initiatives.

### 3.11.1 Cemeteries and Crematorium

Bela-Bela municipality has Four (4) cemeteries, however, only three are maintained. Hereunder are the three (3) cemeteries that the Municipality is maintaining:

a) Bela-Bela township cemetery which is closed and inactive.
b) Masakhane cemetery used by the community of both Masakhane and Pienaarsrivier.
c) The cemetery situated on the R516 road to town used by the community of Bela-Bela Township, those residing in town, Spa Park and Jinnah Park.

The fourth cemetery is in Rapotokwane used by the community of that village but the Municipality is currently not maintaining.

Figure 23 Masakhane Cemetery

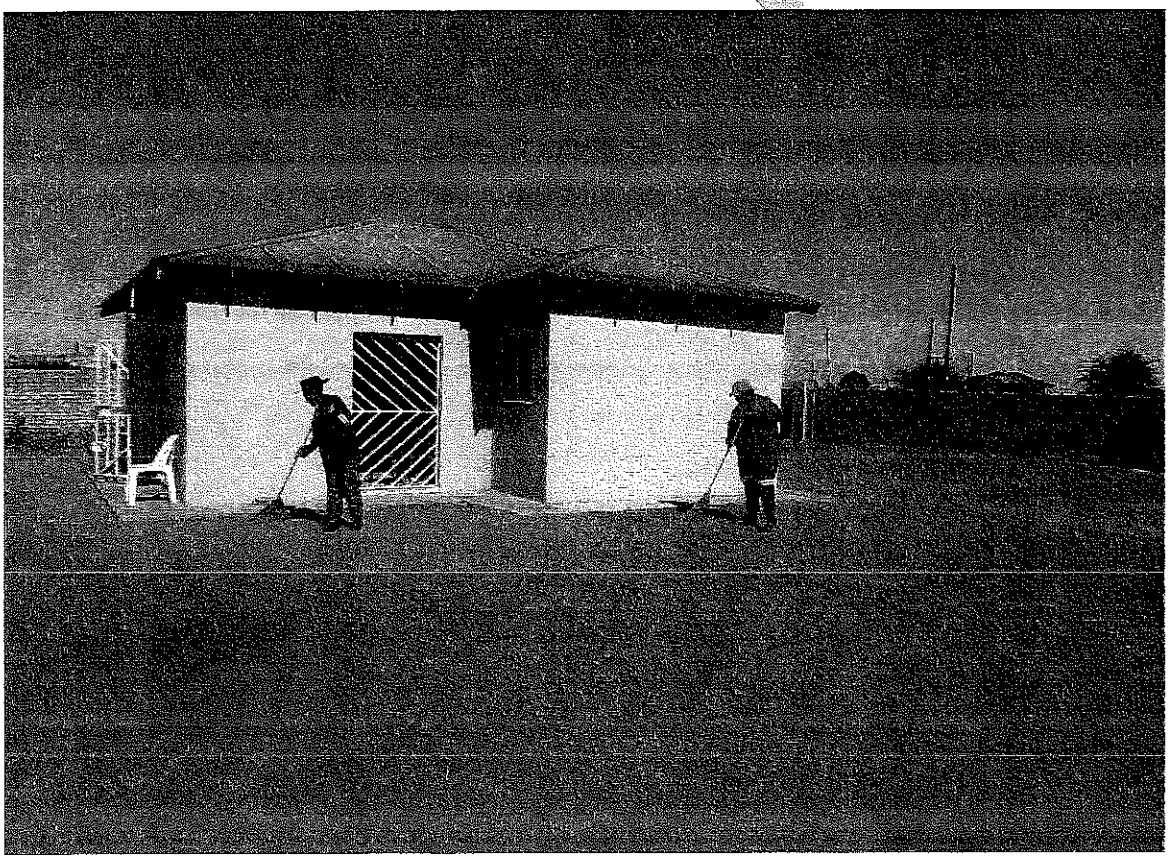


Figure 24 -Cemetery next to the R516 road



Figure 25 Cemetery next to the R516 road

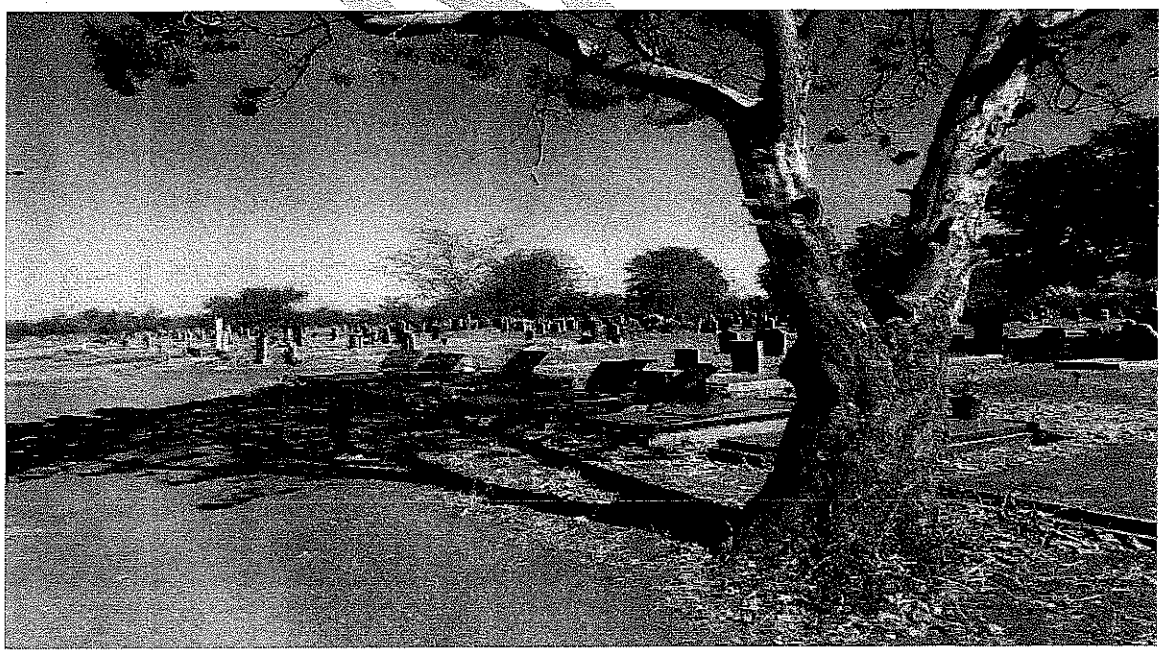


Figure 26 Cemetery next to the R516 road



Figure 27 Old cemetery in the township

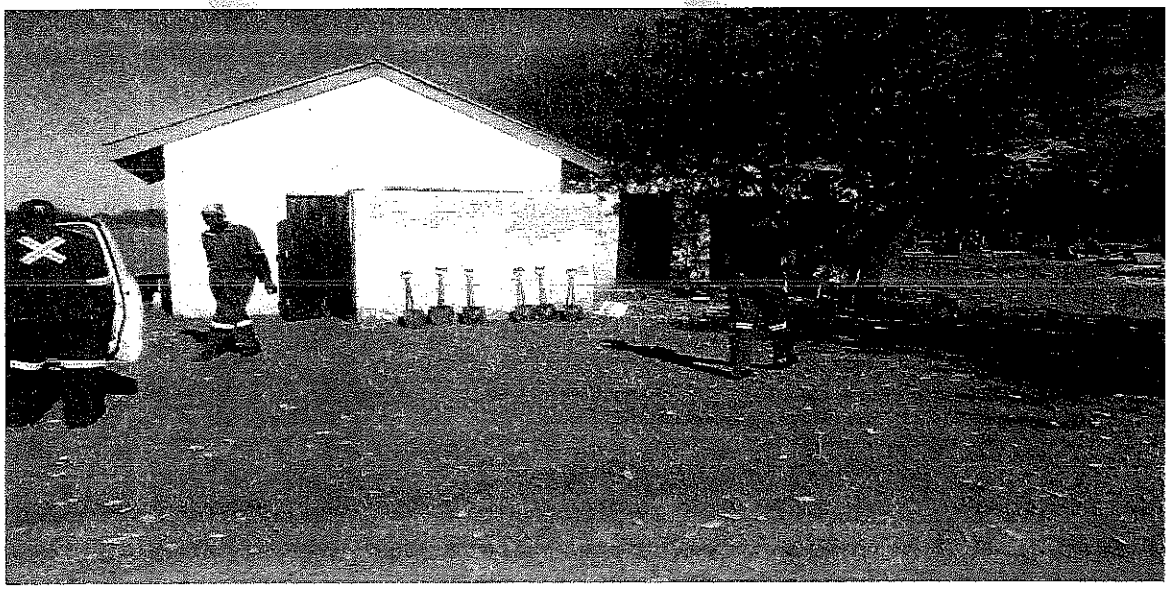


Figure 28 - Old cemetery in the township

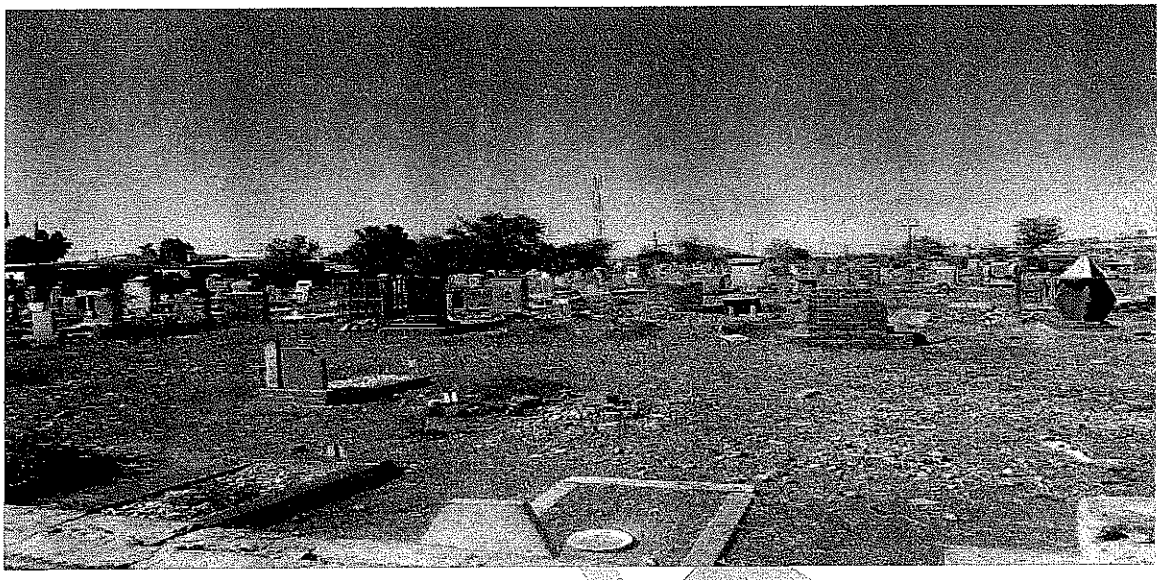
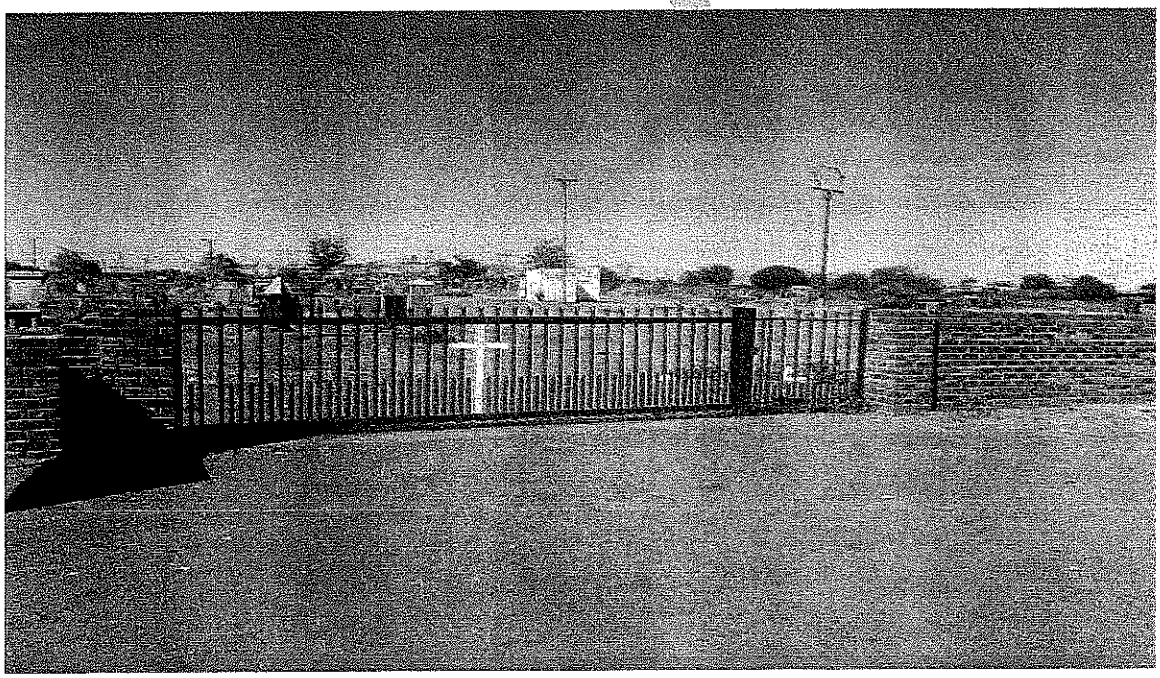


Figure 29 Old cemetery in the township



### 3.11.2. Maintenance Activities

Maintenance activities that takes place at the cemetery includes the following:

a) Clearing of space
b) Mowing/edging/ and blowing grass
c) Herbicides application
d) Litter picking
e) Tree pruning
f) Digging of graves as per bookings

**Challenges**

1. The cemetery in town is over busy with an interment rate of 450 burials on average per year.
2. The rise in paupers' burials is actually exacerbating the situation
3. The municipality is gradually running out of burial space,
4. This cemetery is not completely secured as a result there are incidents of vandalism of tombstones and other amenities.

**Recommendations**

1. Public awareness on alternative disposal of bodies or second and third burial in one grave.
2. Identification of land for the development of a new cemetery.
3. Construction of a crematorium.

### 3.11.3 Parks and recreation

The municipality has six parks that are situated at:

a) Letlhabile
b) Moloto Street.
c) Leseding
d) Pienaarsrivier.
e) Town and
f) Extension 6

The municipality had an obligation of taking care of the parks and hereunder are scheduled maintenance activities:

a) Cutting and mowing of grass
b) Irrigation
c) Weeds control
d) Litter control
e) Pruning of trees
f) Laying of soil/compost/fertilizers

The municipal parks were underdeveloped and inadequate, furthermore the municipality applied for funding with DEA which was approved and granted in 2014 and work commenced in November 2014. The municipality was granted funding to tune of R12m for:

a) Development of three new parks
b) Rehabilitation of four existing parks
c) Development of a nursery

The project is completed and was handed over to the municipality in February 2016 however one park that was supposed to have been developed in Spa park was not done due to illegal occupation of the ERF the matter could not be resolved on time as far as the time lines for the completion of the project was concerned.

***Figure 30 -Rehabilitation of the existing Park at Leseding Section***

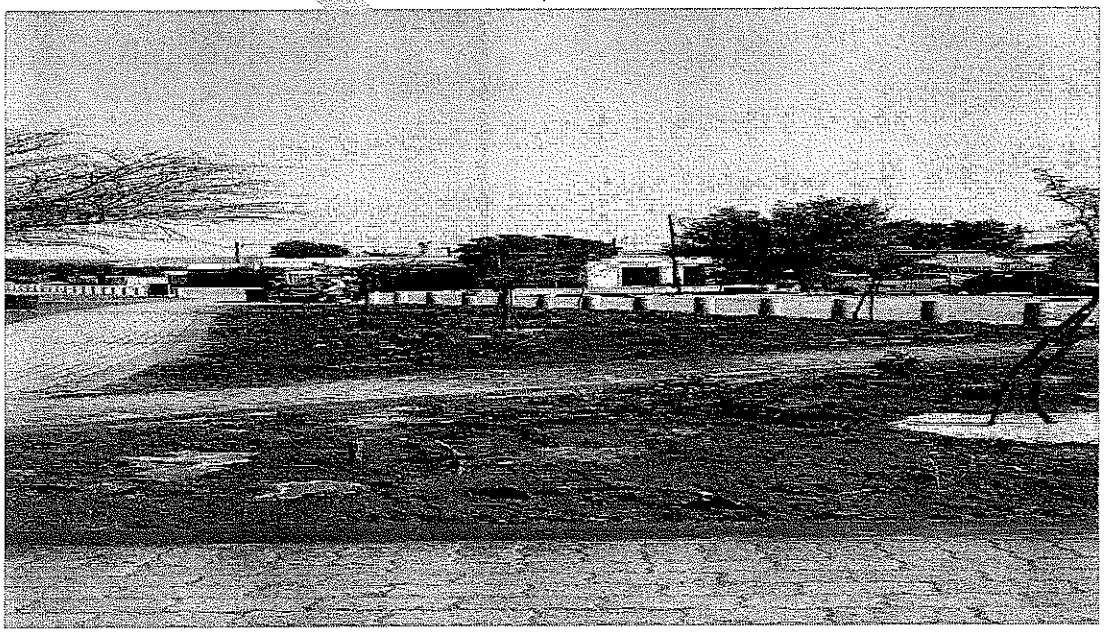


*Figure 31 New Developed Park at Bela-Bela Town*



*Figure 32 Rehabilitaion of an existing park at Lethlabile*

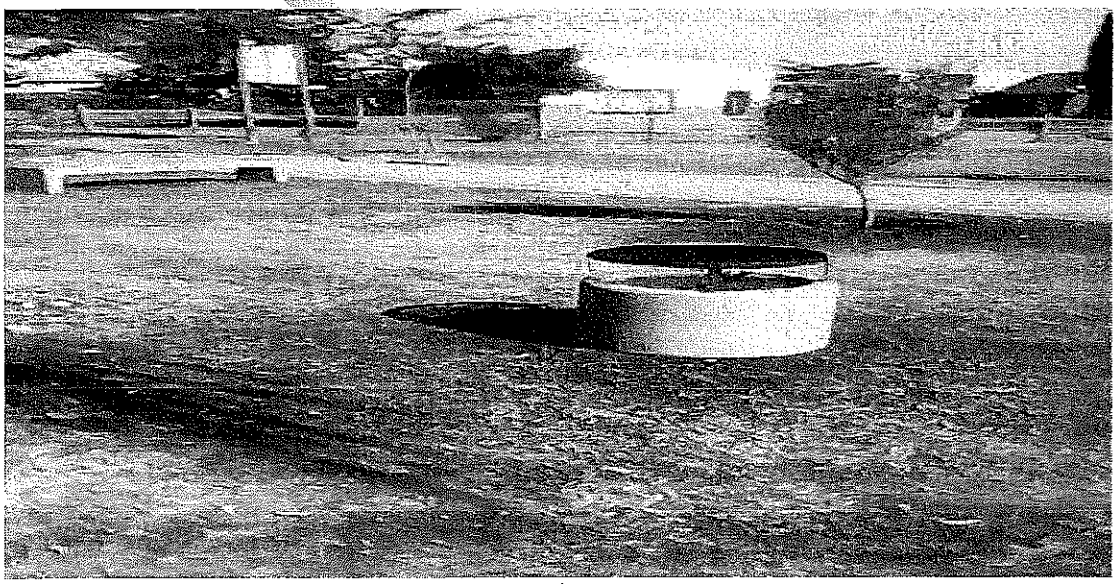
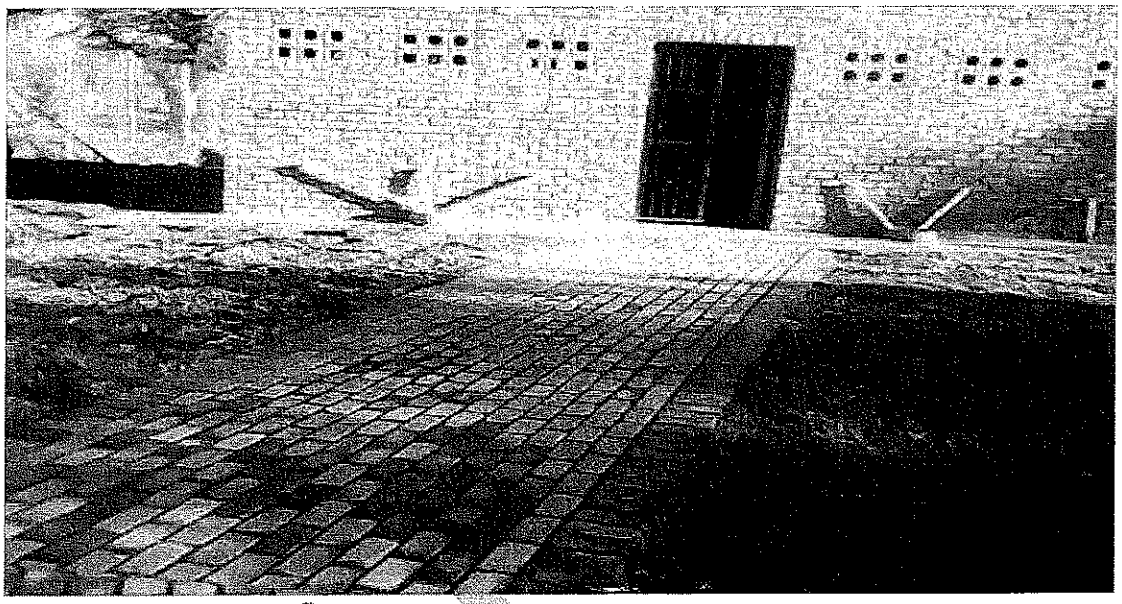


*Figure 33 New Developed Ablution Facilities at Pienaarsrivier*



**Challenges**

a) Most of our parks are not secured as a result their amenities are vandalised as people have unfettered access to the parks
b) Trees and plants are stolen from the parks
c) Water restrictions because of drought which leads to incapacity to irrigate

**Recommendations**

a) Installation of security fence in all parks.
b) Access control
c) Construction of bore holes in each park

**Community Halls**

Bela-Bela municipality has four community halls situated at:

a) Bela-Bela township
b) Spa Park

c) Jinnah Park
d) Pienaarsrivier

Scheduled maintenance activities:

a) Cleaning of the hall
b) Litter picking
c) Cutting of grass outside and the surrounding

As the majority of people are found in Bela-Bela Township, the community hall there is over utilised as it is the only one and therefore it is deteriorating at a faster pace but it is also ageing.
We were fortunate that we were allocated some funds through MIG for the construction of a multi-purpose centre/hall. See the picture below:

***Figure 34 New Developed Multi-Purpose Centre at Ext 6***

The project is now completed.

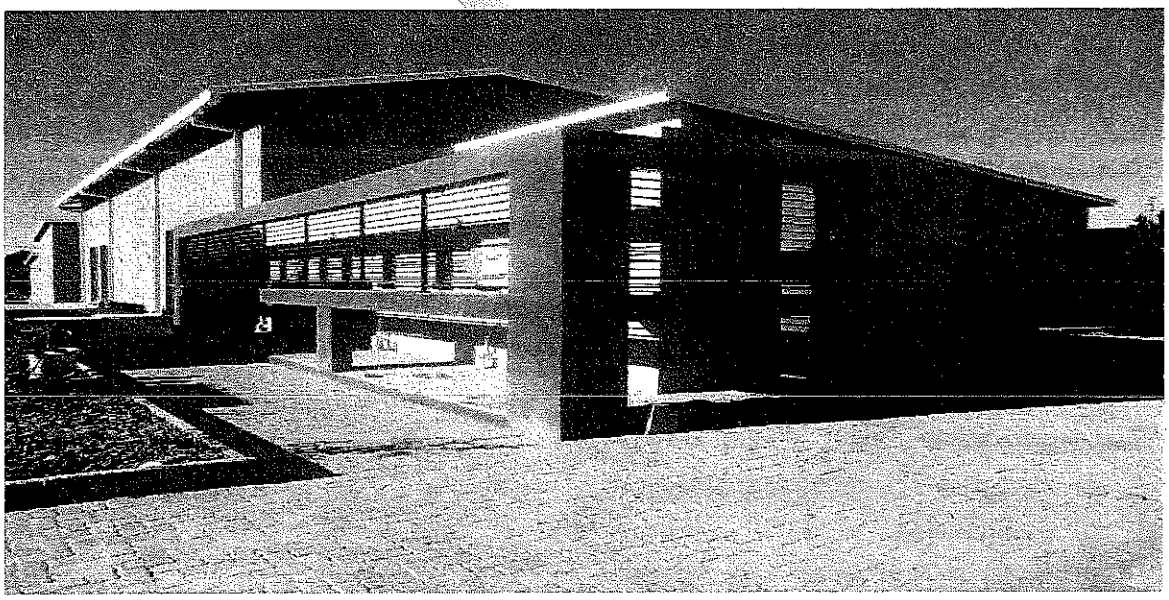
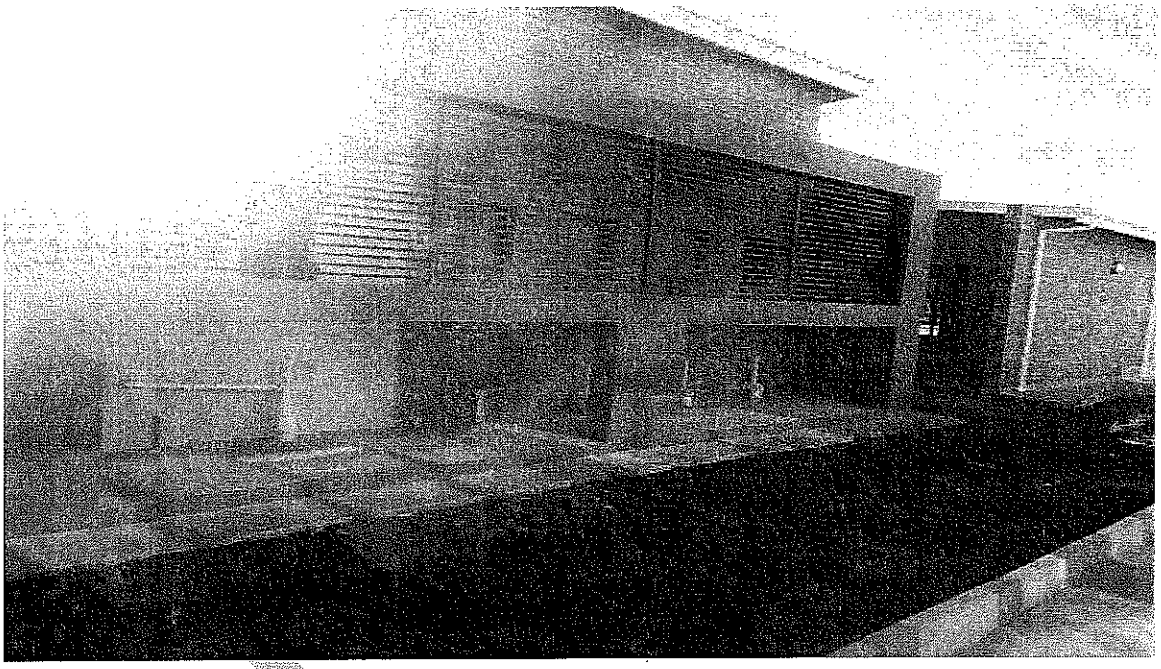


Figure 35 - *New Developed Multi-Purpose Centre at Ext 6*



### 3.11.4 Sports Fields, Grounds and Courts

With regard to the Bela-Bela Sports Fields, it should be noted that eight of the ten are just ground sports fields and two with lawn pitches. Furthermore it should be noted that the Municipality has the responsibility of maintaining the sports fields, however there is a challenge of insufficient cleaning machinery such as Graders. The Municipality is currently depending on one grader to maintain both Roads and Municipal Sport Fields hence the delays and or non-adherence to the maintenance schedule which also lead to the outsourcing of the function.

Scheduled maintenance activities

a) Cutting of lawn
b) Cutting of grass of surrounding areas
c) Litter control

d) Weed control
e) Line markings with lime
f) Irrigation
g) Laying of soil/compost/fertilizers
h) Grading of sports grounds

Bela-Bela Municipality is faced with the challenge of under-developed and inadequate sport fields. In order to address under-development of the current sports fields the Municipality managed to utilise portion of Municipal Infrastructure Grant (MIG) funds allocated for 2015/2016 Financial Year (FY) as guided by P-Component of the MIG Formula as described in Part 5 of Annexure W1 of the Division of Revenue Act (DoRA) No 10 of 2014.

***Picture 36 Rehabilitated sport fields next to Bela-Bela High School.***

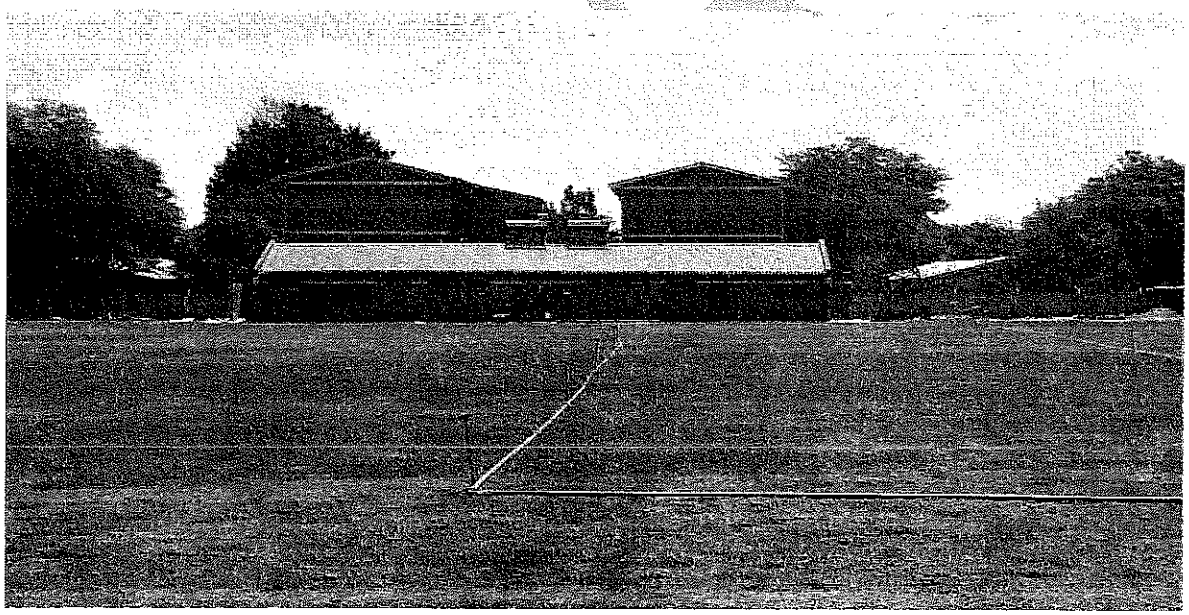


Figure 37 Bela-Bela sports ground completed



Figure 38

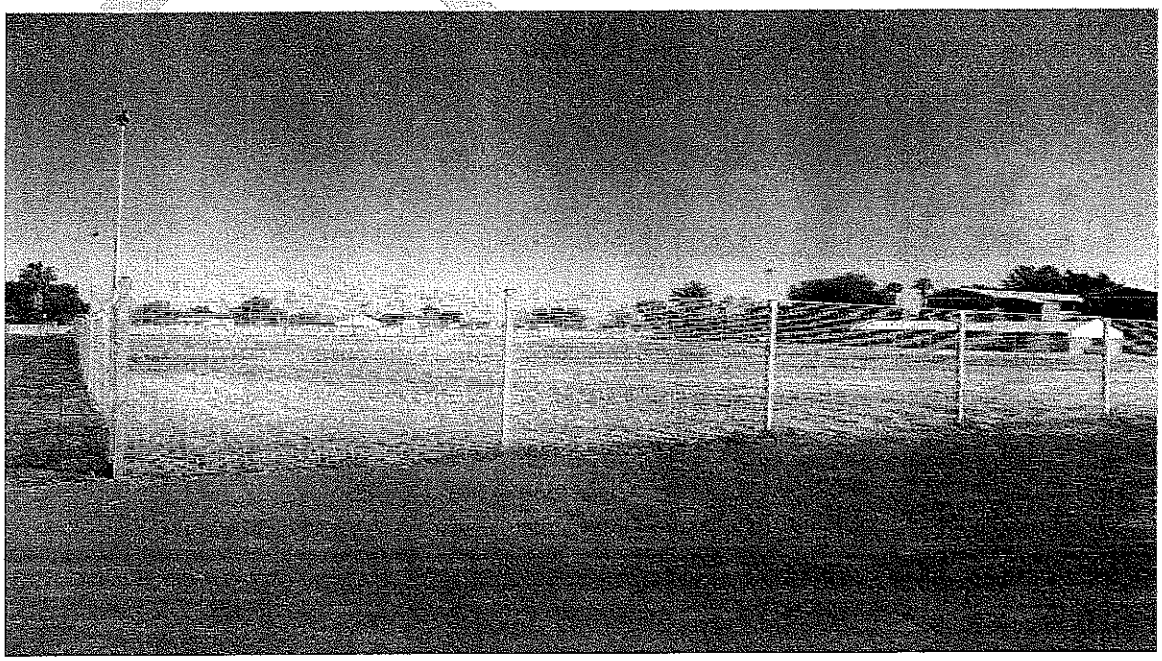


Table 26

| Community Facilities Objectives Taken From IDP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Service Objectives<br>Service Indicators (i) | OUTPUT | 2013/13 | 2012/13 | 2013/14 | 2013/14 | 2014/15 | 2014/15 | 2015/16 | |
| | | Target | Actual | Target | Actual | Target | Actual | Current Year | Following Year |
| Service Objective xxx | | | | | | | | | |
| Community Halls | Cleaning of 4 Com Hall | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Maintenance of Parks | Maintenance of 5 Parks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 7 |
| Maintenance of Sports Fields | Maintain 10 sports grounds | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 |

Table 27

| CEMETERIES POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Service Objectives<br>Service Indicators (i) | OUTPUT | 2013/13 | 2012/13 | 2013/14 | 2013/14 | 2014/15 | 2014/15 | 2015/16 | |
| | | Target | Actual | Target | Actual | Target | Actual | Current Year | Following Year |
| Service Objective xxx | | | | | | | | | |
| Cemeteries | Maintenance of Cemeteries | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |

## 3.12 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The purpose of information and communication technology (ICT) is to enable the Public Service in its service delivery quest. The ICT House of Values depicts the values and key focus areas of ICT service delivery. These objectives, principles, values and key focus areas inform the acquisition, management and use of ICT.ICT Governance is one of the key performance areas as indicated on the 2015/2016 Bela-Bela Municipality SDBIP. This accountability enables the Institution to align the delivery of ICT services with the strategic and business goals of the Institution.

During 2015/2016 Financial year Bela-Bela Municipality ICT division introduced ICT governance for effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal goals and objectives as stipulated on the MFMA.

Table 28

| Job Level | Number of employees | Number of Posts approved | Number of posts filled | Vacancies |
|---|---|---|---|---|
| Level 1 | 1 | 1 | 1 | 0 |
| Level 3 | 0 | 2 | 0 | 2 |
| Level 4 | 1 | 2 | 1 | 1 |
| Level 6 | 0 | 2 | 0 | 2 |

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

The purpose of the report is to highlight ICT achievements and challenges during 2015/2016 financial year. The Municipality internet line has been upgraded to increase the speed of internet performance. ICT policies were introduced and implemented to enhance ICT governance in the Municipality. The firewall has been implemented to prevent unauthorized access to the Municipality ICT infrastructure. Currently the Municipality do not have disaster recovery site which should be implemented to ensure ICT services continuity in case of ICT disaster. The Municipality implemented Voice over IP telephone system to reduce costs on landlines telephones expenditure. Furthermore, the municipality installed latest standard Category (CAT) 6 cabling and Power Over Ethernet (POE) switches to improve network performance

# COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD (PART I)

## 4.1 ANNUAL PERFORMANCE SCORECARD REPORT FOR THE 2015/2016 FINANCIAL YEAR.

Bela-Bela Local Municipality established Performance Management Systems (PMS) as guided by Section 38 of the Local Government Municipal Systems Act, No 32 of 2000. As required by the above mentioned Act the established PMS commensurate with the resources of the municipality, its circumstances and is also in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP). Furthermore, the Municipality set appropriate key performance indicators as a yardstick for measuring the 2015/2016 performance. The set indicators also outlined the outcomes and impact with regard to the Municipality's developmental priorities and objectives as set out in the approved 2015/2016 Integrated Development Plan (IDP).

Emanating from 2015/2016 approved IDP and budget , the Municipality developed an organizational score card providing a strategic direction on how will the organization implement and account for the budget, developmental objectives and priorities approved for the financial under review. The municipality also established the process of regular reporting to Council and to communities, whereby Management, Audit Committee, and the Mayor tabled quarterly performance reports as per the approved organizational score card. The Municipality also complied with the provisions of Section 46 of Local Government Municipal Systems Act by compiling the 2015/2016 Annual Performance Report which was submitted to the Auditor General for 2015/2016 audit as required by the Section 45 of the of the Local Government Municipal Systems Act No 32 of 2000. Below is the detailed audited 2015/2016 Annual Performance Report.

# BELA-BELA LOCAL MUNICIPALITY

## 2015/2016 ANNUAL PERFORMANCE REPORT

## 1. ACRONYMS

| | |
|---|---|
| MFMA | Municipal Finance Management Act No 56 of 2003 |
| MSA | Municipal System Act No 32 of 2000 |
| SDBIP | Service Delivery and Budget Implementation Plan |
| IDP | Integrated Development Plan |
| PMS | Performance Management System |
| NKPIs | National Key Performance Indicators |
| KPA | Key Performance Areas |
| KPI | Key Performance Indicators |
| S.M.A.R.T | Specific, Measurable, Attainable, Realistic and Timely |
| BBLM | Bela-Bela Local Municipality |
| DEA | Department of Environmental Affairs |
| LED | Local Economic Development |
| DWA | Department of Water Affairs |
| VIP | Ventilated Improved Pit |
| WWTW | Waste Water Treatment Works |
| EIA | Environmental Impact Assessment |
| LEDET | Limpopo Economic Development, Environment and Tourism |
| CDB | Central Business District |
| SDF | Spatial Development Framework |
| LUMS | Land Use Management Scheme |
| AG | Auditor General |
| RMC | Risk Management Committee |

| | |
|---|---|
| AC | Audit Committee |
| PAC | Performance Audit Committee |
| MPAC | Municipal Public Account Committee |
| AFS | Annual Financial Statements |
| CoGTA | Cooperative Governance and Traditional Affairs |
| LGSETA | Local Government Sector Education Training Authority |
| HRM | Human Resource Management |
| HRD | Human Resource Development |
| SPLUMA | Spatial Planning and Land Use Management Act No16 of 2013 |
| OHS | Occupational Health Safety |
| LFF | Local Labour Forum |
| IGR | Intergovernmental Relations |
| ICT | Information Communication Technology |
| IT | Information Technology |
| MIG | Municipal Infrastructure Grant |
| MWIG | Municipal Water Infrastructure Grant |
| PMU | Project Management Grant |
| CCTV | Closed-Circuit Television |
| CSS | Community and Social Services |
| TS | Technical Services |
| CS | Corporate Services |
| PED | Planning and Economic Development |
| BTO | Budget and Treasury Office |
| FY | Financial Year |

## 2. INTRODUCTION

The Annual Performance Report is hereby submitted to the Bela-Bela Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2015 to 30 June 2016 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 2016, in relation to the objectives as summarized in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its 2015/16 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore, this report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic Key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management, (5) Good Governance and Public Participation, and (6) Spatial Rationale as added.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Programmes/Key Focus Areas (KFA's) which was deliberately designed by the Bela-Bela Municipality to focus its development initiatives in a more coherent and organised manner.

## 3. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

*(1) A municipality must prepare for each financial year a performance report reflecting—*

***(a) the performance of the Municipality and each external service provider during that financial year;***

***(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and***

***(c) Measures taken to improve performance.***

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

## 4. PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions:

- There has been a reduction in the number of KPI's that the Municipality is reporting on. The reduction on the number of KPIs afforded the institution the opportunity to focus on strategic issues which were well defined, outcome based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes;
- There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly;
- During 2014/15 Financial after the launch of the Back to Basics approach by the President on the 18th of September 2015, the Municipality inculcated the approach into its Governance Model thereby enhancing its performance Reporting and started receiving accolades from National and Provincial Departments on its performance reporting processes.

- As opposed to previous practise, where the Divisional Manager was responsible for both IDP and PMS, the Municipality decided to have separate Divisional Managers for both IDP and PMS, which further resulted in improved performance reporting, and increased compliance with the applicable Legislation;
- The Municipality endeavoured during the development of the Top Layer as well as with the development of the Departmental SDBIP that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making them measurable; and

The Municipality spent 100% of its MIG which led to an additional allocation of MIG form the National Treasury. Therefore this led to the amendment of Top Layer SDBIP in the IDP after the Budget Adjustments.

## 5. THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Organisational Performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to Departments and/or Divisions to deliver the services in terms of the IDP and Budget:

- The MFMA Circular No.13 prescribes that:
- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology.

| Colour Legend | Category | Explanation |
|---|---|---|
| | KPI Not Yet Measured | KPIs with no Targets or Actual results for the selected period |
| | KPI Not Met | Actual vs Target Less than 75% |
| | KPI Almost Met | Actual vs Target between 75% and 100% |
| | KPI Met | Actual vs Target 100% Achieved |
| | KPI Met Well | Actual vs Target More Than 100% and Less Than 150% Achieved |
| | KPI Extremely Met Well | Actual vs Target More Than 150% |

## 6. PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2012/2013 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has aligned its KPAs to the Six (6) National KPA's the Bela-Bela Local Municipality will report as such. An overview of the Municipality's actual performance in accordance with these KPA's are depicted in Table 1 below.

## 7. MUNICIPAL PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE AREAS

| | National KPA | | | | | | |
|---|---|---|---|---|---|---|---|
| Bela-Bela Municipality | | Basic Service Delivery | Good Governance and Public Participation | Local Economic Development | Municipal Financial Viability and Management | Municipal Transformation and Institutional Development | Spatial Rationale |
| | KPI Not Yet Measured | 2 | 1 | 0 | 0 | 0 | 0 |
| | KPI Not Met | 1 | 1 | 2 | 0 | 1 | 0 |
| | KPI Almost Met | 4 | 4 | 0 | 2 | 4 | 0 |
| | KPI Met | 18 | 24 | 2 | 8 | 6 | 6 |
| | KPI Met Well | 1 | 2 | 0 | 2 | 2 | 0 |
| | KPI Extremely Met Well | 0 | 0 | 0 | 1 | 0 | 0 |
| Total | | | | | | | |

The Table above depicts that on average the Organization attained 100% on majority of its targets in all KPAs, and also there were in all the KPAs there were few targets that were not met as planned. Also in all the KPAs, there were some indicators where the Organisation overachieved against the predetermined targets.

## 6. EXPLANATION ON CALCULATION OF THE ACTUAL PERFORMANCE

The calculations were done in accordance with the following six (6) Departments within the Municipality, viz:

- Office of the Municipal Manager;
  - Internal Audit Unit; and
  - Communications and Public Participation
- Budget and Treasury;
- Corporate Services; Social and Community Services;
- Planning and Economic Development; and
- Technical Services

All the percentages under the Column on 2015/2016 Actual Performance were added together per Department and divided by the number of indicator planned to be performed by that particular Department.

In instances where the 2015/2016 Annual Target was any figure other than 100%, the figure indicated as achievement under the column for Actual Performance was then divided by that under the 2015/2016 Annual Target Column and the multiplied by 100 to get the actual percentage achieved, which is indicated in a bracket in most instances.

The totals from all the Departments were then averaged to arrive at the Organizational Score.

MM MALULEKA
MUNICIPAL MANAGER

31/08/2016
DATE

## 8. SERVICE DELIVERY TARGETS AND KEY PERFORMANCE INDICATORS

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| Basic Service Delivery | Promote the welfare of the community | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Community & Social Services | Waste Management and Cleansing | Number of Integrated Waste Management Plan recommendations implemented through establishment of Waste minimization initiative | | KPI 1 | # | 0 | 2x Initiatives | | Achieved<br>2x Waste Management Initiatives were established<br>(100%) | | Sufficient evidence provided | Attendance Registers and Reports |
| Basic Service Delivery | Promote the welfare of the community | 16 000 | 16 000<br>(100%) households have access to basic level of waste removal | Community & Social Services | Waste Management and Cleansing | Number of households with access to basic level of solid waste removal (kerbside collection once a week) | Percentage of households with access to basic level of solid waste removal (kerbside collection once a week) | KPI 2 | % | 16 000 (100%) | 16 000 (100%) | | Not achieved<br>15 666HH out of 18068 HH were provided with basic level of solid waste removal (kerbside collection | | Sufficient evidence provided | Council Approved Schedule of Collection |

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| | | | | | | | | | | | | | once a week)which translates to 87% | | | |
| Basic Service Delivery | Promote the welfare of the community | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Community & Social Services | Protection and Emergency Services | Number of fire prevention awareness campaigns held by 30 June 2016 | | KPI 3 | # | 0 | 2 | | Achieved 2x Fire prevention awareness campaigns were held as follows: 19 October 2015 and 02 June 2016 (100%) | | Sufficient evidence provided | Attendance Registers and Reports |
| Basic Service Delivery | Promote the welfare of the community | 100% | 100% of the Road Traffic Signs were maintained as per the planned schedule. | Community & Social Services | Protection and Emergency Services | Percentage maintenance of road traffic signs and markings as per the planned schedule | | KPI 4 | % | 100% | 100% | | Achieved 100% Of the planned road Signs as per the scheduled were maintained. (100%) | | Sufficient evidence provided | Planned Schedule, Report |

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| Basic Service Delivery | Promote the welfare of the community | 4 Community Halls | (100%)<br><br>4 Community Halls maintained and cleaned | Community & Social Services | Community Facilities | Number of Community Halls Maintained by 30 June 2016 | | KPI5 | # | 4 | 4 | | Achieved<br><br>4x Community Halls at Bela-Bela Spa Park, Mimosa Park and Plenaars river were maintained<br><br>(100%) | | Sufficient evidence provided | Maintenance Register/ Schedule |
| Basic Service Delivery | Promote the welfare of the community | 10 Sports fields to be maintained | 10 Sports fields maintained | Community & Social Services | Community Facilities | Number of Sports & Recreational facilities maintained by 30 June 2016 | | KPI 6 | # | 10 | 14 | | Achieved<br><br>14x Sports & Recreational facilities were maintained<br><br>(100%) | | Sufficient evidence provided | Maintenance Register/ Schedule |
| Basic Service Delivery | Promote the welfare of the community | 5 Parks | (100%)<br><br>5 Parks were maintained | Community & Social Services | Community Facilities | Number of municipal parks and gardens maintained by 30 June 2016 | | KPI 7 | # | 4 | 7 | | Not achieved<br><br>6x Municipal Parks and Gardens were maintained. The other park was | The other park will be established in the next financial year | Documents confirming the 6 municipal parks and Gardens were provided to substantiate the actual performance reported, | Maintenance Register/ Schedule |

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| | | | | | | | | | | | | | not established by DEA<br><br>(85.71%) | | and the target is confirmed as not achieved. | |
| Basic Service Delivery | Promote the welfare of the community | 3 cemeteries | (100%)<br><br>3 Cemeteries maintained | Community & Social Services | Community Facilities | Number of Cemeteries maintained by 30 June 2016 | | KPI 8 | # | 3 | 3 | | Achieved<br><br>3x Cemeteries were maintained at Masakhane (Active) Bela-Bela Town (Active) and Bela-Bela (Inactive)<br><br>(100%) | | Sufficient evidence provided | Maintenance Schedule /Register |
| Basic Service Delivery | Promote the welfare of the community | 4 x Awareness Campaigns | (150%)<br><br>6x Awareness Campaigns were held. | Municipal Manager | Special Programmes | Number of Special Programmes Initiatives to be held by 30 June 2016(2x HIV/Aids and TB, 1x Youth Programme ) | | KPI 9 | # | 1x HIV/AIDS Awareness Campaign held | 2 X HIV/AIDS and TB Awareness Campaign held | 2 X HIV/AIDS and TB and 1x Youth Programme )Awareness Campaigns held | Achieved<br><br>5 Events held<br><br>2x HIV/AIDS and TB and 3x Youth Programme Awareness Campaigns held as follows: | | Sufficient evidence provided | Attendance Registers and Invitations |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| | | | | | | | | | | | | | (HN 17 July 2015, 4 December 2015) (Youth Programmes 28 June 2016 and Plettenberg Bay 10H00 and Masakhane at 14H00) and 30 June 2016 at Kwanokuthula at 14H00) (100%) | | | |
| Local Economic Development | Promote and encourage sustainable economic environment | 1 x Report on the number of jobs created within the municipality | (100%) Report on number of jobs created within the municipality was compiled and tabled to Council as per Council | Planning & Economic Development | Job Creation | Number of reports tabled to Council on jobs created through municipal LED initiatives / projects by 30 June 2016 | | KPI 10 | # | 2 | 2 | | Achieved 2x reports on the number of jobs created through Municipal LED initiatives were compiled and tabled to | | Sufficient evidence provided | Bi-Annual Reports and Council resolutions |

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| | | | Resolution MC /07/2015 | | | | | | | | | | Council as Council Resolutions number MC138/03/2016 and CMC99/05/2016 (100%) | | | |
| Local Economic Development | Promote and encourage sustainable economic environment | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Local Economic Development | Number of Awareness and Compliance Campaigns conducted by 30 June 2016 | | KPI 11 | # | 1 Awareness and Compliance Campaign held | 4 Set of Awareness & Compliance Campaigns conducted | | Achieved 4x Awareness campaigns were held as follows: House and Spaza Shops 15 May 2015, Safety Awareness 21-23 December 2015, Liquor Awareness 12 August 2015 and Export Business Awarenes | | Sufficient evidence provided. | A Set of 4 Quarterly Reports on Awareness & Compliance Campaigns conducted |

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| | | | | | | | | | | | | | e Campaign s on the 17 of August 2015. (100%) | | | |
| Local Economic Development | Promote and encourage sustainable economic environment | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Local Economic Development | Number of LED Strategies developed/ reviewed by 30 June 2016 | | KPI 12 | # | Current LED Strategy approved in 2012 | 1 X LED Comprehensive Strategy reviewed and Approved | | Not Achieved (0%) | LED strategy to be developed during the 2016/2017 FY | Confirmed as not achieved | Approved LED Strategy accompanied by Council Resolution |
| Local Economic Development | Promote and encourage sustainable economic environment | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Local Economic Development | Number of LED Stakeholder Forum launched and held by 30 June 2016 | | KPI 13 | # | 0 | 1 X LED Forum established & Quarterly Meetings held | | Not achieved (0%) | LED Forums will be held during 2016/2017 FY | Confirmed as not achieved | A Set of 4 LED Forum Minutes |
| Municipal Financial Viability and Management | Improve Financial Viability | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Budget &Treasury | Accounting Services | Number of 2016/17 Budget approved by 30 May 2016 | | KPI 14 | # | 2015/16 Approved Budget | 2016/17 approved Budget | | Achieved. 2016/2017 Budget was approved on the 31st of May 2016 as per council resolution to | | Sufficient evidence provided | Copy of the 2016/2017 Draft Adopted Budget and the 2016/2017 Final Approved Budget |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| | | | | | | | | | | | | | n Number SMC 26/05/2016 (100%) | | | with Council Resolutions |
| Municipal Financial Viability and Management | Improve Financial Viability | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Budget &Treasury | Accounting Services | Number of Budget related policies reviewed/developed by 30 June 2016 | | KPI 15 | # | 16 Policies and 4 By-Laws reviewed and approved | 16 Policies and 4 By-Laws | 15 Budget related Policies and 4 By-Laws reviewed and approved by Council by June (Credit Control & Debt Collection, Indigent Support, Tariff By-laws and Property Rates By-Laws) | Achieved 15 Budget related Policies and 4 By-Laws reviewed and approved by Council on the 31st of May 2016 as per Council Resolution Number SMC 26/05/2016 (100%) | | Sufficient evidence provided | Approved Policies and By-Laws with Council Resolutions |
| Municipal Financial Viability | Improve Financial Viability | The target was not applicable during the | The target was not applicable during the | Budget &Treasury | Accounting Services | Number of MFMA Section 71 Reports | | KPI 16 | # | 12 Monthly Section 71 | 12 Monthly Financial Reports | 12 Section 71 Monthly | Achieved 12x Section | | Sufficient evidence provided | Section 71 Reports, Council |

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| and Management | | 2014/2015 FY | 2014/2015 FY | | | submitted to the Mayor ,Provincial and National Treasury by no later than 10 days after the end of each month | | | | Reports for 2013/14 FY | | Financial Reports with proof of Submission to Council, Provincial and National Treasury | 72 reports compiled and submitted to Council, Provincial and National Treasury. (100%) Achieved. | | | Resolutions and proof of Submission to the Provincial and National Treasury |
| Municipal Financial Viability and Management | Improve Financial Viability | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Budget &Treasury | Accounting Services | Number of MFMA Section 72(1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report tabled to Council , National & Provincial Treasury by 25 January 2016 | | KPI 17 | # | Approved 2014/2015 Section MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report | 1 MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report | | 1 x MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report was compiled and tabled to Council as per Council Resolution Number MC106/01/2016 | | Sufficient evidence provided | Council Approved Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report with Council Resolution and Submission letters to National and Provincial Treasury |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| | | | | | | | | | | | | | (100%) | | | |
| Municipal Financial Viability and Management | Improve Financial Viability | 140% | 59%<br>(42.14%) | Budget &Treasury | Accounting Services | Percentage Maintenance of monthly Cost coverage above 100% (R-value all cash at a particular time plus R-value investments, divided by R-value monthly operating | Percentage of Consumer Debtors Collection Rate( R-Value of Consumer Payments/ R-Value of Billing) | KPI 18 | % | 95% | 135% | 85% | Achieved<br>(105%<br>(Collection Rate<br>(121.18% | | Sufficient evidence provided | Monthly Reports |
| Municipal Financial Viability and Management | Improve Financial Viability | 24:1 | 46:1<br>(45.30%) | Budget &Treasury | Accounting Services | Percentage Maintenance of Debt coverage ratio above 20:1 (total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments | | KPI 19 | % Ratio | 20:1 | 24:1 | | Achieved<br>58:1<br>(241.67%) | | Sufficient evidence provided | Monthly Reports |

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| | | | | | | (i.e. interest + redemption ) due within financial year) | | | | | | | | | | |
| Municipal Financial Viability and Management | Improve Financial Viability | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Budget & Treasury | Revenue Management | Percentage Reduction of Service debtors revenue to below 50% (R-value total outstanding service debtors divided by R-value annual revenue actually received for services) | | KPI 20 | % | 48% | 45% | | Achieved<br>[illegible] | | Sufficient evidence provided | Monthly Reports |
| Municipal Financial Viability and Management | Improve Financial Viability | 65% | 80% | Budget &Treasury | Revenue Management | Reduce of Total R-value debt owed to the municipality to R100 million | Reduce of Total R-value debt owed to the municipality to R105 million | KPI 21 | R-value | R105 Million | R100 Million | R105 Million | Not achieved<br>R107 Million<br>(98.13%) | Consistently implement credit control actions and also consider reassessment of the outstanding debt book and | Although the target is not achieved sufficient evidence was provided for the actual performance reported, and the target is | Monthly Reports |

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| | | | | | | | | | | | | | | recommend for write offs for uncollectable debts. | confirmed as not achieved. | |
| Municipal Financial Viability and Management | Improve Financial Viability | 4 000 | 107%<br><br>4280 indigents are registered in the 2014/2015 | Budget &Treasury | Revenue Management | Number of indigents that are registered for free basic services | % of Registered Households earning less than 2860 with access to Free Basic Services | KPI 22 | % | 100% | 100% | 100% | Achieved<br><br>100%<br><br>(3985) indigents registered were provided with FBS by 30 June 2016<br><br>(100%) | | Sufficient evidence provided | Indigent Register and the Billing Report |
| Municipal Financial Viability and Management | Improve Financial Viability | 100% | 100% | Budget &Treasury | Expenditure Management | Percentage capital budget actually spent on budgeted capital projects identified for 2015/2016 financial year i.t.o. IDP | | KPI 23 | % | 52% | 100% | | Not achieved<br><br>95%<br><br>The Municipality couldn't reach the 100% due to inadequate cashflows to fund own source funded | The municipality has introduced cost containment measures to free cash flows: They are also in the process of restructuring and terminati | Although the target is not achieved sufficient evidence was provided for the actual performance reported and the target was confirmed as not achieved. | Monthly Reports |

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| | | | | | | | | | | | | | projects. (95%) | ng some contracts in order to free cash flow | | |
| Municipal Financial Viability and Management | Improve Financial Viability | 100% | 100% | Technical Services | Expenditure Management | Percentage MIG spent on MIG grants approved projects by 30 June 2016 | | KPI 24 | % | 87% | 100% | | Achieved 100% of the MIG Grant was spent during 2015/2016 FY (100%) | | Sufficient evidence provided | Monthly Reports |
| Municipal Financial Viability and Management | Improve Financial Viability | 1.5:1 | 1:1 (67%) | Budget &Treasury | Asset Management | Percentage Maintenance of Liquidity ratio of above 150% (R-value assets / R-value liabilities) | Maintenance of Liquidity ratio of above 1.5:1 (R-value assets / R-value liabilities as %) | KPI 25 | Ratio | 1.89:1 | 1.60:1 | | Achieved 1.88:1 (100%) | | Sufficient evidence provided | Monthly Reports |
| Municipal Financial Viability and Management | Improve Financial Viability | 2x Assets verifications conducted | 2x Assets verification process was conducted | Budget &Treasury | Asset Management | New | Conduct 12 Movable Asset Verifications and reconciliation by 30 June 2016 | KPI 26 | # | 2 x Movable Assets Verification conducted and reconciliation | Conduct 12 Movable Asset Verifications and reconciliation | Conduct 12 Movable Asset Verifications and reconciliation | Achieved 12x Movable Asset Verification and reconciliation were conducted (100%) | | Sufficient evidence provided | Report and the Updated Movable Asset Register |

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| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Water | Number of Water Master Plan reviewed and approved by Council by 30 June 2016 | Discontinued due to financial constraints | KPI 27 | # | 2011 Water Master Plan | 1x Water Master Plan reviewed | | Discontinued due to financial constraints<br><br>n/a | To be implemented 2016/2017 | Project discontinued | Copy of the Master Plan |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Water | Number Water Services Development Plan reviewed and approved by Council by 30 June 2016 | | KPI 28 | # | 2008 Water Services Development Plan | 1x Water Services Development Plan reviewed | | Achieved<br><br>1x Water Services Development Plan reviewed and approved by Council as per resolution numbers MC83/01/2016 and SMC33/03/2016<br><br>(100%) | | Sufficient evidence provided | Approved Water Service Development Plan with Council Resolution |
| Basic Service Delivery | Resource Management of infrastructure and services | 100% of Households provided with access to basic level of water. | 100%<br><br>14312 households have access to basic level of | Technical Services | Water | Percentage households with access to basic level of water (communal taps within | Percentage households with access to basic level of water (8,073 H/H) | KPI 29 | % | 100% (8,073 H/H) | 100% (8,073 H/H) | | Achieved<br><br>100%<br><br>(8,073 H/H) has access to basic | | Sufficient evidence provided | Reports |

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| | | | water. | | | 200m from households ) | | | | | | | level of Water. (100%) | | | |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Water | Percentage households with access to yard connections by 30 June 2016 | Maintain Percentage households with access to yard connections by 30 June 2016 | KPI 30 | % | 100% (9 995 HH) | 100% (9 995 HH) | | Not Achieved 99.68% Out of 9 995 HH only 9935 HH have access to yard connections which translates to 99.40 % ) (99.40% ) | Households serviced reduced due to in active accounts therefore, the Municipality will activate the accounts as when requested by the consumers. | The target is conformed as not achieved | Reports |
| Basic Service Delivery | Resource Management of infrastructure and services | 75% Meeting blue drop water quality standard | 100% of activities to enable Assessments by DWA& S performed (12 Monthly Reports on Water Quality | Technical Services | Water | Municipal Blue Drop quality rating by 30 June 2016 | Implement recommendations of the 2011 Blue Drop assessments | KPI 31 | | 71.20% | 75% | Compile water safety report. Water and waste water quality sampling and analysis. | Achieved Compiled water safety report. Water and waste water quality sampling | | Sufficient evidence provided | Reports |

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| | | | Analysis submitted to DW&S and parameters were all within the SANS 241) | | | | | | | | | Compile water demand management strategy. | and analysis conducted.<br><br>Compiled water demand management strategy<br><br>(100%) | | | |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Sanitation | Number of Sanitation Master Plan developed/ reviewed by 30 June 2016 | Number of Water Safety Plan developed by 30 June 2016 | KPI 32 | # | Approved Sanitation Master Plan | Revised Sanitation Master Plan Approved | Refer to KPI 27. | Discontinued due to financial constraints | To be include in the 2016/2017 | Project discontinued | Copy of Water Safety Plan and Council Resolution |
| Basic Service Delivery | Resource Management of infrastructure and services | 93% | 94%<br><br>12279 households have access to basic level of sanitation. | Technical Services | Sanitation | Percentage households with access to basic level of sanitation | | KPI 33 | % | 40%<br><br>6 767(HH) | 0.7%<br>50 H/H | 0.7% | Achieved<br><br>Numbers of households with VIP toilets<br><br>Rapotokwane 721<br><br>Tsakane 100<br><br>Total 821 which relates to | | Sufficient evidence provided | Reports |

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| | | | | | | | | | | | | | (0.16%) (100%) | | | |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Sanitation | Percentage of households having water borne sewer services | Sustain Percentage of households having water borne sewer services | KPI 34 | % | 100% (9 995 HH) | 100% | | Not achieved 9 861 HH out of 9995 HH) received water borne sanitation (98.65%) | | Sufficient evidence provided | Reports |
| Basic Service Delivery | Resource Management of infrastructure and services | 50% | 100% of activities to enable Assessments by DW& S performed ( 12 Monthly effluent quality Analysis Reports submitted within the parameters of SANS 241 to DW&S, with issues thereto being rectified as per Green Drop | Technical Services | Sanitation | Municipal green drop quality rating by 30 June 2016 | Implement recommendations of the Municipal green drop quality. | KPI 35 | % | 17.2% | 50% | Appoint service provider to refurbish parts of the Bela WWTW | Achieved Service provider to refurbish parts of the Bela-Bela WWTW was appointed on the 5th of August 2015. (100%) | | Sufficient evidence provided | Appointment letter, technical assessment report. Project close out report |

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| | | | Assessment Recommendations). | | | | | | | | | | | | | |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Electricity | Number of Electrification Master Plan reviewed and approved by Council by 30 June 2016 | | KPI 36 | # | 1 | 1X Electrification Master Plan | | Achieved<br><br>1X Electrification Master Plan was reviewed and approved as per Council resolution number 93/05/2016<br><br>(100%) | | Sufficient evidence was provided | Council Approved Electrical Master Plan with Council Resolution |
| Basic Service Delivery | Resource Management of infrastructure and services | 94% | 84%<br><br>(10 519 Households that have access to basic level of electricity) | Technical Services | Electricity | New | Percentage households with access to basic level of electricity | KPI 37 | % | | 85.3% | Percentage households with access to basic level of electricity 85.3% | Not achieved<br><br>12 549 HH out of 15 796 HH were provided with access to basic | Implement the Revenue Enhancement Strategy | The target is confirmed as not achieved | Billing Report |

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| | | | | | | | | | | | | | level of electricity which translates to 79.44% | | | |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Electricity | % implementation of projects (Designs & EIA) for the substations ) contained in the master plan by 30 June 2016 | | KPI 38 | % | 0% | 100% | | Achieved 100% The designs and the EIA for the Substation has been completed and submitted and acknowledged by ESKOM during septembe r 2015 and NEDET by 01 June 2016. (100%) | | Sufficient evidence provided | Appointment letters, Approved Designs, EIA Report |
| Basic Service Delivery | Resource Management of infrastructure and | The target was not applicable during the 2014/2015 | The target was not applicable during the 2014/2015 | Technical Services | Electricity | % reduction in electricity backlog by | | KPI 39 | % | 5% | Reduce current Backlog to less than 5% | | Not achieved Electrical infrastruc | Owners of the 126 stands have not | t | Biannual Reports on reduction of |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| | services | FY | FY | | | 30 June 2016 | | | | | | | ture to electrify the houses in Ext 8 is complete. And only 5 stands were electrified . 126 stands are still vacant or not occupied. (4.00%) | yet started building and or taken occupation of the stands. The electrification will then commence after the occupation of the above said stands. | | Electricity Backlogs |
| Basic Service Delivery | Resource Management of infrastructure and services | 100% | 100% | Technical Services | Project Management | Completion rate as per the project plan of all capital projects identified through 2015/2016 IDP by 30 June 2016 | | KPI 40 | % | 75% | 100% | | Not achieved 64.29% of the projects identified for 2015/2016 in the IDP were completed. Refer to the capital projects in the projects section. (64.29%) | | Target confirmed as not achieved | Quarterly Progress Reports and Completion Certificates where Applicable |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
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| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Project Management | New | Develop Project management policy by June 2016 | KPI 41 | # | 0 | New | Project management policy approved by June 2016 | Achieved<br>The Project Management Policy was developed and approved by Council as per resolution number MC26/10/2015<br>(100%) | | Sufficient evidence provided | Approved Project management policy with Council resolution |
| Basic Service Delivery | Resource Management of infrastructure and services | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Technical Services | Roads & Stormwater | Number of Municipal Roads assets Master Plan developed/ reviewed and approved by Council by 30 June 2016 | Develop Municipal Roads Infrastructure Assessment Report approved by Council by 30 June 2016 | KPI 42 | # | Approved Municipal Roads & Storm - Water Master Plan | Revised Municipal Roads assets Master Plan approved | Municipal Roads Infrastructure Assessment Report approved | Achieved<br>The Municipal Roads Infrastructure Assessment Report compiled and approved by Council as per resolution number MC114/16 | | Sufficient evidence provided | A copy of the Approved Municipal Roads assessment Report and Council Resolution |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | 3/2016 (100%) | | | |
| Spatial Rationale | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Land Use Management | Number of Spatial Development Frameworks developed/ reviewed by 30 June 2016 | | KPI 43 | # | Spatial Development Framework approved in 2011 | Revised Spatial Development Framework Draft Approved | | Achieved. The Draft Spatial Development Framework is approved by Council as per Resolution Number SMC100/05/2016 (100%) | | Sufficient evidence provided | Copy of Revised SDF accompanied by Council Resolution |
| Spatial Rationale | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Land Use Management | Percentage of Land Use & Land Development applications meeting all requirements approved within legislative timeframes by 30 June 2016 | | KPI 44 | # | 92% | 100% | | Achieved: 100% 30 applications that met the requirements of different Town Planning Legislations were received and | | Sufficient evidence provided | Copy of the Register of all Applications Received and Approved |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | approved within the legislative timeframe.<br><br>(100%) Achieved | | | |
| Spatial Rationale | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Land Use Management | Number of Spatial Development Frameworks (SDF) and Land Use Management Skills (LUMS) revised and approved as Drafts by 30 June 2016 | | KPI 45 | # | 2008 LUMS & 2011 SDF | 1x SDF & 1x LUMS revised and approved as drafts | | 1x SDF & 1x LUMS were revised and approved as Drafts as per Council Resolution Number SMC100/05/2016<br><br>(100%) Achieved | | Sufficient evidence provided | Revised Draft SDF & LUMS with Council Resolutions |
| Spatial Rationale | Plan for the future | 100% | 47%<br><br>(47 Out of 102 building plans meeting all requirements were approved within 30 days) | Planning & Economic Development | Building Control | Percentage of building plans meeting all requirements approved within 30 days by 30 June 2016 | | KPI 46 | % | 94% | 100% | | 135 applications that met the requirements of the National Building and Regulatio | | Sufficient evidence provided | Copy of the Register of all Building Plans Received and Approved |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | n Act No 103 of 1977 were received and approved within 30 days (100%) | | | |
| Spatial Rationale | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Human Settlement | Number of informal Settlements formalized by 30 June 2016 | | KPI 47 | # | 7 | 1 | | Achieved Phase one of the installation of bulk infrastructure has been completed. The second phase which includes the construction of houses will commence during the 2016/2017 FY (100%) | | Sufficient evidence provided | Report on the Formalization of Informal Settlement |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spatial Rationale | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Planning & Economic Development | Human Settlement | Number of Partitions ( in Hectors) of land required for Human Settlements developed by 30 June 2016 | | KPI 48 | # | 1 at Ext 25 purchased by HDA | 1 ( Rodekuil Farm ) purchased by COGSHTA for BBLM | | Achieved<br>The Municipality received confirmation 72Hectors of land purchased for Human Settlement for Bela-Bela local Municipality from the COGHSTA (100%) | | Sufficient evidence provided | Copy of the Purchase Agreement |
| Good Governance and Public Participation | Improve administrative and governance capacity | Obtain Unqualified Audit Opinion | 100%<br>The municipality obtained the Qualified Audit Opinion for the 2013/14 FY | Municipal Manager | Audit | Number of Unqualified Audit Outcome received from AG for the 2014/2015 FY | | KPI 49 | # | 2013/2014 Unqualified Audit Outcome | 1X Unqualified Audit Opinion | | Achieved<br>The Municipality obtained Unqualified Audit Opinion for the 2014/2015 Financial Year (100%) | | Sufficient evidence provided | 2014/2015 Auditor General Report |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during 2014/2015 FY | The target was not applicable during 2014/2015 FY | Budget & Treasury | Accounting Services | New | Develop Action Plan for 2014/2015 AG Audit Queries by 30 January 2016 | KPI 50 | # | 1x 2013/2014 Action Plan | Develop Action Plan for 2014/2015 AG Audit Queries by 30 January 2016 | 1x Action Plan for 2014/2015AG Audit Queries | Achieved<br><br>1x Action Plan for 2014/2015AG Audit Queries was developed and approved by Council as per Council Resolution Number MC107/8/1/2016<br><br>(100%) | | Sufficient evidence provided | 2014/2015 Action Plan with Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | 100% reduction of AG audit queries raised during the 2013/14 audit | 96%<br><br>52 out of 54 queries raised during 2013/2014 FY were resolved | Municipal Manager | Audit | % of Audit Queries satisfactorily addressed by 30 June 2016 | | KPI 51 | % | 100% of Audit Queries from the 2013/14 Financial Year addressed | 100% of the Audit Queries from the 2014/15 Financial Year fully addressed. | | Not Achieved<br><br>95%<br><br>The Municipality receive 42 queries and resolved 40 queries which amounts to 95% | The Municipality is continuously striving to address the remaining queries. | The targets is confirmed as not achieved | Approved Audit Action Plan reporting on progress on resolution of the Audit Queries |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | (95%) | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | 2013/14 Risk Plan developed and approved | 2013/14 Risk Plan developed and approved by Council | Municipal Manager | Risk Management | Number of Risk Management Plan, Developed and approved by Council by 30 June 2016 | | KPI 52 | # | 2015/16 Council Approved Risk Management Plan | 1x 2016/2017 Risk Management Plan Developed by 30 June 2016 | | Achieved<br>1x 2016/2017 Risk Management Plan Developed and approved by Council as per Council Resolution Number SMC02/05/2016 (100%) | | Sufficient evidence provided | 2016/2017 Approved Risk Management Plan with Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | 4 x Risk Management Committee meetings | 4 x Risk Management Committee meetings held | Municipal Manager | Risk Management | Number of Risk Management Committee (RMC) meetings held by 30 June 2016 | | KPI 53 | # | 4 RMC meetings | 4 RMC meetings | | Achieved<br>4x RMC meetings were held as follows: 28 October 2015, 19 November 2015, 18 February 2016 and 11 May 2016 | | Sufficient evidence provided | 4 Set of Minutes and Signed Attendance Registers |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | (100%) Achieved | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during 2014/2015 FY | The target was not applicable during 2014/2015 FY | Municipal Manager | Risk Management | Number of Fraud and Anti-Corruption Strategy developed and approved by Council by 30 June 2016 | | KPI 54 | # | Approved Fraud and Anti-Corruption Strategy | 1 X Fraud and Anti—Corruption Strategy reviewed | | 1 X Fraud and Anti—Corruption Strategy reviewed and approved by Council as per Council Resolution Number SMC92/05/2016 (100%) | | Sufficient evidence provided | A Copy of Approved Fraud and Anti-Corruption Strategy accompanied by Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | 4x Audit and Performance Audit Committee meetings held by 30 June 2015 | 4x Audit and Performance Audit Committee meetings held by 30 June 2015 | Municipal Manager | Audit Committee | Number of Audit (AC) Committee Meetings held by 30 June 2016 | | KPI 55 | # | 4 AC meetings | 4 AC meetings | | Achieved 4x Audit Committee meetings were held as follows: 03 July 2015 18 August 2015 13 April | | Sufficient evidence provided | 4 Set of Minutes and Signed Attendance Registers |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | 2016 and 30 June 2016 (100%) | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | | | Municipal Manager | Performance Audit Committee | Number of Performance Audit (PAC) Committee meetings held by 30 June 2016 | | KPI 56 | # | 2 PAC meetings | 2 PAC meetings | | Achieved<br>2x PAC meetings were held as follows: 15 February 2016 and 18 August 2016<br>(100%) | | Sufficient evidence provided | 2 Set of Minutes and Signed Attendance Registers |
| Good Governance and Public Participation | Improve administrative and governance capacity | 4x MPAC meetings | 4x MPAC meetings held | Municipal Manager | Municipal Public Account Committee( MPAC) | Number of MPAC meetings held by 30 June 2016 | | KPI 57 | # | 4 MPAC meetings | 4 MPAC meetings | | [illegible] | | Sufficient evidence provided | 4 Set of Minutes and Signed Attendance Registers |
| Good Governan | Improve administ | The target was not | The target was not | Municipal | | Number of AFS | | KPI 58 | # | 1x AFS (2013/20 | 1x AFS (2014/15) | | Achieved | | Sufficient evidence | AFS and Proof of |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ce and Public Participation | rative and governance capacity | applicable during the 2014/2015 FY | applicable during the 2014/2015 FY | Manager | | compiled and submitted to AG by 30 August 2015 | | | | 14) | | | 1x 2014/15 AFS were compiled and submitted to the AG on the 31st of August 2015<br><br>(100%) Achieved | | provided | Submission to AG |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management & Reporting | Number of Annual Performance Report compiled in terms of Section 46 of MSA and submitted to Auditor General by 30 August 2015 | | KPI 59 | # | 1 (2013/14) Annual Performance Report | 1 (2014/15) Annual Performance Report | | 1x 2014/2015 Annual Performance Report was compiled and submitted to the Auditor General by 31st of August 2015<br><br>(100%) Achieved | | Sufficient evidence provided | 2014/2015 Audited Annual Performance Report with Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management & Reporting | Number of Annual Reports compiled in terms of Section 127 of the | | KPI 60 | # | 1 (2013/2014) Annual Report) | 1 (2014/2015) Annual Report | | 1x 2014/2015 Annual Report was | | Sufficient evidence provided | 2014/2015 Annual Report with Council Resolution |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | MFMA and tabled to Council by 30 January 2016 | | | | | | | compiled and tabled to Council as per Council Resolution Number MC107/07/2015 on the 28th of January 2016 (100%) Achieved | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management & Reporting | Number of Oversight Report compiled in terms of Section 129 of the MFMA and tabled to Council by 30 March 2016 | | KPI 61 | # | 1 (2013-2014) Oversight Report | 1X (2014-2015) Oversight Report | | 1x Oversight Report was compiled in terms of Section 129 of the MFMA and was tabled to Council on the 31st of March 2016 as per Council Resolution Number MC136/03/2015 | | Sufficient evidence provided | 2014/2015 Oversight Report with Council Resolution |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance (100%) | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Good Governance and Public Participation | Improve administrative and governance capacity | 2013/14 SDBIP to be approved by the Mayor in July 2013 | 2013/14 SDBIP approved by the Mayor on the 26 June 2013 | Municipal Manager | Service Delivery & Budget Implementation Plan (SDBIP) | Number of 2016/2017 SDBIP approved by the Mayor 28 days after the approval of the Budget | | KPI 62 | # | 1x 2015/16 Approved SDBIP | 1x 2016/17 Approved SDBIP | | Achieved<br>1x 2016/2017 SDBIP was approved on the 28th of June 2016<br>(100%) | | Sufficient evidence provided | 1x 2016/17 Approved SDBIP |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management & Reporting | Number of quarterly SDBIP performance reports compiled in terms of Section 52 (d) of the MFMA and tabled to Council by 30 June 2016 | | KPI 63 | # | 4 Quarterly SDBIP Reports | 4 Quarterly SDBIP Reports | | Achieved<br>4 Quarterly SDBIP Reports were compiled and tabled to Council<br>(100%) | | Sufficient evidence provided | Quarterly Reports with Council Resolutions |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management & Reporting | Number of Back to Basics Reports and the Action Plan compiled and submitted to CoGTA by 30 June | | KPI 64 | # | 8 Back to Basics Reports and the Action Plan submitted to CoGTA | 12 Back to Basics Reports and the Action Plan submitted to CoGTA | | Achieved<br>12 x Back to Basics Reports and the Action Plan were submitted to CoGTA | | Sufficient evidence provided | Reports and the Proof of Submission |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2016 | | | | | | | (100%) | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management (PM) | Number of Performance Management Systems (PMS) Framework /Policy Developed/ Reviewed and approved by Council by 30 June 2016 | | KPI 65 | # | Current Performance Management Systems (PMS) Framework/Policy | 1x PMS Framework /Policy reviewed | | Achieved<br><br>The PMS Framework was approved during the approval of the 2016/2017 IDP<br><br>(100%) | | Sufficient evidence provided | Council Approved PMS Framework/Policy with Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management | Number of Performance Agreements signed by the Municipal Manager and Senior Managers by 30 July 2016 | | KPI 66 | # | 3 | 4 | | [illegible] | | Sufficient evidence provided | Copies of Signed Performance Agreements |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Corrective Action will be taken to ensure that Annual Performance Agreements for 2016/17 FY are signed by 31 July 2016 (150%) | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Performance Management | Number of individual performance reviews for Senior Managers conducted by 30 June 2016 | | KPI 67 | # | 2 | 4 | | Not achieved<br><br>1x Annual individual performance assessments for senior managers were conducted on the 19th of October 2015<br><br>(25%) | The Annual individual performance assessments will be conducted during October 2016 | The target was confirmed as not achieved | Reports of the Performance Reviews and Signed Attendance Registers |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Reporting | Number of Organizational Structure reviewed and approved | | KPI 68 | # | 2015/16 Approved Organizational Structure | 1X 2016/17 Approved Organizational Structure | | Achieved<br><br>1X 2016/17 Organizational | | Sufficient evidence provided | 2016/17 Approved Organizational Structure with Council |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | by Council by 30 May 2016 | | | | | | | Structure was reviewed and approved by Council on the 31st of May 2016 as per Council Resolution Number SMC96/05/2016 (100%) | | | Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | 100% | 99.40%<br><br>155 out of 156 Council Resolutions implemented. | Municipal Manager | Reporting | Percentage implementation of Council Resolutions by 30 June 2016 | | KPI 69 | % | 0 | 100% | | Not achieved<br><br>91%<br><br>Total of 207 resolutions were received and 190 were implemented.<br><br>(91%) | The implementation of the outstanding 10 resolutions is in progress. | The target was confirmed as not achieved | Resolutions Register |
| Municipal Institutional Development and | Improve, Attract, develop and retain human | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | Human Resources | Number of Senior Management posts filled by 30 June 2016 | | KPI 70 | # | 4 positions of Senior Managers filled, Municipa | 2x positions of Manager Corporate Services and Manager | | Not achieved<br><br>The two vacant positions | The two vacant positions will be filled during | Sufficient evidence provided | Approved Organogram with Council Resolutio |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transformation | capital | | | | | | | | | l Manager, Chief Financial Officer, Manager Technical Services and Manager for Planning & Economic Development. | Social Services | | of the Manager Corporate Services and Manager Community & Social Services were not filled the recruitment processes took longer than anticipated (0%) | February 2017 | | ns, Appointment Letters & Employment Contracts. |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | 85% | 58% (68.24%) | Corporate Services | Human Resources | Percentage reduction in vacancy rate by 30 June 2016 | | KPI 71 | % | 24% | 18% | | | | Sufficient evidence provided | Report on the Vacancy Rate |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | 28 people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved EEP | (18%)<br><br>5 Positions on the three highest levels of Management were filled in line with the Employment Equity Plan | Corporate Services | Human Resources | Number of people from Employment Equity Groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 April 2016 | | KPI 72 | # | 28 | 5 | | Not achieved<br><br>1x Employee from the Employment due to non-responsiveness of the applicants Equity Group was employed during 2015/2016 FY<br><br>(20%) | The Municipality will continue with the implementation of the Employment Equity Plan. | Sufficient evidence provided | 4 X Quarterly Reports<br><br>Appointment letters |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | Human Resources | New | Number of Employment Equity Report compiled and submitted to Dept. of Labour by October 2015 | KPI 73 | # | 1 | New | 1x Employment Equity Report | Achieved<br><br>1x Employment Equity Report was compiled, and submitted to the Department of labour on | | Sufficient evidence provided | Copy of the Report and the Proof of Submission |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | the 15th of January 2016 (100%) | | | |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | 1 476 852 | 93% of the allocated Budget 1 476 852 was spent as follows: Spent 1 375 972 Unspent 100 880. | Corporate Services | Training and Development | Percentage of municipality's (operating) budget actually spent on implementing its Workplace Skills Plan by 30 June 2016 | | KPI 74 | % | 100% | 100% | | Achieved 101% (1 780 514 out of 1 659 000) (100%) | | Sufficient evidence provided | Reports |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | Training and Development | Number of Workplace Skills Plan submitted to LGSETA by 30 April 2016 | | KPI 75 | # | 1 | 1 | | Achieved 1x Workplace Skills Plan was submitted to LGSETA on the 5th of May 2016 (100%) | | Sufficient evidence provided | Approved Workplace Skills Plan ; Proof of Submission to LGSETA |
| Municipal Institutio | Improve, Attract, develop | The target was not applicable | The target was not applicable | Corporate Services | Policies Review and Developme | New | Number of HRM & HRD | KPI 76 | # | 0 | 1x Revised | 1 HRM & HRD | Not achieved | The HRM & HRD | The target is | Approved HR & HRD |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| nal Development and Transformation | and retain human capital | during the 2014/2015 FY | during the 2014/2015 FY | | nt | | Strategy reviewed and approved by Council by 30 June 2016 | | | | | Strategy reviewed and approved by Council by 30 June 2016 | The Strategy was not revived due to financial constraints (0%) | Strategy will be developed in the 2016/17 financial year | confirmed as not achieved | Strategy with Council Resolution |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | Policies Review and Development | Number of Human Resources (HR) policies reviewed/developed by 30 June 2016 | | KPI 77 | # | 8 x Human Resources (HR) policies reviewed /developed | 6 (Training ; Recruitment & Selection; Long service Award; Leave Management and Employment Equity Plan Policies) | | Achieved 6 x Human Resources Policies Reviewed and developed as follows: Training; Recruitment & Selection; SCM 05/05/2016 Long Service Award MC123/03/2016; Leave Manage | | Sufficient evidence provided | Council Approved Policies with Resolutions |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | ment and Employment Equity Plan Policies 125/03/2016 and OHS Policy with resolution number 124/03/2016 (100%) | | | |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | By -Laws | Number of By-Laws reviewed /developed and gazetted by 30 June 2016 | | KPI 78 | # | 15 | 6 SPLUMA, Outdoor Advertising, Street Trading, House/Spaza Shops, Building Control, Eradication of Informal Settlement Alienation of Municipal Land and Electricity Supply By-Laws | | Not achieved The 6 By-Laws were all reviewed however they couldn't be gazetted due to financial constraints (50%) | The gazetting will be finalized during the 2016-2017 | Although the target is not achieved sufficient evidence was provided for the actual performance reported. | Approved by Laws with Council Resolutions |
| Municipal Institutional | Improve, Attract, develop and | 100% of litigation cases resolved by | 72% 14 cases were | Corporate Services | Legal Services | Number of litigation Reports compiled | | KPI 79 | # | 1 | 4x Litigation Reports | | Not achieved 4x | The Fourth quarter litigation | The target is confirmed as not | Reports with Council Resolutio |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Development and Transformation | retain human capital | 30 June 2015 | reported and 10 cases were resolved | | | and tabled to Council by 30 June 2016 | | | | | | | Litigation reports were compiled however only three were tabled to Council (75%) | report will be tabled to Council in September 2016 | achieved | ns |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | OHS Compliances | Percentage implementation of Occupational Health and Safety Policy by 30 June 2016 | | KPI 80 | % | 30% | 100% | | Not achieved 7 out of the 10 recommendations received were implemented which amounts to 28% of the OHS recommendations implemented during the financial year. (70%) | Budget provided for the implementation of some of the recommendations made through OHS inspection. | The target is confirmed as not achieved | Quarterly Reports |
| Municipal Institutional Development and | Improve, Attract, develop and retain human | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | OHS Compliance | Development/ Review of Emergency Evacuation Plan by 30 | | KPI 81 | # | 0 | 1x Emergency Evacuation plan developed/reviewed | | Achieved. 1x Draft Emergency Evacuatio | | Sufficient evidence provided | Approved Evacuation Plan with Council Resolutio |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transformation | capital | | | | | June 2016 | | | | | | | n) Plan and Procedure Sits approved by Councillors per resolution number 94/05/2016 (100%) | | | n |
| Municipal Institutional Development and Transformation | Improve, Attract, develop and retain human capital | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | Local Labour Forum | Number of LLF meetings held by 30 June 2016 | | KPI 82 | # | 4 LLF Meetings held | 4 LLF Meetings | | Achieved 4 Local Labour Forum meetings were held on the following dates: 24 August 2015, 23 November 2015, 24 February 2016, 11 May 2016 (125%) | | Sufficient evidence provided | 4 sets of Minutes and Signed Attendance Registers |
| Municipal Institutional | Improve, Attract, develop and | The target was not applicable during the | The target was not applicable during the | Corporate Services | Council Administration and Support | Number of Scheduled Council meetings | | KPI 83 | # | 13 (4 Ordinary and 9 Special | 4 Council meetings convened | | Achieved 7x (4 Ordinary | | Sufficient evidence provided | Signed attendance Registers |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Development and Transformation | retain human capital | 2014/2015 FY | 2014/2015 FY | | | convened by 30 June 2016 | | | | Council meetings convened ) | | | 8 Special Council meetings were held as follows: 31 July 2015, 29 October 2015, 28 January 2016, 29 February 2016, 17 March 2016, 31 March 2016, 31 May 2016. (100%) | | | |
| Good Governance and Public Participation | Plan for the future | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Integrated Development Planning | Number of 2016/2017 IDP, Budget & PMS Review Process Plan approved by 30th May 2016 | | KPI 84 | # | Approved 2015/2016 IDP, Budget & PMS Process Plan | 2016/2017 IDP, Budget & PMS Review Process Plan approved | | Achieved 1x 2016/2017 IDP, Budget & PMS Review Process Plan was compiled and approved by Council as per Council Resolution | | Sufficient evidence provided | Copy of the Approved 2016/2017 IDP; Budget & PMS Process Plan |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Number MC 130/07/2015 (100%) | | | |
| Good Governance and Public Participation | Plan for the future | 1 x 2015/16 IDP Approved by Council | (100%) Council approved the 2015/16 IDP on 27 May 2015 under Council Resolution **MC114/05/2015** | Municipal Manager | Integrated Development Planning (IDP) | Number of 2016/2017 IDPs approved by 30 May 2016 | | KPI 85 | # | 2015/2016 Council Approved IDP | 1X 2016/2017 Council Approved IDP | | Achieved 1X 2016/2017 Council IDP was compiled and approved by Council as per Council Resolution Number SMC 95/05/2016 (100%) | | Sufficient evidence provided | Copy of the Draft 2016/2017 with Council Approved Final 2016/2017 IDP with Council Resolution |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Intergovernmental Relations | Percentage of District IGR Forums attended ( as per invitation) by 30 June 2016 | | KPI 86 | % | 100% | 100% | | Achieved 100% 1x IGR forum was attended as per the invitation (100%) | | Sufficient evidence provided | Invitations and Attendance Registers |
| Good Governan | Improve administ | 3x ICT policies | 9 ICT policies | Corporate Services | ICT | Number of ICT related | | KPI 87 | # | 6 | 15 | | Achieved | | Sufficient evidence | Approved ICT |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ce and Public Participation | rative and governance capacity | developed | were developed and approved by Council as per Council Resolution Number SMC23/06/2015. | | | policies, frameworks, standards and guidelines reviewed YTD (30 June 2016) | | | | | | | The following policies were reviewed, IT Disaster Recovery, 3G Policy, Backup Policy, IT Change Management, IT Firewall, IT Governance Framework, IT Helpdesk Procedure, Information Security, Patch Management, IT Service Continuity, IT Steering Committee Charter, ICT Usage, | | provided | Policies with Council Resolutions |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/16 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Municipal Corporate Governance of ICT, ICT Project Management Policy, ICT Management Framework (100%) | | | |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | ICT | New | Number of ICT Steering Committee meetings convened by 30 June 2016 | KPI 88 | # | 4x ICT Steering Committee meetings held | 4x ICT Steering Committee meetings | | 4x ICT Steering Committee meetings were held as follows: 29 September 2015, 23 February 2016, 17 April 2016 and 30 June 2016. (100%) | | Sufficient evidence provided | Signed Attendance Registers |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Corporate Services | ICT | Number of days taken to place a document in a municipal website in compliance with Section 75 (1)of MFMA and Section 21A (1) of the MSA | | KPI 89 | # | 2 days | 2 days | | Achieved<br><br>All documents were placed on the Municipal Website within 48 Hours (2 days) from the date of request.<br><br>(100%) | | Sufficient evidence provided | Proof of Submission |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Communications | Number of Communications Strategy reviewed and approved by Council by 31 December 2015 | | KPI 90 | # | Approved Communication Strategy | 1 X Communication Strategy Reviewed | | Not achieved<br><br>1x Draft Communications Strategy is in place, however it is not yet approved by Council.<br><br>(50%) | The Strategy will be tabled to Council during September 2016 for approval | Although the target is not achieved sufficient evidence was provided for the actual performance reported and the target is confirmed as not achieved | Council Approved Communication Strategy with Council Resolution |
| Good Governance and Public Participat | Improve, Attract, develop and retain | The target was not applicable during the 2014/2015 | The target was not applicable during the 2014/2015 | Municipal Manager | Communications | Number of IDP Public Participation Schedule developed | | KPI 91 | # | Approved 2014/15 Community Participat | 2015/16 Community Participation Schedule | | Achieved<br><br>2015/2016 Communi | | Sufficient evidence provided | Council Approved Public Participation |

| Key Performance Area | Strategic Goal | 2014/2015 Annual Targets | 2014/2015 Annual Performance | Responsible Department | Programme | Key Performance Indicator | Revised Indicator | KPI Code | Unit of Measure | Baseline | Annual Target 2015/16 | Revised Annual Target | 2015/2016 Actual Performance | Corrective Measure | Internal Audit Review | Evidence Required |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ion | human capital | FY | FY | | | and advertised by 30 September 2015 | | | | ion Schedule | | | ty Participation Schedule was compiled and advertised on the 25th of September 2015 (100%) | | | Schedule with Council Resolution. Advertisement |
| Good Governance and Public Participation | Improve administrative and governance capacity | The target was not applicable during the 2014/2015 FY | The target was not applicable during the 2014/2015 FY | Municipal Manager | Integrated Development Planning (IDP) | Number of Community Satisfaction and Good Governance Survey Conducted by 30 June 2016 | Removed due to financial constraints | KPI 92 | # | 0 | 1x Customer Satisfaction Survey and 1x Good Governance Survey | | Removed due to financial constraints | The Survey was not conducted due to financial constraints therefore, the survey will be conducted during 2016/2017 Financial Year. | The target is confirmed as not achieved | Copies of customer satisfaction and Good Governance Survey reports with Council Resolution |

9. BELA-BELA LOCAL MUNICIPALITY: 2015/2016 PROJECTS

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Water & Sanitation | Bela Bela: Bulk Sewer Infrastructure X9 | BBLM- TSS | MIG | 4 145 545 | | 4 225 902<br><br>This amount include Retention of R3560483.70 and consultant fee of R246 331.13 plus spending to date of R3 979 571 | Construction of the outfall sewer line and pump station at sewer purification plant | Achieved<br><br>Project is 100% complete. 2200m Outfall Sewer line from Ext 9 to Waste Water Treatment Works (WWTW) completed. Sump and pump Station are in progress | Project implementation is multi-year with completion scheduled for August 2016, hence no completion certificate is issued. | Appointment letters, 4x Quarterly Reports and completion certificates. | Sufficient evidence provided |
| 2. | Water & Sanitation | Water Infrastructure (MWIG) | BBLM- TSS | MWIG | 10 000 000 | | 10 000 000 | Installation of 3 boreholes (Tsakane, Vingerkraal and Masakhane) | Achieved<br><br>3x boreholes installed at Tsakane, | | Appointment letter, 4x Quarterly Reports and the | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Vingerkraal and Masakhane. | | Completion Certificates | |
| 3. | Water & Sanitation | Water Pumps | BBLM- TSS | BBLM | 500 000 | | 500 000 | Procure 4 water pumps | Achieved<br><br>4x Water Pumps Procured, | Payment of R 533 805. 00 for this work was paid as per invoice 10090 on the 22 October 2015 | Delivery Notes and Invoices | Sufficient evidence provided |
| 4. | Roads & Stormwater | CBD Roads Tarring - Phase2 | BBLM- TSS | BBLM | 12 500 000 | | 9 465 792 | CBD Roads tarring - Phase2 completed | Not achieved.<br><br>Project is 51% physical progress.<br><br>1318m of road practically complete, 946m under | Contractor requested extension of time to complete the project in August 2016 with | Appointment letters, 4x Quarterly Reports and the Completion Certificates | Target confirmed as not achieved |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | construction. | penalties. | | |
| 5. | Roads & Stormwater | Bela Bela: Upgrade Sport facilities stand 752 (Bela-Bela High) | BBLM- TSS | MIG | 3 403 000 | 3 424 843 | 3 280 407 | Upgrade the existing pitch from gravel to grass. Construct new dressing room, refurbish outer fence and gates, install new inner fence and upgrade the existing grand stand. | Achieved<br><br>Upgraded the existing pitch from gravel to grass. Constructed new dressing room, refurbished outer fence and gates, installed new inner fence and upgraded the existing grand stand. | | Completion Certificates and 2x Quarterly Reports | Sufficient evidence provided |
| 6. | Roads & Stormwater | Bela Bela: Storm water – Limpopo | BBLM- TSS | MIG | 5 500 000 | 4 811 078 | 4 869 869 | Upgrading of 1.4 KM open Strom Water | Achieved<br><br>Upgraded | | 2x Quarterly | Project observed and |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Road | | | | | | Channel | 1.4 KM open Strom Water Channel | | Reports and Completion Certificates | confirmed as achieved |
| 7. | Roads & Stormwater | Bela Bela: Road Paving X's 2, 7 &8 | BBLM- TSS | MIG | 3 518 382 | 1 215 180 | 1 022 060 | Pave 1.5 KM of Road at 2, 7 &8 | Not achieved.<br><br>The project is multi- year at Tender Stage which is closing on the 22nd of July 2016. | The project will be completed in March 2017. | Appointment letters, 4x Quarterly Reports and the completion certificates | The target was confirmed as not achieved |
| 8. | Roads & Stormwater | Bela-Bela Landfill Road Paving | BBLM- TSS | BBLM | 1 200 000 | 25 800 | 25 800 | Pave the Landfill Road | Not Achieved<br><br>Project designs were completed.<br>But Project withdrawn | Currently investigating possibility of MIG funding | Appointment letter, 3X Quarterly Reports and the Completion Certificat | The target confirmed as not achieved |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | due to budgetary constraints | | es | |
| 9. | Electricity | Integration Electrification Programme( Build 10MVA Sub-Station) | BBLM- TSS | IEP -DoE | 2 000 000 | | 2 175 968 | Designs and EIA | Achieved<br><br>Designs and EIA completed and submitted to Eskom, | | Appointment letter, Approved Designs and EIA. Report with Council Resolutions | Sufficient evidence provided |
| 10. | Electricity | Electrical Asset | BBLM- TSS | BBLM | 500 000 | | 89 899. | Procure 1 Mini Sub-station and 2 Electrical Transformers | Not achieved<br><br>1x Mini Sub-station and 2x Electrical Transformers were not | The Service Provider contract was terminated the Municipality will re-advertise | Delivery Notes and invoices | The target confirmed as not achieved |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | procured due to the delays from the Service Provider. | for the appointment of the tender | | |
| 11. | Community Facilities | Upgrade Sunfa Stadium | BBLM- TSS | MIG | | 6 728 750 (New Allocation) | 1 098 755 | Procurement of Consultants and Designs documentations | Achieved<br><br>Consultants and Designs documentations | | Appointment letter and tender advert. | Sufficient evidence provided |
| 12. | Roads & Stormwater | Upgrade Street: Spa Park | BBLM- TSS | MIG | | 1 673 737 (New Allocation) | 568 192 | Appointment of Consultants, Designs documentations and procurement of Contractor | Achieved<br><br>Consultants appointed | | Appointment letter and tender advert. | Sufficient evidence provided |
| 13. | Roads & Stormwater | Road Paving Phase 5 (Ext. 4) | BBLM- TSS | MIG | | 9 373 470 (New Allocation) | 0.00 | MIG Registration | Achieved | | MIG approval | Sufficient evidence provided |
| 14. | Roads & Stormwater | Paving of Bus Route: Rapotokwan | BBLM- TSS | MIG | | 5 500 000 (New Allocation) | 0.00 | MIG Registration | Achieved | | MIG approval | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | e | | | | | | | | | | |
| 15. | Water | New 5ml Reservoir | BBLM- TSS | MIG | | 7 500 000 (New Allocation) | 0.00 | MIG Registration | Not Achieved<br><br>Appointed Service Provider to develop a technical report required by DWA prior to registration by MIG | Finalize the technical report and submit to MIG by December 2016. | MIG approval | Sufficient evidence provided |
| 16. | Community Facilities | Upgrade Sport Facilities Stand 274 | BBLM- TSS | MIG | | 4 887 623 (New Allocation) | 0.00 | Appointment of Consultants, Designs documentations and procurement of Contractor | Not achieved.<br><br>Consultant appointed, designs complete. | Tender for the appointment of Contractor will be advertised during August 2016. | Appointment letter and tender advert. | Target confirmed as not achieved |
| 17. | Roads & Stormwater | Stormwater Marikana Street (x6) | BBLM- TSS | MIG | | 3 354 420 (New Allocation) | 0.00 | MIG Registration | Not achieved | | MIG approval | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18. | Project Management | PMU Costs | BBLM- TSS | MIG | | 935 224 (New Allocation) | 736 328. | Develop PMU Business Plan for 2016/2017 and submit to MIG for approval | Achieved<br><br>PMU Business Plan for 2016/2017 was developed and submitted to MIG for approval. | | Approved PMU Business plan | Sufficient evidence provided |
| 19. | Waste Management and Cleansing | Grass Cutting Machinery | BBLM-CSS | BBLM | 300 000 | | 234 100. | Procure the Grass cutting machinery | Achieved<br><br>The following 14 Grass Cutting Machinery were procured and delivered (2 Lawnmowers 10Brushcutter 1 pole pruner 1 | | Appointment letter of the Service Provider, Delivery Note and the Invoice | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | chainsaw) | | | |
| 20. | Waste Management and Cleansing | Refuse Removal Equipment | BBLM-CSS | BBLM | 600 000 | 0.00 | 236 970. | Procure 15 Mass Refuse Containers | Achieved<br><br>15 Mass Refuse Containers were procured and delivered | | Appointment letter of the Service Provider, Delivery Note and the Invoice | Sufficient evidence provided |
| 21. | Community Facilities | Bela Bela: Multi-Purpose Center | BBLM-CSS | MIG | 5 246 223 | 8 439 130 | 8 433 968.93 | Construction of the Administration block at the multi-purpose center | Achieved<br><br>Construction of the Administration block at the multi-purpose center is complete and the completion certificate was | | Appointment letters, Reports and Completion Certificates | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | issued. | | | |
| 22. | Protection and Emergency Services | CCTV Cameras in CBD | BBLM-CSS | BBLM | 200 000 | 0.00 | | Install the CCTV Cameras at the CDB | The project was withdrawn due to financial constraints | To propose budget for the 2018/2019 FY | Appointment Letter and the Completion Certificate | The project was withdrawn |
| 23. | Tourism | Tourism Summit | BBLM-PED | BBLM | 500 000 | 720 000 | 294 703. | Convene Tourism Summit in September 2015 | Achieved<br><br>The Tourism Summit was held on the 10 of September 2015 | | Attendance Registers and Report with Council Resolution | Sufficient evidence provided |
| 24. | LED | Review of LED Strategy Development of Bela-Bela Growth & Development Strategy | BBLM-PED | BBLM | | | | Approved LED Strategy | Not Achieved | The LED Strategy will be developed during the 2016/2017 FY | LED Forum adopted by Council, Services Provider Appointment letter, | Target confirmed as not achieved |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | Approved LED Strategy with Council Resolutions | |
| 25. | SMMEs | Establishment of Bela-Bela Business Incubation Centre | BBLM-PED | BBLM | | | | Conduct Feasibility Study | Not Achieved | To seek funds from the LEDET and the Department of Small Business Development for conducting the feasibility study | Feasibility Study Report | Target confirmed as not achieved |
| 26. | Revenue Management | Revenue Enhancement Strategy | BBLM-BTO | BBLM | 200 000 | | 601 920. | Development of the Revenue Enhancement Strategy | Not Achieved<br><br>The Draft Revenue Enhancement Strategy is | To be tabled to the next Council sitting during August 2016 | Appointment Letter, the approved revenue Strategy | Target confirmed as not achieved |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | in place, awaiting approval by Council | | and the council Resolution | |
| 27. | By-laws | Promulgating of by-laws | BBLM-CS | BBLM | 600 000 | 300 000 | 0.00 | Promulgate the SPLUMA, Outdoor Advertising , Street Trading , House/Spaza Shops, Building Control, Eradication of Informal Settlement, Alienation of Municipal Land and Electricity Supply By-Laws | Not achieved<br><br>The 6 By-Laws were all reviewed however they couldn't be gazetted due to cash flow challenges . | The gazetting will be finalized during the 2016-2017 | Public Notice inviting comments, Council approved by-laws and the Council Resolutions | Target confirmed as not achieved |
| 28. | ICT | Network Infrastructure Refresh project. (Repairs and maintenance ) | BBLM-CS | BBLM | 400 000 | | 757 031 | Improvement of network performance by 30 June 2016 | Achieved<br><br>The Network Infrastructure Refresh project as | | Assessment Reports and Council Resolution. | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | well as Repairs and maintenance was completed during October 2015. | | | |
| 29. | Spatial and Town Planning | Revision of the Spatial Development Framework | BBLM-PED | BBLM & Ext Funding | 1 500 000 | | 720 851.64 | Approved Draft Comprehensive Spatial Development Framework (SDF) | Achieved<br><br>The draft SDF is in place, awaiting approval by Council | | Appointment letter of the Service Provider, Draft Comprehensive SDF with Council Resolutions | Sufficient evidence provided |
| 30. | | Revision of the Land Use Scheme | | | | | | Revise the Land Use Management Scheme | Achieved<br><br>The draft LUMS is in place. | | Appointment letter of the Service Provider, Draft | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | Land Use Management Scheme with a Council Resolutions. | |
| 31 | | Development of the GIS for BBLM | | | | | | GIS for BBLM Developed | Achieved<br><br>GIS developed and installed, and training was conducted for the internal staff members. | | Appointment Letter of a Service Provider, 4x quarterly reports on the implementation of BBLM implementation of GIS | Sufficient evidence provided |
| 32 | Human Resources | Access Control System | BBLM-CS | BBLM | 921 600 | 4 500 000 | 3 937 480.20 | Install the access control systems by 30 July 2015 | Achieved<br><br>The Access Control Systems was installed | | Certificate on the installation of the Access Control System. | Sufficient evidence provided |

| No | Programme | Project/ Initiative | Responsible Department | Funding Source | 2015/16 Allocated Budget | 2015/2016 Adjusted Budget | 2015/2016 Budget Spent | 2015/2016 Annual Targets | Actual Performance by 30 June 2016 | Corrective Measures | Evidence Required | Audit Review |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | by 30 July 2015 | | Monthly Reports | |
| 33. | Human Resources | Furnisher & Other Office Equipment | BBLM-CS | BBLM | 500 000 | 285 070 | 2 85 069 | Procurement of Office Furnisher | Achieved<br><br>Office Furnisher procured and delivered. | | Copy of an Advert, the delivery note and invoices | Sufficient evidence provided |
| 34. | Customer Care (Unified Communications Systems) | Customer Care System | BBLM-BTO | BBLM | 648 000 | | 408 675 | Installation of new telephone systems | Achieved<br><br>Customer Care Unified Communications Systems was procured and installed during October 2015 | | Appointment letter, Assessment reports with Council Resolution and Completion Certificates | Sufficient evidence provided |

## 10. REPORT ON THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

This section serves to reflect and evaluate the performance of the external Service Provider's in respect of provisions of the contract and the product that the Service Provider delivered for all aspects of the project scope. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

| | | |
|---|---|---|
| 5 | Excellent | Completion of the project before the scheduled time and within budget |
| 4 | Good | Completion of project within time frame and budget |
| 3 | Average | Completion of project within time frame but outside the allocated budget or vice versa |
| 2 | Below Average | Failure to complete the project |
| 1 | Unacceptable | Failure to commence with the project |

## 10.1 LIST OF CAPITAL PROJECTS PER SERVICE PROVIDER

| No | Service Provider | Project Name | Appointment Date | Contract Period | Locality | Start Date | End Date | Progress by 30 June 2016 | Corrective Action | Score (1-5) | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | RS Construction / Mamly projects JV | Multi -- Purpose Centre X6 Phase 2 | 6 May 2014 | 9 months | Bela Bela X6 | September 2015 | June 2016 | Project completed | | 4 | Technical Services |
| 2. | KISS & PETHA JV | Upgrade sport facilities Stand 752 | 21 May 2015 | 26weeks | Bela Bela Proper | May 2016 | January 2016 | Project completed | | 4 | Technical Services |
| 3. | Empyreal Construction | Stormwater Limpopo street | 24 April 2015 | 4 months | Bela Bela X6 | October 2014 | August 2015 | Project completed | | 5 | Technical Services |
| 4. | UWP Consulting | Road paving X2,7,8 | 6 June /2015 | 2 years | Bela Bela X2,7 & 8 | June 2015 | March 2017 | Tender | | 3 | Technical Services |
| 5. | Zenobia Trading | Bulk sewer X9 | 23 October /2015 | 8 months | Bela Bela X1 | November 2015 | July 2016 | Construction | None | 3 | Technical Services |
| 6. | GKB Design Associates | WCDM | August 2015 | 10 months | Bela Bela Town | September 2015 | May 2016 | Project completed | None | 5 | Technical Services |
| 7. | MSW consulting | Masakhane Water Supply | August 2015 | 10 months | Masakhane | September 2015 | June 2016 | Project completed | None | 5 | Technical Services |
| 8. | GIBB | Bela Bela re- | August | 10 Months | Town | September | May 2016 | Project | None | 5 | Technical |

| No | Service Provider | Project Name | Appointment Date | Contract Period | Locality | Start Date | End Date | Progress by 30 June 2016 | Corrective Action | Score (1-5) | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Engineering | equip of boreholes | 2015 | | | 2015 | | completed | | | Services |
| 9. | GIBB Engineering | Pienaarsriver borehole development | August 2015 | 5 Months | Pienaarsriver | September 2015 | December 2015 | Project completed | None | 5 | Technical Services |
| 10. | Royal Haskoning/HDV | Tsakane water Supply | August 2015 | 9 Months | Tsakane | September 2015 | April 2016 | Project completed | None | 5 | Technical Services |
| 11. | Aurecon | Vingerkraal water supply | August 2015 | 9 months | Vingerkraal | September 2015 | February 2016 | Project completed | None | 5 | Technical Services |
| 12. | Readira Matlala JV | CBD Roads | October 2015 | 6 months | town | October 2015 | March 2016 | Project not completed | None | 2 | Technical Services |
| 13. | Akhile | Revenue enhancement strategy | 01 July 2015 | 12 months | Bela-Bela municipality | 01 July 2015 | 30 June 2016 | Project completed | None | 4 | Budget and Treasury |
| 14. | Bertobrite | Access control system | 01 July 2015 | 3 years | Bela-bela municiplaity | 01 July 2015 | 30 June 2018 | Project on going | | 4 | Corporate Services |
| 15. | Intuate group | Customer care system | 01 July 2015 | 12 months | Bela-Bela municipality | 01 July 2015 | 30 June r 2016 | Project completed | None | 4 | Corporate Services |

**10.2 LIST OF OPERATIONAL PROJECTS PER SERVICE PROVIDERS**

| No | Service Provider | Project Name | Appointment Date | Contract Period | Budget Allocated | Budget Spent | Locality | Start Date | End Date | Progress by June 2016 | Reasons for any Variations | Corrective Actions | Score (1-5) | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Bidvest Waltons | Furniture | 22 September 2015 | 3 Months | 500 000 | 250 061 | Gauteng Province | 01 Oct 2015 | 31 Dec 2015 | Completed | None | None | 5 | Corporate Services |
| 2 | ESRI | GIS Software | 22 September 2015 | 9 Months | 600 000 | 600 000 | Gauteng Province | 01 Oct 2015 | 30 June 2016 | Completed | None | None | 4 | Planning & Economic Development |
| 3 | Plan Associates Town and Regional Planners INC. | Review of SDF & LUMS | 22 September 2015 | 9 Months | 900 000 | 900 000 | Gauteng Province | 01 Oct 2015 | 30 June 2016 | Completed | None | None | 4 | Planning & Economic Development |
| 4 | Reautlwana Trading | Grass Cutting Machinery | 31 October 2015 | 2 Months | 300 000 | 234 100 | Gauteng Province | 01 Nov 2015 | 31 Dec 2015 | Completed | None | None | 5 | Social & Community Services |
| 5 | I'BINI | Refuse Removal Equipments | 31 October 2015 | 2 Months | 600 000 | 270 145 | Gauteng Province | 01 Nov 2015 | 31 Dec 2015 | Completed | None | None | 5 | Social & Community Services |
| 6 | Big time Consulta | Network infrastruct | 01 July 2015 | 2 months | 757 031 | 757 031 | Gauteng province | 01 July 2015 | 31 August | completed | none | none | 5 | Corporate Services |

| No | Service Provider | Project Name | Appointment Date | Contract Period | Budget Allocated | Budget Spent | Locality | Start Date | End Date | Progress by June 2016 | Reasons for any Variations | Corrective Actions | Score (1-5) | Responsible Department |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | nts | ure refresh project.(Repairs and maintenance | | | | | | | 2015 | | | | | |

## 11.1 ANALYSIS

In the previous Financial Year the Municipality performance was at 100.30% currently the municipality's performance is at which culminates from the performance of the following departments: Office of the Municipal Manager which comprises of Office of the Mayor, Budget & Treasury, Corporate Services, Technical Services, Planning & Economic Development and the Community & Social Services. Detailed performance of the departments per Key Performance Areas is depicted on the table below.

| Department | TOTAL Number of KPI's | KPI's Achieved | KPI's Overachieved | KPI's not achieved | Performance in Percentages |
|---|---|---|---|---|---|
| **Office of the Municipal Manager** | 27 | 22 | | 5 | 97.74% |
| **Budget & Treasury** | 13 | 10 | 1 | 2 | 112.96% |
| **Corporate Services** | 16 | 11 | | 5 | 83.75% |
| **Technical Services** | 15 | 11 | | 4 | 90.30% |
| **Planning & Economic Development** | 10 | 8 | | 2 | 80% |
| **Community & Social Services** | 8 | 6 | | 2 | 96.21% |
| **TOTAL** | **89** | **68** | **1** | **20** | **93.50%** |

As depicted on the table above, all the six Departments performed above 80% % of their pre-determined targets by the end of the 2015/16 Financial Year.

This good performance can be attributed to the Management's continued Monitoring, Evaluation and directive after the Mid-Year Budget and Performance Assessment, that all the Departments should ensure drastic improvements towards attainment of their respective targets in the third and fourth Quarters respectively so as to realize or even surpass the 93.83% Annual Target for Institutional Performance.

11.1. **Contributing factors to the underperformance by the municipality in some Key Performance Indicator (KPI's).**

Whilst the Municipality evidently performed well, there were some indicators, although very few where the Municipality did not perform at all. Key amongst the contributing factors was that the Municipality also had financial constraints which led to the suspension of some projects which were meant to be implemented in the financial year under review. Those projects have since being planned for implementation in the subsequent Financial Year.

In majority of the Indicator out of the 27 which were under performed, there was substantial work done even though not to the targeted levels. Hence they were recorded as underperformance, but the actual percentage in terms of work done contributed immensely to the Institutional performance.

**11.2. Remedial actions to address the highlighted challenges**

All the remedial actions as indicated by the respective Departments will be duly implemented as part of the new Five (5) Year Integrated Development Plan (IDP) and MTREF respectively of the Municipality, and will be monitored through the Service Delivery and Budget Implementation Plan (SDBIP).

## 12. CONCLUSION

Notwithstanding teething challenges, Bela-Bela Local Municipality served its constituent Community with distinction during the 2015/2016 financial year. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs, as enshrined in the 1996 The Constitution of Republic of South.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of the Bela-Bela Municipality to adapt to the ever changing socioeconomic needs of the local community.

Due to various challenges, few of the planned targets (refer to ARP) could not be met. The Municipality has already put in place corrective actions in response to these unachieved targets for implementation in the 2015/2016 IDP; Budget and SDBIP respectively, and will duly report to Council through its Governance Structures on the progress made to address those targets. It should also be noted that the Municipality has received additional MIG allocation of R39 million due to its excellent performance on the implementation of MIG projects.

I wish to extend my gratitude to the Municipal Council, Executive Committee, Portfolio Committees the Management Team as well as to all the employees of the Bela-Bela Local Municipality who diligently and competently assisted to ensure that our Municipality is well on its way to become "A Place of Excellence" in all its Service Delivery and Governance processes.

Our Governance approach is that of continuous learning from our experiences and those of other well performing Municipalities across the Country, as we embark on our journey of Good Corporate Governance, characterised by improved quality of livelihoods in all the neighbourhoods therein.

***END***

FINAL

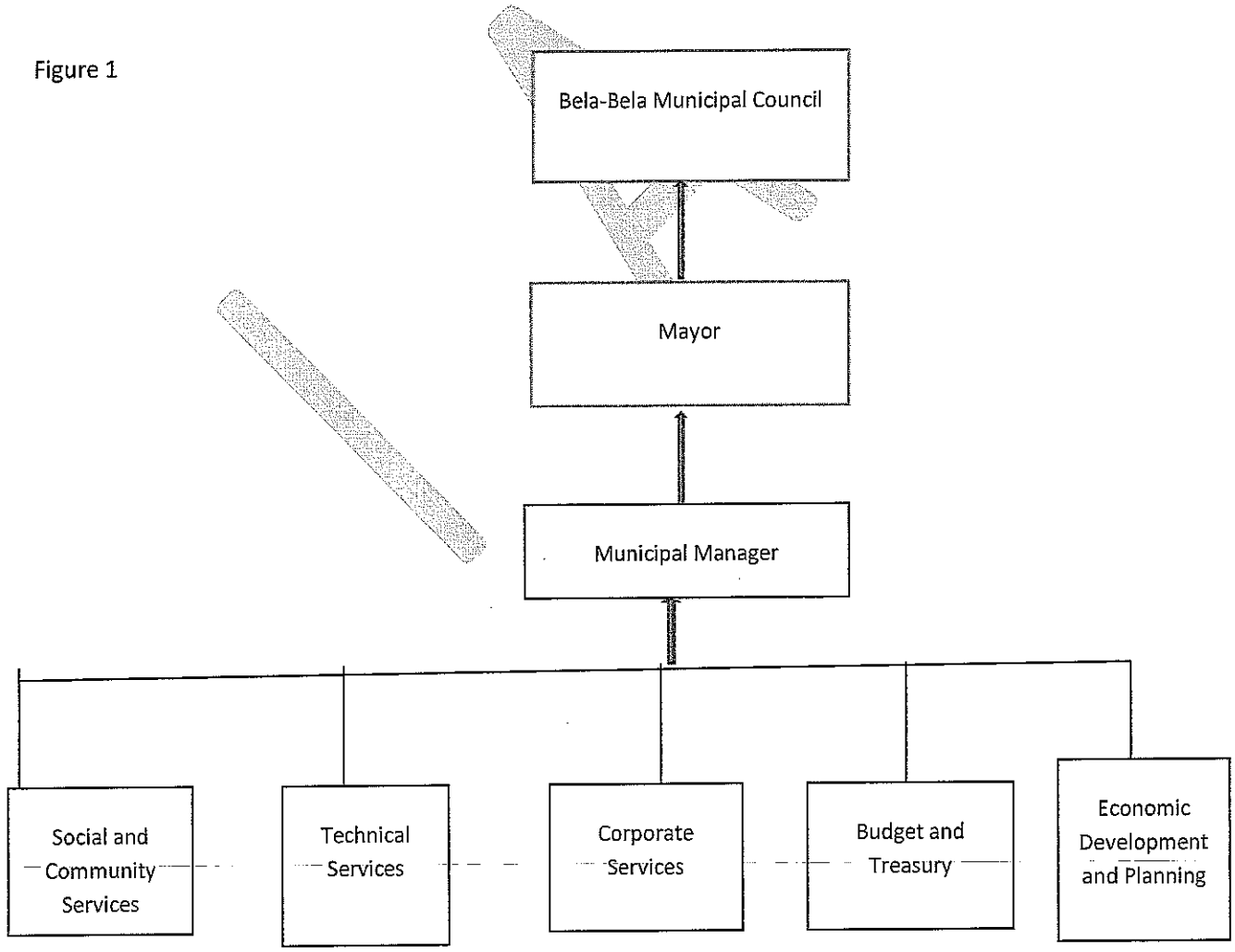
# CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

# (PERFORMANCE REPORT PART II)

## 4.1 INTRODUCTION

The municipality had a staff compliment of 523 as provided in the revised Organogram. The municipal organogram makes provision for a Municipal Manager, five Senior Managers (Head of Departments), and two additional Managers which is the Manager Legal Services and Manager Electrical Services. Furthermore the organogram also make provision for 19 Middle Managers (Divisional Heads)

Figure 1



## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The Municipality managed to appoint 8 permanent staff members and 5 contract employees during the 2015/16 financial year, although most posts were advertised they could not be filled due to financial constraints. The tables below provide details of employee totals, vacancy rate and the staff turnover.

Table 1 Employee Totals

| Employees | | | | | |
|---|---|---|---|---|---|
| Description | 2014/15 | 2015/16 | | | |
| | Approved Posts | Approved Posts | Employees | Variance | Variance |
| | No. | No. | No. | No. | % |
| Water | 38 | 34 | 25 | 09 | 26% |
| Waste Water (Sanitation) | 48 | 54 | 51 | 03 | 0.05% |
| Electricity | 44 | 50 | 41 | 09 | 18% |
| Waste Management | 51 | 67 | 49 | 18 | 26.8% |
| Housing | 11 | 09 | 07 | 02 | 22% |
| Waste Water (Storm water Drainage) | 11 | 17 | 08 | 09 | 52% |
| Roads | 38 | 30 | 21 | 09 | 30% |
| Transport/Fleet Management | 3 | 04 | 01 | 03 | 75% |
| Planning | 4 | 04 | 03 | 01 | 25% |
| Local Economic Development | 4 | 05 | 03 | 02 | 40% |
| Planning (Strategic & Regulatory) | 2 | 05 | 03 | 02 | 40% |
| Community & Social Services | 5 | 08 | 06 | 02 | 25% |
| Protection & Emergency | 40 | 48 | 32 | 16 | 33% |
| Parks, Sport and Recreation | 41 | 44 | 36 | 08 | 18% |
| Corporate, Budget, MM, Audit and Other | 130 | 119 | 90 | 29 | 24% |
| Totals | 470 | 498 | 376 | 122 | 32% |

Table 2 Vacancy rate

| VACANCY RATE 2015/2016 | | |
|---|---|---|
| **Designations** | ***Total Approved Posts** | ***Variances (Total time that vacancies exist using fulltime equivalents)** |
| | No. | No. |
| Municipal Manager | 1 | 0 |
| CFO | 1 | 0. |
| Other S56 Managers (excluding Finance Posts) | 4 | 2 |
| Other S56 Managers (Finance posts) | 0 | 0 |
| Municipal Police | 0 | 0 |
| Fire fighters | 2 | 1.14 |
| Other management: Levels 1-3 (excluding Finance Posts) | 16 | 0 |
| Senior management: Levels 1-3 (Finance posts) | 13 | 3 |
| Highly skilled supervision: levels 4-6 (excluding Finance posts) | 40 | 19 |
| Highly skilled supervision: levels 4-6 (Finance posts) | 13 | 7 |
| **Total** | **90** | **35.7%** |

Table 3 Turnover rate

| Turn-over Rate | | | |
|---|---|---|---|
| **Details** | **Total Appointments as of beginning of Financial Year** | **Terminations during the Financial Year** | **Turn-over Rate%** |
| | No. | No. | |
| **2015/2016** | 377 | 17 | 4.5 |

COMMENT ON VACANCIES AND TURNOVER:

During 2015/2016 financial year the Municipality had 17 termination of services. The terminations were due to the following reasons: 7 reached retirement age, 1 contract expired, 2 were dismissed, and 1 death case with 8 resignations. With regard to high rate of resignations it is recommended that the Municipality develop systems to retain staff and should also be able to support the current human capital.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality managed to develop four policies during the financial year under review which are as follows, EAP policy, Employment Equity Policy, Long Service and Scarce skills policy. The following policies were also reviewed in 2015/16 financial year Leave Policy, Overtime and Recruitment and Selection Policy. The table below depicts the details of policies managing human capital within the Municipality

Table 4 Policies

| No | Policy Name | Status |
|---|---|---|
| 1 | Recruitment and Selection Policy | Approved |
| 2 | Staff Retention Policy | Approved |
| 3 | Overtime Policy | Approved |
| 4 | Training Policy | Approved |
| 5 | HIV AIDS Policy | Approved |
| 6 | Occupational Health and Safety Policy | Approved |
| 7 | Code of Conduct | Approved |
| 8 | Travelling Allowance Policy | Approved |
| 9 | Stand-by Allowance | Approved |
| 10 | Cell phone Allowance | Approved |
| 11 | Dress Code Policy | Approved |
| 12 | Funeral Assistance Policy | Approved |
| 13 | Employment Equity | Approved |
| 14 | Disciplinary Code and Procedure Policy | Approved |
| 15 | Long service Recognition Policy | Approved |
| 16 | Scarce Skills Policy | Approved |
| 17 | EAP Policy | Approved |
| | | |

### 4.2.1 COMMENT ON INJURY AND SICK LEAVE:

For the financial year under review 224 injury leave days were taken by 2 employees who were injured on duty. Awareness campaigns and employee wellness programmes have been initiated by the Municipality to alert employees on how to avoid health hazards. The Municipality appointed its own occupational doctor from July 2015, when employees get injured at work they are taken to the doctor for assessment and submit reports to the Municipality. The reports are then kept in to the employees file for records. Capacity building was also

identified as a means of reducing injuries on duty. The table below provide details of injuries on duty and the sick leave days taken during 2015/2016 financial year.

Table 5 injury on duty and sick leaves

| Number and Cost of Injuries on Duty 2015/2016 | | | | | | |
|---|---|---|---|---|---|---|
| Type of injury | Injury Leave Taken | Employees using injury leave | Average injury leave taken per employee | Average Injury Leave per employee | Total Estimated Cost | |
| | Days | No. | % | Days | R'000 | |
| Required basic medical attention only | 98 | 2 | 0.89 | 0.43 | 37002.84 | |
| | 126 | | | 0.56 | 47575.08 | |
| Temporary total disablement | | | | | | |
| Permanent disablement | | | | | | |
| Fatal | | | | | | |
| Total | 224 | 2 | 0.89 | 0.99 | 84577.92 | |

| 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 |
| Senior management (Levels 0-2) | 178 | 000 | 13 | 19 | 9.36 | 333 996.37 |
| Highly skilled supervision (Levels 3-5) | 195 | 0.04 | 24 | 35 | 5.71 | 212 981.31 |
| Highly skilled production (levels 6-8) | 196 | 4.3 | 29 | 68 | 2.88 | 165 795.22 |
| Skilled (levels 9-12) | 209 | 1.43 | 21 | 50 | 4.18 | 130 075.20 |
| Lower skilled(Levels 13-17) | 1619 | 0.8 | 158 | 200 | 8.0 | 653 572.11 |
| MM and S56 | 2 | 0 | 1 | 4 | 0.25 | 4 796.44 |
| Total | 2 399 | 6.57 | 246 | 376 | 30.27 | 1 501 216.65 |
| * - Number of employees in post at the beginning of the year | | | | | | |
| *Average calculated by taking sick leave in column 2 divided by total employees in column 5 | | | | | | |

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

The Municipality adheres strictly to the provisions of the Disciplinary Code Collective Agreement. There are currently no employees on suspension. The below table depicts the current status of all the pending personnel matters. The reported matters are being attended to and any delays are solely caused by unforeseen circumstances beyond the control of the Employer.

Table 6 Personnel Matters

| NO | CLAIMANT / PLAINTIFF/ APPLICANT | PERIOD OF SUSPENSION | SUMMARY OF THE CASE AND PROGRESS | RESPONSIBLE ATTORNEY |
|---|---|---|---|---|
| 1. | LN NYAMBENI | January 2014 – October 2014 | Mr. Nyambeni was previously employed as the Manager Technical Services and was subsequently dismissed on 28 October 2014. Mr Nyambeni has instructed his attorneys to proceed at the Bargaining Council. | Moloto Attorneys |
| 2. | SAMWU on behalf of (obo) SEPHUMA | N/A | The Employee is charged with 2 counts of gross dishonesty and gross negligence. Matter is on-going | Internal Legal Department |
| 3. | SAMWU obo | N/A | The Employee is charged with 2 counts of gross dereliction of duties. Matter is on-going | Internal Legal Department |

## 4.2.3 PERFORMANCE REWARDS

### 4.2.3.1 COMMENT ON PERFORMANCE REWARDS

As already indicated in Component K under Organizational Score Card the municipality established a Performance Management Systems (PMS) as per the provisions of 38 and 41 of the Local Government Municipal Systems Act (MSA) No 32 of 2000. As guided by Section 41 (c) (i) (ii) whereby the municipality is required to monitor, measure and review performance at least once in a year. The municipality monitored its performance based on the developmental priorities and objectives as approved in the IDP, Budget and the Organizational Score Card. The monitoring of performance was also done through the compilation and submission of the quarterly reports to Council.

Furthermore, it should be noted that during the financial year under review the municipality had four fully appointed Senior Managers, the Municipal Manager, Manager for Planning & Economic Development, Technical Services and the Chief Financial Officer. The positions of the Manager Community & Social Services and Manager Corporate Services were vacant hence the appointment of acting managers. In order to comply with the provisions of Section 38 (a) (i) and 41 (c) (ii) of the MSA the Municipality made budget provisions for performance rewards for 2015/2016 Financial Year.

Furthermore, the Municipality also conducted the 2015/2016 Annual Performance Reviews for the Manager Technical Services, Manager for Planning & Economic Development and for the Municipal Manager. The Chief Financial Officer was not assessed as he resigned before the assessments were conducted. All three Managers assessed qualified for the performance bonuses of 13%. It is therefore recommend that after the consideration and adoption of the 2015/ 2016 Final Annual Report by the Municipal Council, the Municipality complies with the provisions of Sub-Regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006 as amended.

### 4.2.4 DISCLOSURES OF FINANCIAL INTERESTS

During 2015/2016 Financial Year the Municipality complied with the requirements of Schedule (2) subsection (5) of the Municipal Systems Act no 32 of 2000. The table below depict the details of the disclosures.

Table 7

| Disclosures of Financial Interests | | |
|---|---|---|
| Period 1 July to 30 June of 2015/2016 | | |
| Position | Name | Descriptionn of interest |
| (Executive) Mayor | Cllr ML Nhlapo | Nil |
| Member of MayCo / Exco | Cllr MJ Ngobeni | Nil |
| | Cllr JF Van Der Merwe | Interest in a trust |
| | | |
| | | |
| Councllor | Cllr P Mahlangu | Nil |
| | Cllr TE Mokonyane | Nil |
| | Cllr RM Radebe | Nil |
| | Cllr GT Malete | Nil |
| | Cllr SE Maluleka | Nil |
| | Cllr LR Mpete | Nil |
| | Cllr FS Hlungwane | Funeral undertaker |
| | Cllr MH Ledwaba | Nil |
| | Cllr MJ Sesane | Nil |
| | Cllr WKR Mokgethoa | Nil |
| | Cllr Senosha | Nil |
| | Cllr MN Ras | Interest in a trust, Directorship and |
| | Cllr KB Alberts | Nil |
| | Cllr PM Aphane | Nil |
| Municipal Manager | MM Maluleka | Land and property, shares |
| Chief Financial Officer | S Kgatla | |
| | | |
| Other S56 Officials | P Raputsoa | Nil |
| | FR Ntekele | Property |
| | | |
| Other Managers below Section 56 | MA Serote | Nil |
| | A Tshabalala | Nil |
| | | |
| | | |

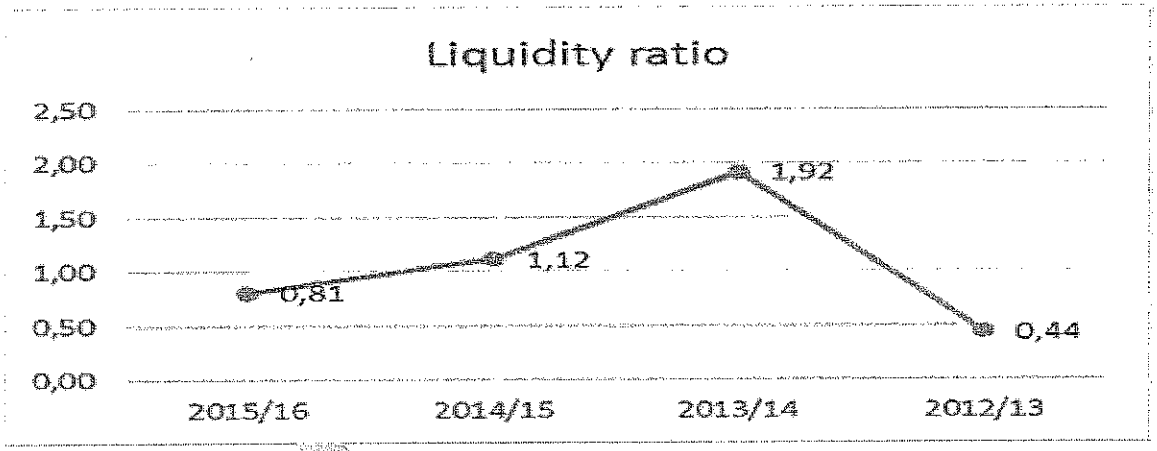
## 5.1 INTRODUCTION TO FINANCIAL PERFORMANCE

The financial statements are disclosed in detail under chapter six of the annual report.

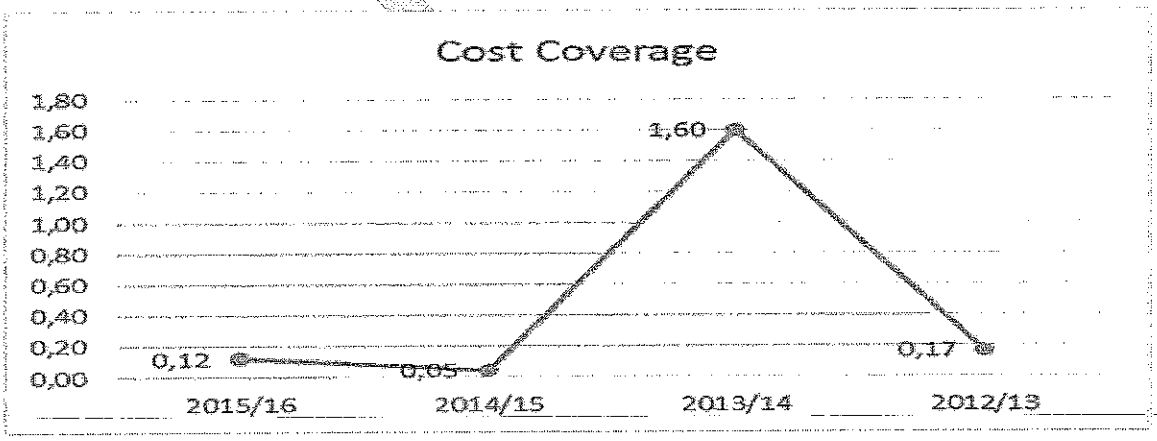
### 5.1.1 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The graphs below depicts the financial performance analyzed in terms of the financial ratios.

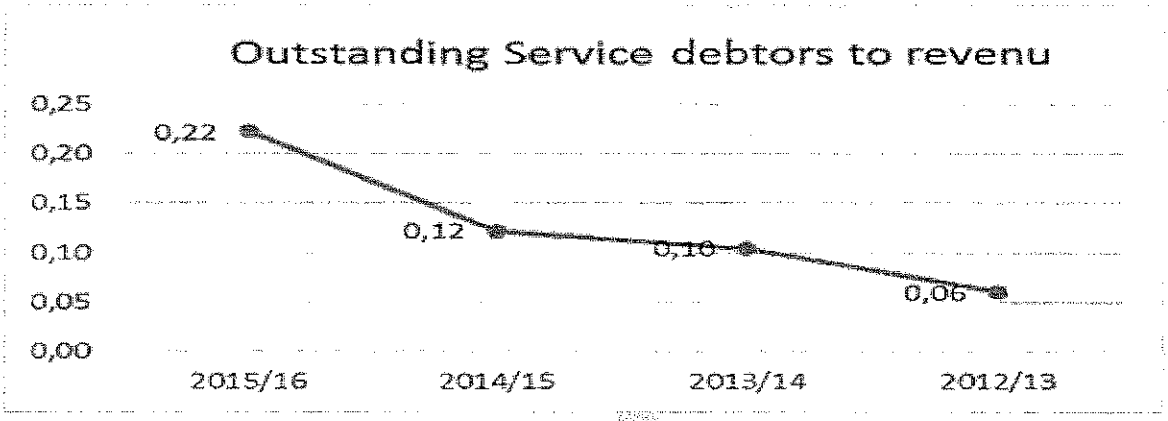
Graph 1



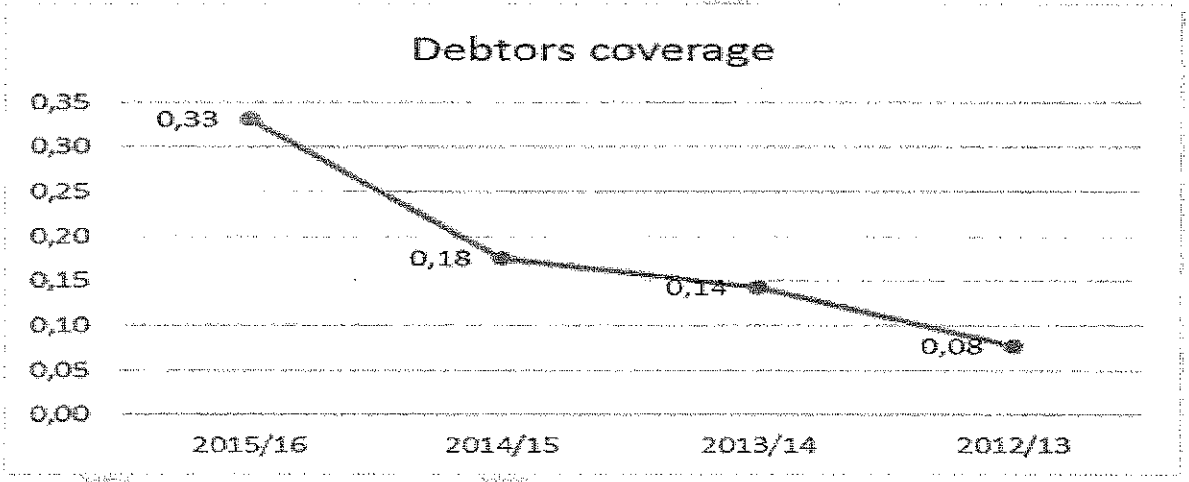

Graph 2



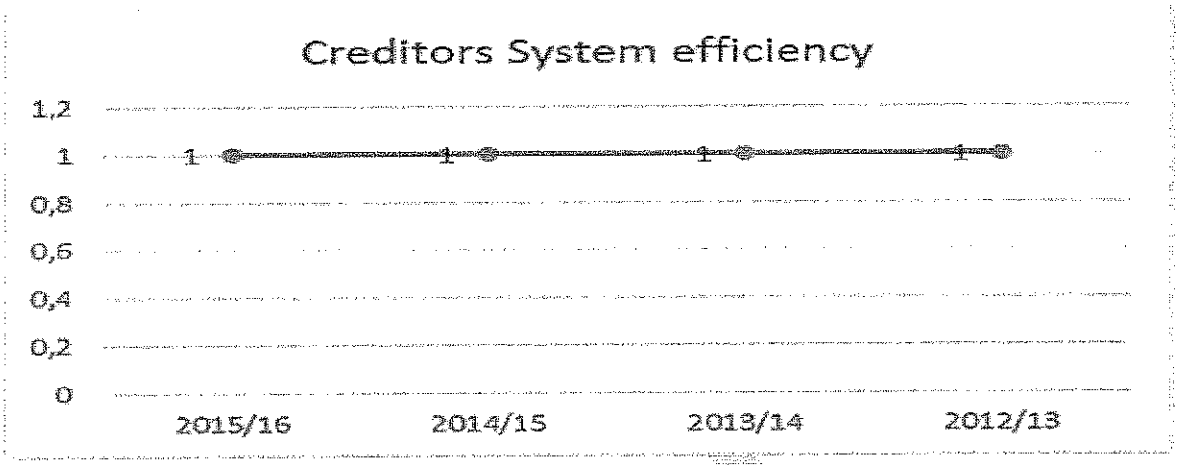

Graph 3


Outstanding Service debtors to revenu
0,25
0,20
0,15
0,10
0,05
0,00
0,22
0,12
0,10
0,06
2015/16
2014/15
2013/14
2012/13

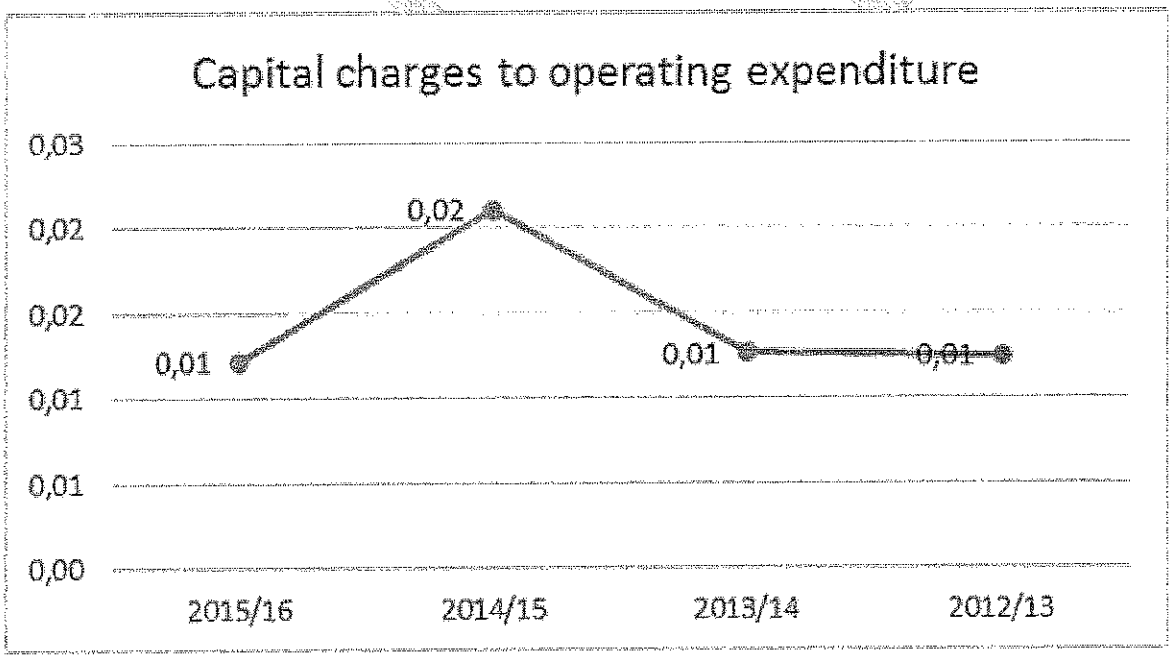
Graph 4


Debtors coverage
0,35
0,30
0,25
0,20
0,15
0,10
0,05
0,00
0,33
0,18
0,14
0,08
2015/16
2014/15
2013/14
2012/13

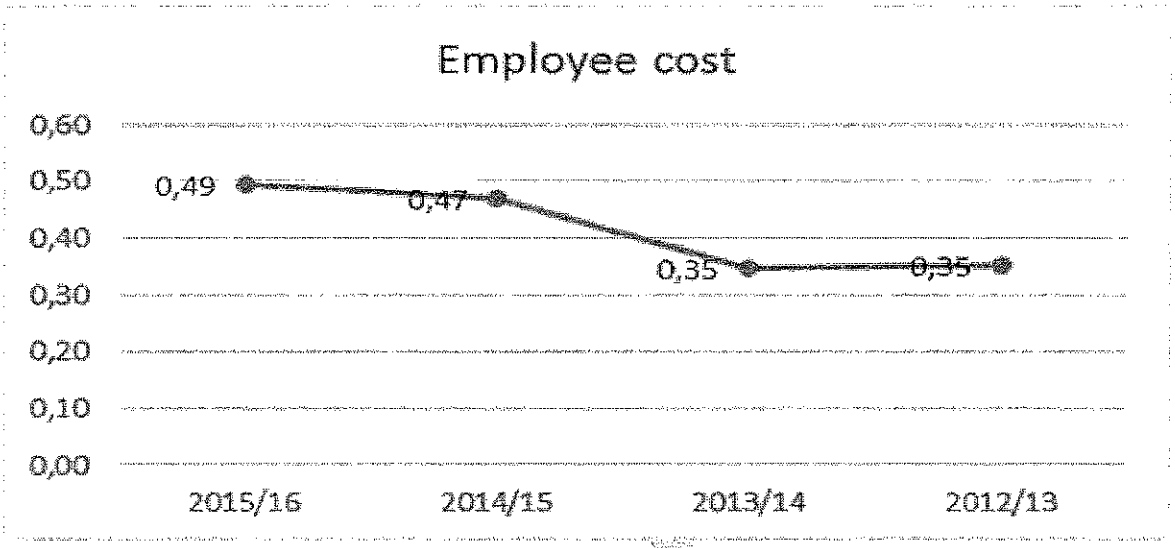
Graph 5



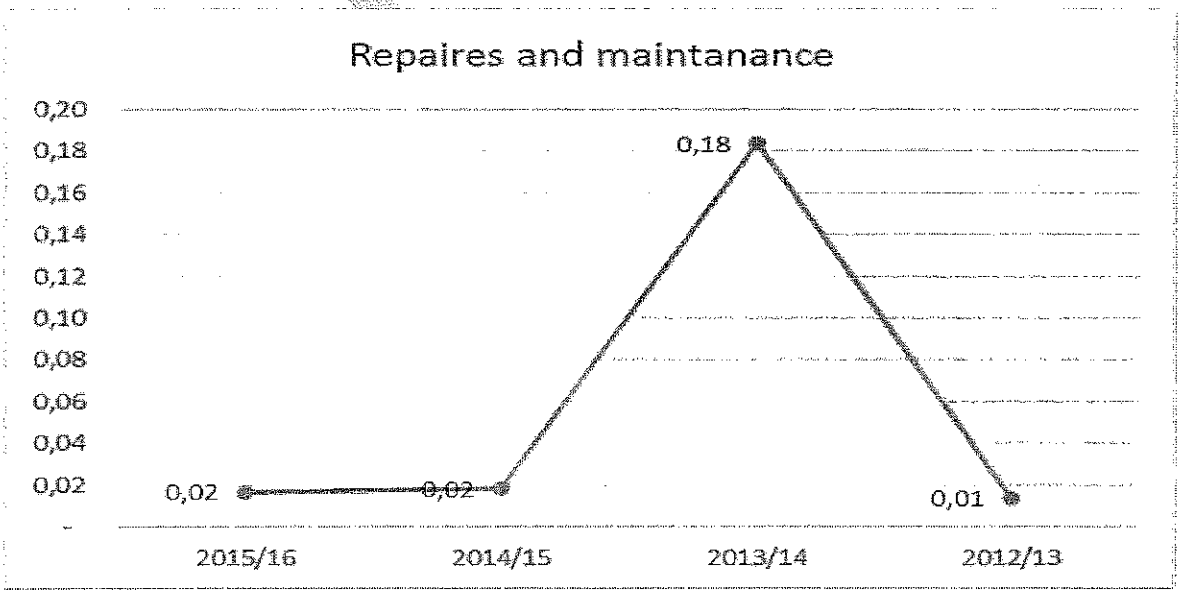

Graph 6



Graph 7




Graph 8



## 5.1.2 COMMENT ON FINANCIAL RATIOS:

MFMA Circular 71 sets a norm for current ratio to be between ranges of 1.5 to 2:1. Municipality current ratios seem to have decreased from 2014/15 financial year with a result of 1.92 during 2014 financial year to 1 in 2016 financial year. The higher the current Ratio, the more capable the Municipality will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality would be unable to pay all its current or short-term obligations if they fall due at any specific point. As result of the above, the Municipality introduced mechanism which to strength its cash flow. This was through the implementation of cash flow plan which is largely supervised by the Accounting Officer.

Furthermore, it should be noted that there are other ratios which are within the required norms and with others that are below the norms. All ratios bellow the norms are predicted to improve in the coming financial year period as a result of the strategy implemented as per the above statement.

### 5.11 PUBLIC PRIVATE PARTNERSHIPS

Bela-Bela Local Municipality does not have any Public Private Partnership arrangements.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.3 SUPPLY CHAIN MANAGEMENT

Supply Chain Management have improved from the past financial period. This was made possible through implementation of the sound internal policies and procedures. The municipality received Unqualified Audit Opinion in the past three financial years with fewer noncompliance findings raised by the office of the Auditor General . The municipality has in the current financial year developed action plan to closely monitor the implementation of the action plan to ensure no occurrence of the previously reported findings.

### 5.4 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The Municipality has in the current year complied with GRAP when compiling the annual financial statement.

# CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015

### 6.1 AUDITOR GENERAL REPORTS 2014/2015

### THE DETAILED AUDITOR GENERAL'S REPORT IS ATTACHED BELOW.

| Auditor –General Report on Financial Performance and Service Delivery 2014/2015 | |
|---|---|
| **Non-Compliance Issues** | **Remedial Action Taken** |
| Section 56 Managers acting for longer than six months | Section 56 key managers positions were filled during the year, ie:<br>Technical Services manager<br>Chief financial officer (Who subsequently resigned) |
| Performance Indicators not verifiable and reliable | SDBIP was reviewed and supporting documentation was revised on the KPI's that were not verifiable and reliable. |
| Tender and quotations awards to Suppliers in the service of the state | The CrossCheck system was acquired in order to assist in vetting the employment status of all directors and shareholders for the bidders. National treasury has also introduced the Central Supplier Database which performs directors and shareholders search in all spheres of Government payroll |
| Completeness of irregular expenditure | A panel of five financial services companies were appointed to review the financial statements before they are submitted to the auditor general.<br><br>Training has been conducted on all employees that are involved with the supply chain management activities. |

| Auditor –General Report on Financial Performance and Service Delivery 2014/2015 | |
|---|---|
| Non-Compliance Issues | Remedial Action Taken |
| Completeness and accuracy of traffic fines revenue | The traffic management service provider was terminated for poor performance and replaced with a new service provider. |
| Percentages of monthly electricity and water losses beyond acceptable range | Water and electricity theft campaigns were intensified<br><br>Bulk meters to be installed for the isolation of areas where water and electricity is lost<br><br>The Municipality is continuously disconnecting illegal water and electricity users |

## COMPONENT B: AUDITOR-GENERAL OPINION 2014/2015

### 6.2 AUDITOR GENERAL REPORT 2014/2015 FINANCIAL YEAR

The Municipality has obtained unqualified audit opinion in 2014/15 financial year with few non- material findings. Below is the detailed report of the auditor general.

# Auditor's report

## BELA-BELA LOCAL MUNICIPALITY

30 JUNE 2016

# Report of the auditor-general to the Limpopo provincial legislature and the council on Bela-bela Local Municipality

## Report on the financial statements

### Introduction

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

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

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

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality'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 municipality'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 unqualified audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bela-Bela Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

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

### Significant uncertainties

8. With reference to note 41 to the financial statements, the municipality has various lawsuits which are still pending at year end. The municipality is disputing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### Restatement of corresponding figures

9. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

### Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R5 699 088 were incurred as a result of water and electricity losses.

### Irregular expenditure

11. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R3 485 146 in contravention of the supply chain management (SCM) regulations.

## Additional matter

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

### Unaudited supplementary information

13. 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 this schedule and, accordingly, I do not express an opinion thereon.

### Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not

form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Report on other legal and regulatory requirements

15. 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 objectives 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

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:

- Technical services on pages x to x
- Social and community services on pages x to x

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

18. 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* (FMPPI).

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

20. The material findings in respect of the selected objectives are as follows:

### Technical services

#### Usefulness of reported performance information

21. The processes and systems that produced the performance indicator should be verifiable, as required by the FMPPI. A total of 29% of the indicators were not verifiable.

#### Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting

of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 40.2% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to a lack of adequate document management system that ensures that all reported performance information is supported by adequate supporting documents/evidence.

## Social and community services

23. I did not identify material findings on the usefulness and reliability of the reported performance information for community and social services.

## Additional matter

24. I draw attention to the following matters:

### Achievement of planned targets

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

## Compliance with legislation

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

### Annual financial statement, performance and annual report

27. 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, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Irregular expenditure

28. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

### Procurement

29. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were

identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

### Human resources management

30. An acting municipal manager and senior managers were appointed for a period of more than for more than six months in contravention of section 54A(2A) and 56(1)(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

## Internal control

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

### Leadership

32. Inadequate oversight over financial and performance reporting and compliance as well as related internal controls, resulted in material misstatements in the financial statements and findings on performance management.

33. Leadership failed to implement effective human resource management to ensure that properly skilled resources are in place. The municipality did not fill key management positions within 12 months, resulting in managers acting in positions for more than 6 months.

34. The municipality did not establish and communicate procedures to enable and support the understanding of processes for collating, monitoring and reporting on performance indicators included in the SDBIP.

### Financial and performance management

35. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting, as a result sufficient and appropriate evidence could not be provided for the material targets in the annual performance report.

36. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, in that material misstatements were identified on the financial statements.

### Governance

37. Internal audit unit audited compliance with laws and regulations and performance information, however, some material findings were identified by the external auditors which internal audit did not report on in their audit report.

## Other reports

### Investigations

38. An independent consulting firm performed an investigation at the request of the municipality during 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against nine employees. These proceedings are currently in progress.

39. An independent consulting firm is performing an investigation at the request of the municipality. The investigation was initiated based on an allegation of the possible irregularities in the housing department. The outcome of the investigation is expected by 30 November 2015.

Auditor-General

Polokwane

30 November 2015

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

## 6.3. 2015/16 Auditor General Action Plan

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Municipality Name | | Bela Bela | | | | | | | | |
| | Audit Opinion | | Unqualified | | | | | | | | |
| | Reporting Period | | 2015/16 | | | | | | | | |
| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress |
| 1 | Procurement | Other important matters | EX.1. Procurement: Procurement of services not fair, competitive and equitable (Bid specification drafted in a biased manner) | New | Improper application of the Supply Chain Management Regulations | > Irregular expenditure should be reported to: Council, Cogsta and AG.<br><br>> Appoint the external parties to conduct training of Supply Chain Management staff and | *01/12/2016* | *31/03/2017* | Ludick Matwalana | Manager: SCM | In progress |

**FINANCIAL YEAR**
**2015/16 ACTION PLAN**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Municipality Name** | | **Bela Bela** | | | | | | | | |
| | **Audit Opinion** | | Unqualified | | | | | | | | |
| | **Reporting Period** | | **2015/16** | | | | | | | | |
| | **Audit Findings** | **Category of Finding** | **Description of Finding** | **Finding status** | **Root Cause** | **Action Plan Description** | **Start Date** | **Completion Date** | **Person Responsible** | **Position** | **Progress** |
| | | | | | | all staff members who are involved on supply chain management activities.<br><br>> A panel of independent external auditors to be appointed to review all tenders before appointment. | | | | | |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Municipality Name | Bela Bela | | | | | | | | | |
| | Audit Opinion | Unqualified | | | | | | | | | |
| | Reporting Period | 2015/16 | | | | | | | | | |
| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress |
| 2 | Procurement | Other important matters | EX.6. Procurement: Tax Clearance certificate not valid (Post dated) | New | Inadequate review of bids information | > Irregular expenditure should be reported to: Council, Cogsta and AG.<br><br>> Information to be reviewed by office of the Internal Audit before provided to the external auditors<br><br>> Appoint the external parties to | *01/12/2016* | *31/03/2017* | Ludick Matwalana | Manager: SCM | In progress |

**FINANCIAL YEAR**
**2015/16 ACTION PLAN**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Municipality Name** | | **Bela Bela** | | | | | | | | |
| | **Audit Opinion** | | Unqualified | | | | | | | | |
| | **Reporting Period** | | **2015/16** | | | | | | | | |
| | **Audit Findings** | **Category of Finding** | **Description of Finding** | **Finding status** | **Root Cause** | **Action Plan Description** | **Start Date** | **Completion Date** | **Person Responsible** | **Position** | **Progress** |
| | | | | | | conduct training of Supply Chain Management staff and all staff members who are involved on supply chain management activities. | | | | | |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Municipality Name | | Bela Bela | | | | | | | | |
| | Audit Opinion | | Unqualified | | | | | | | | |
| | Reporting Period | | 2015/16 | | | | | | | | |
| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress |
| 3 | Procurement | Other important matters | EX.42: Procurement: Bid evaluated excluding VAT | New | Improper application of the Supply Chain Management Regulations | > Irregular expenditure should be reported to: Council, Cogsta and AG.<br>> Appoint the external parties to conduct training of Supply Chain Management staff and all staff members who are involved on supply chain managemen | *01/12/2016* | *31/06/2017* | Ludick Matwalana | Manager: SCM | Completed |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Municipality Name | Bela Bela | | | | | | | | | | |
| Audit Opinion | Unqualified | | | | | | | | | | |
| Reporting Period | 2015/16 | | | | | | | | | | |
| Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress | |
| | | | | | t activities.<br><br>> A panel of independent external auditors to be appointed to review all tenders before appointment. | | | | | | |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Municipality Name** | | **Bela Bela** | | | | | | | | |
| | **Audit Opinion** | | Unqualified | | | | | | | | |
| | **Reporting Period** | | **2015/16** | | | | | | | | |
| | **Audit Findings** | **Category of Finding** | **Description of Finding** | **Finding status** | **Root Cause** | **Action Plan Description** | **Start Date** | **Completion Date** | **Person Responsible** | **Position** | **Progress** |
| 4 | Other Disclosure | Other important matters | EX.22: Procurement: Completeness of irregular expenditure (Prior year irregular expenditure not included in the AFS) | Recurring | Inadequate review the AFS | > Irregular expenditure should be reported to: Council, Cogsta and AG.<br><br>> A panel of independent external reviewers will review the financial statements before they are submitted to AG | *01/12/2016* | *31/04/2017* | Ludick Matwalana | Manager: SCM | In progress |

**FINANCIAL YEAR**
**2015/16 ACTION PLAN**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Municipality Name** | | **Bela Bela** | | | | | | | | |
| | **Audit Opinion** | | Unqualified | | | | | | | | |
| | **Reporting Period** | | **2015/16** | | | | | | | | |
| | **Audit Findings** | **Category of Finding** | **Description of Finding** | **Finding status** | **Root Cause** | **Action Plan Description** | **Start Date** | **Completion Date** | **Person Responsible** | **Position** | **Progress** |
| 5 | Payments | Other important matters | EX.59: Payment of creditors not made within 30 days- non-compliance | New | Cash flow challenges | > Implement payment plan to ensure tracking of invoices in order to avoid payments over 30 days.<br><br>> Implement cost containment measures - Without compromising service delivery. | *01/12/2016* | *31/06/2017* | Khathu Maposa | Acting CFO | In progress |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Municipality Name | Bela Bela | | | | | | | | | |
| | Audit Opinion | Unqualified | | | | | | | | | |
| | Reporting Period | 2015/16 | | | | | | | | | |
| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress |
| | | | | | | > Eliminate non cash backed own source capital projects during adjustment budget. | | | | | |
| 6 | Revenue | Other important matters | EX.2: Revenue- Percentages of monthly electricity and water losses beyond acceptable range | Recurring | > Illegal consumption of Water and Electricity > Technical losses | > Inspection of meter bypasses during Amp downgrade. > Introduction of programme | *01/12/2016* | *31/06/2017* | Risimai Ntekele | HOD: Technical Services | In progress |

| FINANCIAL YEAR 2015/16 ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Municipality Name | | Bela Bela | | | | | | | | |
| | Audit Opinion | | Unqualified | | | | | | | | |
| | Reporting Period | | 2015/16 | | | | | | | | |
| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | Action Plan Description | Start Date | Completion Date | Person Responsible | Position | Progress |
| | | | | | | to replace old infrastructure<br><br>> Installation of zoning meters to segregate higher distribution losses zones | | | | | |
| 7 | Payments | Other important matters | EX.11: Expenditure: Invoices not accounted for in the correct accounting period | New | Inadequately accounting for expenditure when the goods and services are received. | > Creditors reconciliations should be compiled monthly to ensure capturing of all invoices | *01/12/2016* | *31/06/2017* | Veronica Baartman | DM: Expenditure | In progress |

**FINANCIAL YEAR**
**2015/16 ACTION PLAN**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Municipality Name** | | **Bela Bela** | | | | | | | | |
| | **Audit Opinion** | | Unqualified | | | | | | | | |
| | **Reporting Period** | | **2015/16** | | | | | | | | |
| | **Audit Findings** | **Category of Finding** | **Description of Finding** | **Finding status** | **Root Cause** | **Action Plan Description** | **Start Date** | **Completion Date** | **Person Responsible** | **Position** | **Progress** |
| | | | | | | > Review and follow-up on all issued orders should be performed on a monthly bases | | | | | |

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief financial Officer)..... Dated 28-03-17

# 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** | The distribution of capacity to deliver services. |

# GLOSSARY

| | |
|---|---|
| **indicators** | |
| **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** | • Service delivery & infrastructure<br>• Economic development<br>• Municipal transformation and institutional development<br>• Financial viability and management<br>• Good governance and community participation |
| **Outcomes** | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| **Outputs** | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| **Performance Indicator** | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to |

# GLOSSARY

| | |
|---|---|
| | which an output has been achieved (policy developed, presentation delivered, service rendered) |
| **Performance Information** | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |
| **Performance Standards:** | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| **Performance Targets:** | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period. |
| **Service Delivery Budget Implementation Plan** | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| **Vote:** | 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.<br>Section 1 of the MFMA defines a "vote" as:<br>*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*<br>*b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned* |

# APPENDICES

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# APPENDICES



## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

**Table 1**

| NAME OF COUNCILLOR | NO OF COUNCIL MEETING SCHEDULED | NO OF COUNCIL MEETING ATTENDED | % OF ATTENDANCE | NO OF SUBCOMMITTEE MEETING SCHEDULED | NO OF SUBCOMMITTEE MEETING ATTENDED | % OF ATTENDANCE |
|---|---|---|---|---|---|---|
| CLLR NHLAPO | 8 | 4 | 50% | 9 | 3 | 30% |
| CLLR MALULEKA | 8 | 6 | 80% | 9 | 4 | 40% |
| CLLR RADEBE | 8 | 3 | 40% | 9 | 1 | 10% |
| CLLR NGOBENI | 8 | 7 | 90% | 9 | 5 | 50% |
| CLLR HLUNGWANE | 8 | 7 | 90% | 9 | 8 | 40% |
| CLLR LEDWABA | 8 | 7 | 90% | 9 | 3 | 30% |
| CLLR SESANE | 8 | 7 | 90% | 9 | 1 | 10% |
| CLLR MOKGETHOA | 8 | 6 | 80% | 9 | 5 | 50% |
| CLLR MAHLANGU | 8 | 8 | 100% | 9 | 1 | 10% |
| CLLR MOKONYANE | 8 | 8 | 100% | 9 | 5 | 50% |
| CLLR MALETE | 8 | 6 | 80% | 9 | 2 | 20% |
| CLLR MPETE | 8 | 8 | 100% | 9 | 6 | 70% |
| CLLR VAN DER MERWE | 8 | 7 | 90% | 9 | 5 | 50% |
| CLLR APHANE | 8 | 8 | 100% | 9 | 6 | 70% |
| CLLR RAS | 8 | 7 | 90% | 9 | 4 | 40% |
| CLLR SENOSHA | 8 | 6 | 80% | 9 | 9 | 100% |
| CLLR ALBERTS | | | | 9 | 4 | 40% |

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

**Table 2**

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | |
|---|---|
| **Municipal Committees** | **Purpose of Committee** |
| Social and Community Services Sub-committee | Section 79 Committee |
| Planning/Infrastructure Sub-committee | Section 79 Committee |
| Budget and Treasury/Governance Subcommittee | Section 79 Committee |
| Municipal Public Account Committee (MPAC) | Oversight Committee |
| Integrated Development Planning (IDP) Steering Committee | Technical support through IDP Review process |
| IDP Rep Forum | Stakeholder participatory mechanism during the IDP Review process |
| Top Management | Strategic management decision making structure |
| Broader Management | Operational management decision making structure |
| | |

# APPENDICES

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

**Table 3**

| Third Tier Structure | | |
|---|---|---|
| **Initials & Surname** | **Title** | **Directorate/ Department** |
| 1. Ramolobeng MN | Human Resources Divisional Manager | Corporate Services |
| 2. Nkuna D | Divisional Manager Information Technology | Corporate Services |
| 3. Seleka GM | Divisional Manager: Council Support and Administration | Corporate Services |
| 4. Mahlare K | Divisional Manager: Human Resources Development | Corporate Services |
| 5. Serote A | Manager Legal Services | Corporate Services |
| 6. Mashishi L | Divisional Manager: Integrated Development & Planning | Planning & Economic Development |
| 7. Mogweemang L | Divisional Manager: Local Economic Development | Planning & Economic Development |
| 8. Selapyane J | Divisional Manager: Performance Management Systems | Planning & Economic Development |
| 9. Manzini M | Divisional Manager: Town Planning | Planning & Economic Development |

# APPENDICES

| Third Tier Structure | | |
|---|---|---|
| **Initials & Surname** | **Title** | **Directorate/ Department** |
| 10. Pilane T | Divisional Manager: Roads & Stormwater | Technical Services |
| 11. Moloto MJ | Divisional Manager: Water & Sanitation | Technical Services |
| 12. Tshabalala M | Chief Electrical Engineer | Technical Services |
| 13. Mothapo TJ | Divisional Manager: Parks | Community & Social Services |
| 14. Monare I | Divisional Manager: Protection and Emergency Services | Community & Social Services |
| 15. Mohlala AMS | Divisional Manager: Waste & Cleansing | Community & Social Services |
| 16. Kabe KC | Divisional Manager: Internal Audit | Office of the Municipal Manager |
| 17. Sebelebele M (Resigned December 2015) | Divisional Manager: Communications. | Office of the Municipal Manager |
| 18. Maposa K | Divisional Manager: Accounting Services | Budget & Treasury Office |
| 19. Phasha LJ | Divisional Manager: Revenue | Budget & Treasury Office |
| 20. Baartman V | Divisional Manager: Expenditure | Budget & Treasury Office |
| 21. Matwalana LT | Divisional Manager: SCM | Budget & Treasury Office |
| 22. Motshoane LJ | Divisional Manager: Assets | Budget & Treasury Office |
| 23. Hoffman C | Specialist Financial Statements | Budget & Treasury Office |

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Table 4

| Municipal Functions | Function applicable to the Municipality (Yes/No) | |
|---|---|---|
| Constitution Schedule 4, Part B functions | Yes | No |
| Air pollution | | ✓ |
| Building regulations | | ✓ |
| Child care facilities | | ✓ |
| Electricity | ✓ | |
| Gas reticulation | | ✓ |
| Fire fighting services | | ✓ |
| Local tourism | ✓ | |
| Municipal airports / Airfield | ✓ | |
| Municipal planning | ✓ | |
| Municipal health services | | ✓ |
| Municipal public transport | | ✓ |
| Storm water management systems in built up areas | ✓ | |
| Trading regulations | ✓ | |
| Water and sanitation services limited to portable water supply systems | ✓ | |
| Domestic waste water and sewerage disposal systems | ✓ | |
| | | |
| Constitution Schedule 4, Part B functions | Yes | No |
| Beaches and amusement facilities | | ✓ |

# APPENDICES

| Municipal Functions | Function applicable to the Municipality (Yes/No) | |
|---|---|---|
| Billboards and the display of advertisements in public places | ✓ | |
| Cemeteries cleansing | ✓ | |
| Funeral parlours and crematoria cleansing | | ✓ |
| Control of public nuisance | ✓ | |
| Control of undertaking that sells liquor | ✓ | |
| Facilities for care and burial of animals | | ✓ |
| Fencing and fences | | ✓ |
| Licensing of dogs | | ✓ |
| Licensing and control of undertakings that sell food to the public | | ✓ |
| Local sport facilities | ✓ | |
| Markets | | ✓ |
| Municipal abattoirs | | ✓ |
| Municipal parks and recreation | ✓ | |
| Municipal roads | ✓ | |
| Pounds | | ✓ |
| Refuse removal | ✓ | |
| Refuse dumps | ✓ | |
| Solid waste disposal | ✓ | |
| Street trading | ✓ | |
| Street lighting | ✓ | |
| Traffic and parking | ✓ | |

# APPENDICES

**APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (AC) 2015/2016 FINANCIAL YEAR**

## 6.4 Audit Committee Report

**BELA-BELA LOCAL MUNICIPALITY AUDIT AND PERFORMANCE COMMITTEE ANNUAL REPORT 2015/2016**

We are pleased to present our report for the financial year ended 30 June 2016.

**Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

**Audit Committee members and attendance**

The Audit Committee, consisting of independent outside members listed below, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

| Name of Member | Number of meetings attended |
|---|---|
| SAB Ngobeni (Chairperson) | 6 |
| MA Mashego | 5 |
| KTE Kgomo | 1 |

# APPENDICES

**Evaluation of Financial Statements**

The Audit Committee has:

1. Reviewed and discussed the Annual Financial Statements.
2. Reviewed the Audit General's management letter and the managements' responses thereto
3. Reviewed significant adjustments resulting from the audit

Therefore the Audit Committee concurs and accepts the conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

**The Effectiveness of Internal Control**

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality.

There has been an improvement in the system of internal control of the municipality and reducing qualification issues of previous year. There are several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General. In certain instances, the matters reported previously have not been fully and satisfactorily addressed. The Audit Committee notes management's commitment to correct the deficiencies. During the year under review there was consistent monitoring of action plans and progress.

**In-Year Management and Monthly/Quarterly Report**

The municipality has monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA). Monitoring and reviews of performance information were periodically in the year under review.

**Performance Management**

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned.

**Risk Management**

The AC is of the opinion that municipality's risk management appears to be effective, and the municipality did implement a comprehensive risk management strategy and related policies.

**Compliance with laws and regulations**

A number of non-compliance with the enabling laws and regulations were revealed by Internal Audit during the year. Thus there is a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

**Internal Audit**

The AC is satisfied with the effectiveness of Internal Audit, and commends Management and Council for supporting and capacitating this unit.

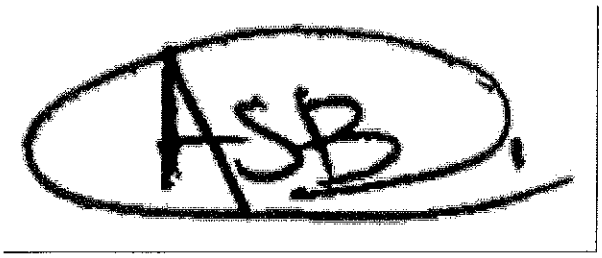
**Performance Management system**

The AC is satisfied that management did implement an effective management system, however there is a room for improvement in so far assessment of external service providers' performance on a regularly basis.

**Conclusion**

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements report above. We would also like to thank the

Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.



**SAB Ngobeni (Mr)**

**Chairperson of the Audit Committee**

**Bela Bela Local Municipality**

**30 July 2016**

**Municipal Audit Committee Recommendations for 2015/2016**

The Audit Committee issued a total number of 39 recommendations, out of the 39 recommendations 35 were implemented, only three which were not implemented with one which is still in progress.

**Table 5**

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| **18 August 2015** | Divisional Manager Communications communicates with Internal Audit with regard to the delay in submitting performance information. | Yes | Implemented |
| | Finance department and Performance management department to work hand in hand as far as figures are concerned. | Yes | Implemented |

# APPENDICES

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | Internal Audits Performance management reports be adhered to before we submit to Auditors General. | Yes | Implemented |
| | Divisional Manager Revenue ensures that the correct customers be linked to the correct tariffs. | Yes | Implemented |
| **23 October 2015** | It was recommended that feedback be given back in the next Audit Committee meeting regarding the MunSoft program. | Yes | Implemented |
| | It was recommended that the Chief Financial Officer (CFO) should review the vote-set up and inspect whether votes are structured correctly so that at the end of the financial year, they don't pass lot of journals. | Yes | Implemented |
| | It was recommended that finding no.7 also be referred to the CFO, and Internal Audit unit to schedule a meeting with the CFO to discuss the issues raised in the fleet management report. | Recommendation not adopted.<br><br>The Fleet Management Policy is not yet reviewed. Management is still in process of reviewing the policy. | Implemented |

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | It was further recommended that fleet management policy be reviewed in terms of addressing issues of responsibility of municipal vehicles. | | Not implemented |
| | It was recommended that the Chief Risk Officer (CRO) review the Risk Management implementation plan again to rectify the following:<br>Page 9: submission of policies would come before publication.<br>Page 13: double check the dates on governance & publication. | Yes | Implemented |
| | It was recommended that the Risk Management report includes a section that share issues that were deliberated on in the Audit Committee meeting. | Yes | Implemented |
| | It was recommended that the reporting of the Chief Risk Officer should be clarified in terms of oversight and reviewing of his reports. | Yes | Implemented |
| | It was recommended that management should keep a habit | Yes | Implemented |

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | of submitting quarterly financial statements to Audit Committee. | | |
| | It was recommended that going forward, there should be an improvement on departmental spending. Each departmental pattern of spending be shown. | Yes | Implemented |
| | It was recommended that management act on the lack of spending on municipal projects. | Yes | Implemented |
| | It was recommended that the process for the 1st quarter performance report be fast tracked so that performance meeting be held. | Yes | Implemented |
| **13 April 2016** | It was recommended that a space for signature for the Chairperson at the end of the minutes should be provided. | Yes | Not implemented |
| | It was recommended that Service delivery report should be submitted to the next meeting. | Yes | Implemented |
| | The Audit Committee recommended that the issue of allocation of responsibility for cameras be resolved at Top Management meeting. | Yes | Implemented |

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | of submitting quarterly financial statements to Audit Committee. | | |
| | It was recommended that going forward, there should be an improvement on departmental spending. Each departmental pattern of spending be shown. | Yes | Implemented |
| | It was recommended that management act on the lack of spending on municipal projects. | Yes | Implemented |
| | It was recommended that the process for the 1st quarter performance report be fast tracked so that performance meeting be held. | Yes | Implemented |
| **13 April 2016** | It was recommended that a space for signature for the Chairperson at the end of the minutes should be provided. | Yes | Not implemented |
| | It was recommended that Service delivery report should be submitted to the next meeting. | Yes | Implemented |
| | The Audit Committee recommended that the issue of allocation of responsibility for cameras be resolved at Top Management meeting. | Yes | Implemented |

# APPENDICES

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | | | |
| | The Audit Committee recommended that the leave reminders must be done on a monthly basis, and that the biometric system should be audited | Yes | Not implemented |
| | It was recommended that the Charter should be renamed Audit and Performance Committee Charter | Yes | Implemented |
| | It was recommended that Management should impose limit of postponement of Disciplinary Hearings | Yes | Implemented |
| | It was recommended that Meter auditing be conducted with assistance of Technical Service | Yes | In progress |
| | The Audit Committee recommended that the service delivery report should be included in the Agenda, and be discussed in the next meeting | Yes | Implemented |
| | It was recommended that Municipal Public Account Committee Chairperson to be invited to the Next Audit Committee meeting. | Yes | Implemented |

# APPENDICES

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | It was recommended that all legal cases should form part of the report. | Yes | Implemented |
| | It was recommended that the following be discussed at the next meeting:<br>• The AG Action Plan<br>• Standard Matters Arising from the AG Action Plan<br>• 3rd Quarter Performance Issues<br>• Preparation Plans of AFS<br>• Draft of the Annual Report<br>• IDP<br>• Budget Draft<br>• Service Delivery Report | Yes | Implemented |
| **20 June 2016** | All issues not resolved should be escalated to the next meeting | Yes | Implemented |
| | The Committee recommended the following:<br>✓ that there should be a statement that indicated reflect that overdraft is in cash book<br>✓ Unknown deposits should be reviewed<br>Committee resolved to hold a meeting on 05 August 2016 to | Yes | Implemented |

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | review AFS and Annual performance report. | | |
| | Committee recommended the following:<br>• Budget for Audit committee fees should have a separate vote<br>• Current controls should be tested in the risk register | Yes | Implemented |
| | The committee approved the internal Audit Plan | Yes | Implemented |
| **02 August 2016** | The Municipality should ensure that money owed by councillors is deducted from their salaries | Yes | Implemented |
| | Report for fruitless and wasteful expenditure should be submitted to council for approval | Yes | Implemented |
| | The Audit Committee recommended that the procurement plan should include everything to be procured in the financial year, even the monthly operating expenditure. | Yes | Implemented |
| | The Audit Committee tasked Divisional Manager for Revenue and the technical team to do a detailed analysis on meter readings and give a report in the next Audit Committee meeting. | Yes | Implemented |
| | The Audit Committee recommended that the Chief Financial Officer should look on the Supply Chain Management | Yes | Implemented |

# APPENDICES

| Municipal Audit Committee Recommendations | | | |
|---|---|---|---|
| **Date of Committee** | **Committee Recommendations during the year** | **Recommendations adopted (Enter yes) if not adopted (Provide explanation)** | **Implementation progress** |
| | findings. | | |
| | It was recommended that Management should develop proper internal control on fuel management. | Yes | Implemented |
| | Management should ensure that remaining vehicles are delivered. | Yes | Implemented |
| | It was recommended that Management should ensure that all journals are passed and verified. | Yes | Implemented |
| | The Risk Implementation Plan was approved by the audit committee. | Yes | Implemented |

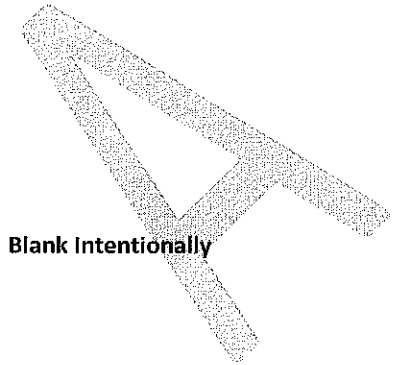
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# APPENDICES

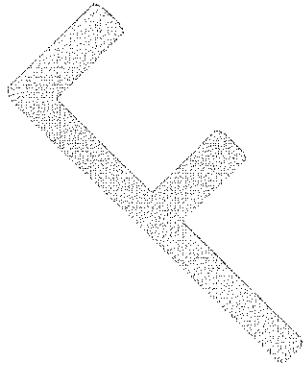
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# APPENDICES



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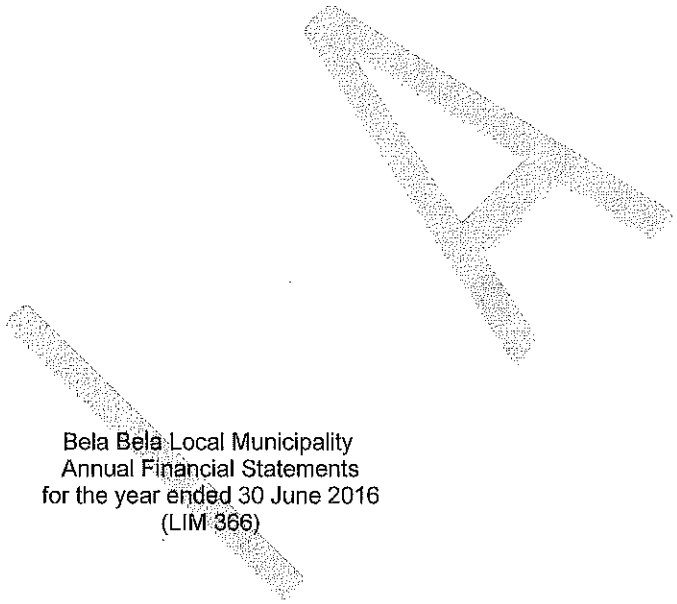
# APPENDICES

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# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the audited Annual Financial Statements to the Annual report for 2008/09 – This to be developed as a separate volume. Refer to MFMA Circular 36 for further guidance. T V2



Bela Bela Local Municipality
Annual Financial Statements
for the year ended 30 June 2016
(LIM 366)

# General Information

| | |
|---|---|
| **Legal form of entity** | Local Municipality, governed by the MFMA (No 56 of 2003) |
| **Nature of business and principal activities** | Local Municipality |
| **Council** | |
| Mayor | Hon. M.L Nhlapo |
| Executive Councillors | Cllr S.E Maluleka (Speaker)<br>Cllr R.M Radebe (Chief Whip)<br>Cllr J.F Van der Merwe<br>Cllr M.J Ngobeni |
| Councillors | Cllr M.D Senosha<br>Cllr F.S Hlungwane<br>Cllr G.T Malete<br>Cllr M.N Ras<br>Cllr K.B Alberts<br>Cllr M.H Ledwaba<br>Cllr M.J Sesane<br>Cllr L.R Mpete<br>Cllr P.M Aphane<br>Cllr P.M Mahlangu<br>Cllr T.E Mokonyane<br>Cllr W.K.R Mokgethoa |
| **Grading of local authority** | Level 3 |
| **Chief Finance Officer (CFO)** | Mr. S. Kgatla |
| **Accounting Officer** | Mr. M.M Maluleka |
| **Registered office** | 58 Chris Hani Drive<br>Bela Bela |
| **Postal address** | Bela Bela Local Municipality<br>Private Bag X1609<br>Bela Bela<br>0480 |

| | |
|---|---|
| **Bankers** | Absa Bank Limited |
| **Auditors** | Auditor General of South Africa |
| **Attorneys** | Moloto Attorneys<br>Mohale Incorporated Attorneys |
| **Published** | 31 August 2016 |

# Index

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


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classification)

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**Abbreviations**

| | |
|---|---|
| GRAP | Generally Recognised Accounting Practice |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant |
| FMG | Financial Management Grant |
| EPWP | Extended Public Works Programme |

FINAL

# 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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 87, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The 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 places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer set 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 that 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 accounting officer 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.

The municipality is substantially dependent on the government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The accounting officer certify that the salaries, allowances and benefits of councillors, loans made to councillors, if any, and payments made to councillors for loss of office, if any, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 4 to 87, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016.

**Mr. M.M Maluleka**
**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 operating results and state of affairs of the municipality are fully set out in the attached annual financial statements.

Net deficit of the municipality was R 37 622 762 (2015: deficit R 40 913 763).

## 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.

## 3. Subsequent events

Bela-Bela Municipal Council was elected and inaugurated in 2011 and has been in charge of Council governance since then up until 2016 Local Government Elections. During 2015/16 financial year the following Councilors were part of the Bela-Bela Local Municipal Council.

| No. | Councilor | Position |
|---|---|---|
| 1. | L. Nhlapo | Mayor |
| 2. | S. Maluleka | Speaker |
| 3. | M. Radebe | Chief Whip |
| 4. | JM Ngobeni | EXCO – Full time |
| 5. | K. van der Merwe | EXCO – Part time |
| 6. | J. Sesane | S.79 Chair |
| 7. | H. Ledwaba | S.79 Chair |
| 8. | M. Mokanyana | S.79 Chair |
| 9. | F. Hlungwane | MPAC Chair |
| 10. | GT. Malete | Ordinary Member |
| 11. | T. Ras | Ordinary Member |
| 12. | D. Senosha | Ordinary Member |
| 13. | K. Alberts | Ordinary Member |
| 14. | L. Mpete | Ordinary Member |

| | | |
|---|---|---|
| 15. | P. Aphane | Ordinary Member |
| 16. | W. Mokhethwa | Ordinary Member |
| 17 | P. Mahlangu | Ordinary member |

South Africa held its fourth Municipal elections on 03 August 2016. New Councilors have been inaugurated on Thursday 18 August 2016. Bela-Bela Local Municipality Council consist of the following members:

| No. | Councilor | Position |
|---|---|---|
| 1. | JM Ngobeni | Mayor |
| 2. | Z. Moeletsi | Speaker |
| 3. | H. Ledwaba | Chief Whip |
| 4. | S. Maluleka | EXCO – Full time |
| 5. | K. van der Merwe | EXCO – Part time |
| 6. | F. Hlungwane | S.79 Chair |
| 7. | P. Aphane | S.79 Chair |
| 8. | A Maluleka | S.79 Chair |
| 9. | L. Mpete | MPAC Chair |
| 10. | F. Mothakoa | Ordinary Member |
| 11. | T. Ras | Ordinary Member |
| 12. | D. Senosha | Ordinary Member |

# Accounting Officer's Report

| | | |
|---|---|---|
| 13. | R. Masemola | Ordinary Member |
| 14. | J. Makhubela | Ordinary Member |
| 15. | S Mosweu | Ordinary Member |
| 16. | S. Seale | Ordinary Member |
| 17 | B. Malete | Ordinary member |

There will be no financial implications in relation to the change of Council since the Council will continue to be remunerated in accordance with the Determination of upper limits of salaries, allowances and benefits of councillors

**4. Submission of annual financial statements**

The annual financial statements were submitted 31 August 2016. The municipality complied with the requirements of Section 126 of the Municipal Finance Management Act.

**5. Accounting policies**

The annual financial statements were prepared in accordance with the Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board.

**6. Corporate governance**

The Council

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality.

**6.1 Fruitless and wasteful expenditure**

During the current financial year, payments to the value of R857 891 were regarded as fruitless and wastefull expenditure. This was due to late payment of invoices to Eskom and Auditor General.

**6.2 Remuneration**

The remuneration of the accounting officer and section 56 managers are determined by the upper limits for senior managers.

**6.3 Audit Committee**

# Accounting Officer's Report

Mr. S.A.B Ngobeni was the chairperson of the audit committee for the financial year under review.

In terms of Section 166 of the Municipal Finance Management Act, the municipality, must appoint members of the audit committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors of the municipality onto the audit committee.

**6.4 Internal audit**

The municipality has an independent internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

The chief internal auditor is Mr.M.C Kabe.

**7. Bankers**

The municipality has its primary bank account with ABSA Bank Limited.

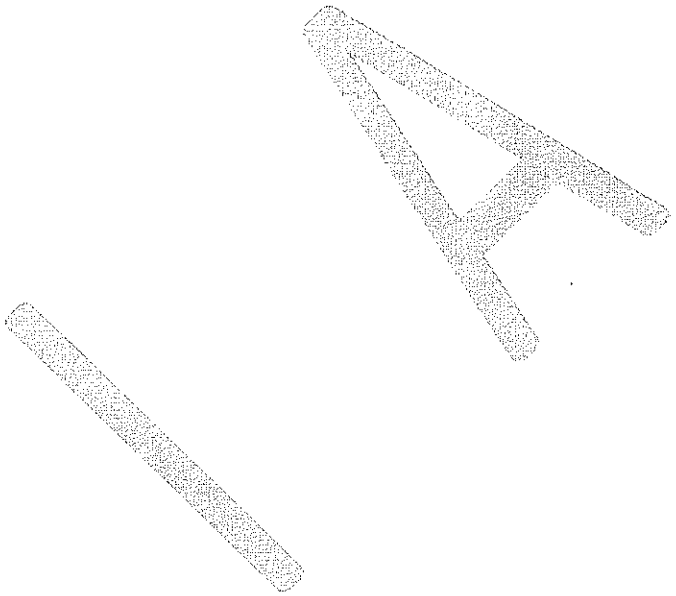
**8. Auditors**

The municipality is audited by the Auditor General of South Africa

# Accounting Officer's Report

## 9. Public Private Partnership

During the financial period under review, Bela Bela Local Municipality did not enter into any Public Private Partnerships.



# Statement of Financial Position as at 30 June 2016

| Figures in Rand | Note(s) | 2016 | 2015 Restated* |
|---|---|---|---|
| **Assets** | | | |
| Current Assets | | | |
| Inventories | 10 | 145 329 | 134 461 |
| Receivables | 11 | 1 386 931 | 3 427 572 |
| Receivables from non-exchange transactions | 12 | 3 200 366 | 3 826 395 |
| VAT | 13 | 6 121 836 | 5 631 042 |
| Consumer debtors from non-exchange transactions | 14 | 4 774 913 | 14 116 290 |
| Consumer debtors from exchange transactions | 14 | 10 855 191 | 11 999 587 |
| Sundry debtors | 8 | 9 702 111 | 3 861 209 |
| Agreements | 9 | 651 192 | 889 344 |
| Cash and cash equivalents | 15 | 31 381 571 | 12 656 366 |
| | | **68 219 440** | **56 542 266** |
| Non-Current Assets | | | |
| Investment property | 3 | 343 300 758 | 344 816 649 |
| Property, plant and equipment | 4 | 591 194 946 | 533 198 639 |
| Intangible assets | 5 | 2 016 926 | 2 063 602 |
| Heritage assets | 6 | 538 950 | 538 950 |
| Agreements | 9 | 326 971 | 1 204 661 |
| | | **937 378 551** | **881 822 501** |
| **Total Assets** | | **1 005 597 991** | **938 364 767** |
| **Liabilities** | | | |
| Current Liabilities | | | |
| Other financial liabilities | 18 | - | 3 278 875 |
| Finance lease obligation | 16 | 10 003 106 | 4 735 602 |
| Payables from exchange transactions | 21 | 105 981 035 | 74 460 594 |
| Consumer deposits | 22 | 5 350 810 | 5 473 413 |
| Unspent conditional grants and receipts | 17 | 34 434 029 | - |

* See Note 45

| | | | |
|---|---|---|---|
| Provisions | 19 | 5 122 692 | 4 721 807 |
| Unknown deposits | 20 | 9 906 250 | 7 584 628 |
| | | **170 797 922** | **100 254 919** |
| Non-Current Liabilities | | | |
| Finance lease obligation | 16 | 18 530 105 | 1 754 489 |
| Employee benefit obligation | 7 | 37 447 894 | 26 763 894 |
| Provisions | 19 | 25 796 438 | 18 943 072 |
| | | **81 774 437** | **47 461 455** |
| **Total Liabilities** | | **252 572 359** | **147 716 374** |
| **Net Assets** | | **753 025 632** | **790 648 393** |
| Accumulated surplus | | 753 025 632 | 790 648 393 |

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* See Note 45

# 7. Statement of Financial Performance

| Figures in Rand | Note(s | 2016 | 2015 Restated* |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | | 25 141 587 947 | 114 337 480 |
| Rental of facilities and equipment | | 1 106 503 | 1 113 795 |
| Licenses and permits | | 3 201 147 | 2 741 698 |
| Administration and management fees received | | 316 257 | 1 139 387 |
| Commissions received | | 63 061 | 72 982 |
| Demand charges | | 410 926 | 956 487 |
| Other income | 28 | 1 875 710 | 3 980 969 |
| Town planning scheme | | 435 200 | 440 731 |
| Interest received | 34 | 6 235 144 | 8 317 352 |
| **Total revenue from exchange transactions** | | **155 231 895** | **133 100 881** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation revenue** | | | |
| Property rates | 24 | 46 336 732 | 54 228 731 |
| Donations | 27 | 7 270 367 | 32 000 |
| **Transfer revenue** | | | |
| Government grants and subsidies | 26 | 104 252 391 | 84 130 870 |
| Fines | 29 | 3 028 800 | 4 450 800 |
| **Total revenue from non-exchange transactions** | | **160 888 290** | **142 842 401** |
| **Total revenue** | | **316 120 185** | **275 943 282** |
| **Expenditure** | | | |
| Employee related costs | 31 | (103 691 639) | (89 902 742) |
| Remuneration of councilors | 32 | (6 325 882) | (5 968 924) |
| Depreciation and amortization | 36 | (30 808 519) | (27 727 459) |
| Impairment loss/ Reversal of impairments | 4 | (66 513) | (2 310) |
| Finance costs | 38 | (6 495 816) | (6 956 553) |

* See Note 45

| | | | |
|---|---|---|---|
| Debt impairment | 33 | (29 176 475) | (30 309 529) |
| Repairs and maintenance | | (12 128 665) | (14 445 200) |
| Bulk purchases | 40 | (78 914 997) | (72 297 651) |
| General expenses | 30 | (89 884 858) | (82 212 082) |
| **Total expenditure** | | **(357 493 364)** | **(329 822 450)** |
| **Operating deficit** | | **(41 373 179)** | **(53 879 168)** |
| Loss on disposal of assets | | (1 968 058) | (997 844) |
| Fair value adjustments | 35 | 13 203 875 | 1 959 918 |
| Actuarial gain / (loss) | 37 | (7 485 400) | 12 003 331 |
| | | **3 750 417** | **12 965 405** |
| **Deficit for the year** | | **(37 622 762)** | **(40 913 763)** |

## Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|---|---|---|
| **Balance at 01 July 2014** | **672 987 584** | **672 987 584** |
| Changes in net assets | | |
| Deficit for the year | (40 913 763) | (40 913 763) |
| Total changes | (40 913 763) | (40 913 763) |
| Opening balance as previously reported | 632 073 821 | 632 073 821 |
| Adjustments | | |
| Prior year adjustments - note 43 | 158 574 572 | 158 574 572 |
| **Balance at 01 July 2015 as restated*** | **790 648 392** | **790 648 392** |
| Changes in net assets | | |

* See Note 45

| | | | | |
|---|---|---|---|---|
| Deficit for the year | • | (37 622 762) | • | (37 622 762) |
| Total changes | • | (37 622 762) | • | (37 622 762) |
| **Balance at 30 June 2016** | | **753 025 630** | | **753 025 630** |

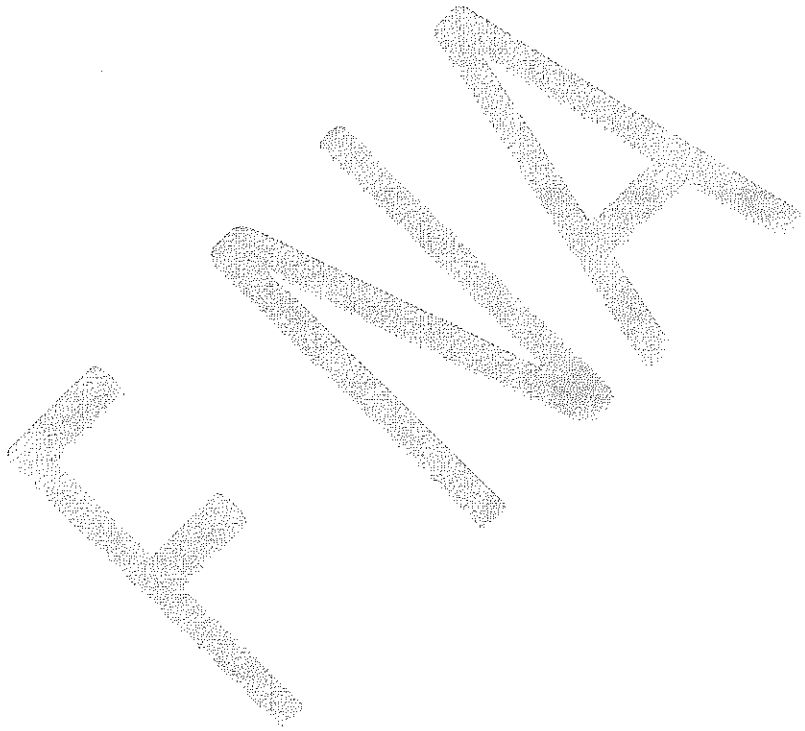
* See Note 45

# Cash Flow Statement

| Figures in Rand | Note(s) | 2016 | 2015 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Sale of goods and services | | 179 321 416 | 204 098 938 |
| Appropriation | | 138 686 420 | 83 838 188 |
| Interest income | | 6 235 144 | 8 317 352 |
| | | 324 242 980 | 296 254 478 |
| **Payments** | | | |
| Employee costs | | (109 281 036) | (90 898 919) |
| Suppliers | | (134 699 199) | (160 767 155) |
| | | (243 980 235) | (251 666 074) |
| **Net cash flows from operating activities** | 41 | **80 262 745** | **44 588 404** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 4 | (77 852 706) | (54 254 432) |
| Purchase of other intangible assets | 5 | (25 000) | - |
| **Net cash flows from investing activities** | | **(77 877 706)** | **(54 254 432)** |
| **Cash flows from financing activities** | | | |
| Loan - proceeds | | (3 278 875) | (7 820 217) |
| Interest | | (2 424 079) | (6 956 553) |
| Finance lease payments | | 22 043 120 | 6 446 599 |
| **Net cash flows from financing activities** | | **16 340 166** | **(8 330 171)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **18 725 205** | **(17 996 199)** |

* See Note 45

| | | | |
|---|---|---|---|
| Cash and cash equivalents at the beginning of the year | | 12 656 366 | 30 652 565 |
| **Cash and cash equivalents at the end of the year** | 15 | **31 381 571** | **12 656 366** |



* See Note 45

# Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| 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 | 146 532 337 | 6 136 000 | **152 668 337** | 141 587 947 | **(11 080 390)** | Lower consumption (Water and electricity) |
| Rental of facilities and equipment | 2 089 451 | 14 107 | **2 103 558** | 1 106 503 | **(997 055)** | Lage number of vacant units |
| Licences and permits | 10 000 000 | 2 000 000 | **12 000 000** | 3 201 147 | **(8 798 853)** | 100% allocation was budgeted intead of 20% comission |
| Administration and management fees received | 2 204 648 | (1 968 003) | **236 645** | 316 257 | **79 612** | Increase demand |
| Commissions received | 45 000 | - | **45 000** | 63 061 | **18 061** | Increase in the number of third parties |
| Demand charges | 4 000 000 | (3 500 000) | **500 000** | 410 926 | **(89 074)** | |
| Other income | 20 307 936 | (2 415 317) | **17 892 619** | 1 875 710 | **(16 016 909)** | Delays on VAT refund from VAT review |
| Town planning scheme | 552 591 | 100 000 | **652 591** | 435 200 | **(217 391)** | Reduction in demand |
| Interest received | 14 332 960 | (7 553 690) | **6 779 270** | 6 235 144 | **(544 126)** | Inadequate surplus cash flow for |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | investment |
| **Total revenue from exchange transactions** | **200 064 923** | **(7 186 903)** | **192 878 020** | **155 231 895** | **(37 646 125)** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Taxation revenue** | | | | | | |
| Property rates | 59 959 110 | (808 000) | **59 151 110** | 46 336 732 | **(12 814 378)** | Objections outcomes corrections |
| Donations | 33 517 | (33 517) | - | 7 270 367 | **7 270 367** | Unexpected computers donations received |
| **Transfer revenue** | | | | | | |
| Government grants and subsidies | 102 223 200 | 39 018 000 | **141 241 200** | 104 252 391 | **(36 988 809)** | Additional allocation unspent at year end and not recognised as revenue |

# Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| Fines | 11 638 780 | - | **11 638 780** | 3 028 800 | **(8 609 980)** | Poor performance of the service provider who's contract was terminated |
| **Total revenue from non-exchange transactions** | **173 854 607** | **38 176 483** | **212 031 090** | **160 888 290** | **(51 142 800)** | |
| **Total revenue** | **373 919 530** | **30 989 580** | **404 909 110** | **316 120 185** | **(88 788 925)** | |
| **Expenditure** | | | | | | |
| Personnel | (108 702 978) | 1 961 563 | **(106 741 415)** | (103 691 639) | **3 049 776** | |
| Remuneration of councillors | (6 269 088) | (90 631) | **(6 359 719)** | (6 325 882) | **33 837** | |
| Depreciation and amortisation | (29 884 589) | (1 167 289) | **(31 051 878)** | (30 808 519) | **243 359** | |
| Impairment loss/ Reversal of impairments | - | - | - | (66 513) | **(66 513)** | |
| Finance costs | (2 097 000) | (4 408 082) | **(6 505 082)** | (6 495 816) | **9 266** | Finance cost on finance leases budgeted on operational expenditure |
| Debt impairment | (27 711 953) | (3 832 711) | **(31 544 664)** | (29 176 475) | **2 368 189** | Improvement in payment rate |
| Repairs and maintenance | (22 113 214) | 2 065 962 | **(20 047 252)** | (12 128 665) | **7 918 587** | Cash flow challenges lowered spending on repairs and maintenance |
| Bulk purchases | (82 369 045) | (10 500 000) | **(92 869 045)** | (78 914 997) | **13 954 048** | Lower than anticipated consumption |

# Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| General expenses | (87 084 146) | (9 679 898) | **(96 764 044)** | (89 884 858) | **6 879 186** | |
| **Total expenditure** | **(366 232 013)** | **(25 651 086)** | **(391 883 099)** | **(357 493 364)** | **34 389 735** | |
| **Operating surplus / (deficit)** | **7 687 517** | **5 338 494** | **13 026 011** | **(41 373 179)** | **(54 399 190)** | |
| Loss on disposal of assets and liabilities | - | - | - | (1 968 058) | **(1 968 058)** | |
| Fair value adjustments | - | - | - | 13 203 875 | **13 203 875** | |
| Actuarial gain / (loss) | - | - | - | (7 485 400) | **(7 485 400)** | |
| | - | - | - | **3 750 417** | **3 750 417** | |
| **Surplus / (Deficit) before taxation** | **7 687 517** | **5 338 494** | **13 026 011** | **(37 622 762)** | **(50 648 773)** | |
| **Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement** | **7 687 517** | **5 338 494** | **13 026 011** | **(37 622 762)** | **(50 648 773)** | |

# Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | | | | | | |
| **Financial Performance** | | | | | | | | | | | | |
| Property rates | 59 959 1 | (808 0( | 59 151 1 | | | 59 151 1 | 46 | | (12 814 3( | 78' | | |
| Service charges | 146 532 3 | 6 136 0 | 152 668 3 | | | 152 668 3 | 141 | | (11 080 3( | 93' | | |
| Investment revenue | 14 332 9 | (7 554 0( | 6 778 9 | | | 6 778 9 | 6 | | (543 8' | 92' | | |
| Transfers recognised - operational | 67 252 2 | | 67 252 2 | | | 67 252 2 | 79 | | 11 953 0 | 118' | | 1 |
| Other own revenue | 50 871 9 | (5 802 4( | 45 069 5 | | | 45 069 5 | 30 | | (14 157 6( | 69' | | |
| **Total revenue (excluding capital transfers and contributions)** | **338 948 5** | **(8 028 4(** | **330 920 1** | | | **330 920 1** | **304** | | **(26 643 1(** | **92'** | | |
| Employee costs | (108 702 9( | 1 961 5 | (106 741 4' | | | (106 741 4' | (103 | | 3 049 7 | 97' | | |
| Remuneration of councillors | (6 259 0( | 90 6 | (6 178 4( | | | (6 178 4( | (6 | | (147 4( | 102' | | 1 |
| Debt impairment | (27 711 9( | (3 832 7' | (31 544 6( | | | (31 544 6( | (29 | | 2 368 1 | 92' | | 1 |
| Depreciation and asset impairment | (29 884 5( | (1 167 2( | (31 051 8' | | | (31 051 8' | (30 | | 176 8 | 99' | | 1 |
| Finance charges | (2 097 0( | (4 408 0( | (6 505 0( | | | (6 505 0( | (6 | | 9 2 | 100' | | 3 |
| Materials and bulk purchases | (106 782 2( | (8 434 0( | (115 216 2( | | | (115 216 2( | (78 | | 36 301 3 | 68' | | |
| Other expenditure | (84 778 1( | (9 861 1( | (94 639 3( | | | (94 639 3( | (111 | | (16 827 6( | 118' | | 1 |
| **Total expenditure** | **(366 226 0(** | **(25 651 0(** | **(391 877 0(** | | | **(391 877 0(** | **(366** | | **24 930 2** | **94'** | | **1** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Surplus/(Deficit)** | **(27 277 4** | **(33 679 5** | **(60 956 9** | | **(60 956 9** | **(62** | **(1 712 8** | **103** | **2** |

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# Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcom as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transfers recognised - capital | 34 971 000 | 39 018 000 | 73 989 000 | - | | 73 989 000 | 25 047 098 | | (48 941 902) | 34% | 72% |
| **Surplus (Deficit) after capital transfers and contributions** | **7 693 517** | **5 338 494** | **13 032 011** | **-** | | **13 032 011** | **(37 622 762)** | | **(50 654 773)** | **(289)%** | **(489)%** |
| **Surplus/(Deficit) for the year** | **7 693 517** | **5 338 494** | **13 032 011** | **-** | | **13 032 011** | **(37 622 762)** | | **(50 654 773)** | **(289)%** | **(489)%** |

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# 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 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. They are presented in South African Rand. All figures are rounded to the nearest Rand. The accounting policies are consistent with the previous period.

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, are disclosed below.

### 1.1 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.

### 1.2 Significant judgements and estimates

In preparing the annual financial statements, management is required to make 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:

**Receivables**

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

The impairment for receivable is calculated on a portfolio basis.

**Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similiar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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# Accounting Policies

**~~Impairment testing~~**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

**Value in use of non-cash generating 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. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

**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 19 - Provisions.

**Useful lives of property plant and equipment and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

**Post-retirement benefits and other long term benefits**

# Accounting Policies

The present value of the post retirement obligation and other long-term employee obligations depends on a number of factors that are determined on an ~~actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount~~ rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement benefits and other long-term benefits are based on current market conditions. Additional information is disclosed in Note 7.

**Effective interest rate**

The municipality used the prime interest rate to discount future cash flows. In the event that different rates were used, clear indication of the rate and the reasons are given.

**Allowance for debt impairment**

On receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired. The impairment determination is based on assessment of individual accounts.

# Accounting Policies

### 1.3 Investment property

Investment property is recognized 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 includes property (land or a building, or part of a building, or either land or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods and services, or the sale of an asset in the ordinary course of operations or administrative purposes.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), 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 recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

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

The cost of self-constructed investment property is the cost at date of completion. Subsequent to initial recognition property plant is carried at cost less accumulated depreciation and any impairment losses.

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The valuations are performed annually by external values. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the statement of financial performance as part of the surplus and deficit.

Where the classification of an investment property is based on management's judgment, the following criteria have been applied to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment properties.
- land held for a currently undetermined future use.
- a building owned and leased out under one or more operating leases
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

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 recognized in the statement of financial performance.

# Accounting Policies

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

Investment property is derecognized 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.

### 1.4 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 recognized as an asset when:

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

Property, plant and equipment is initially measured at cost. Subsequent to initial recognition property plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

# Accounting Policies

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Land | Straight line | indefinite |
| Buildings | Straight line | 15 - 60 years |
| Leasehold property | Straight line | 5 years |
| Plant and machinery | Straight line | 4 - 5 years |
| Furniture and fixtures | Straight line | 5 years |
| Motor vehicles | Straight line | 5 - 10 years |
| Office equipment | Straight line | 5 years |

## Accounting Policies

| | | |
|---|---|---|
| IT equipment | Straight line | 3 years |
| ~~Computer software~~ | ~~Straight line~~ | ~~2 - 5 years~~ |
| Infrastructure | | |
| • Roads and paving | Straight line | 5 - 100 years |
| • Pedestrain malls | Straight line | 20 - 30 years |
| • Electricity | Straight line | 10 - 60 years |
| • Water | Straight line | 10 - 80 years |
| • Sewerage | Straight line | 12 - 80 years |
| Community | | |
| • Buildings | Straight line | 15 - 60 years |
| • Recreational facilities | Straight line | 15 - 50 years |
| • Taxi ranks | Straight line | 10 - 40 years |
| • Stadiums | Straight line | 20 - 40 years |
| • Libraries | Straight line | 15 - 60 years |
| • Parks and gardens | Straight line | 10 - 50 years |
| • Other assets | Straight line | 7 - 20 years |
| Ancillary fleet equipment and security | Straight line | 15 years |
| Artwork | Straight line | 5 years |
| Other equipment | Straight line | 5 years |

# Accounting Policies

| | | |
|---|---|---|
| Communication equipment | Straight line | 10 - 15 years |

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

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

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

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

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.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement. Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located; changes in the measurement of an existing decommissioning, restoration and similar liability that result from change 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 discount rate; and the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the

# Accounting Policies

asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.6 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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

# Accounting Policies

~~Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are carried at cost less accum~~ulated amortisation and any impairment losses.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at that date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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 straight line basis, to their residual values as follows:

| Item | Useful life |
|---|---|
| Computer software | 2 years |
| Rights to use naturally occurring assets | Indefinite |

Intangible assets are derecognised:

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

# Accounting Policies

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 ~~recognised.~~

### 1.7 Heritage assets

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

**Recognition**

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

**Initial measurement**

Heritage assets are measured at cost.

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

# Accounting Policies

**~~Subsequent measurement~~**

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

**Impairment**

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

**Transfers**

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

**Derecognition**

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

**1.8 Financial instruments**

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

**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 |
|---|---|
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalent | Financial asset measured at amortised cost |
| Agreements | 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:

# Accounting Policies

| Class | Category |
|---|---|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits | Financial liability measured at amortised cost |
| Unknown deposits | Financial liability measured at amortised cost |
| Financial liabilities | Financial liability measured at amortised cost |
| Finance lease obligation | 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.

# Accounting Policies

**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.

The municipality measures a financial asset and financial liability initially at its fair value,

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

# Accounting Policies

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

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

**Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the 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, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

**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.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

## Accounting Policies

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 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 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.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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

# Accounting Policies

**~~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.

**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).

**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.

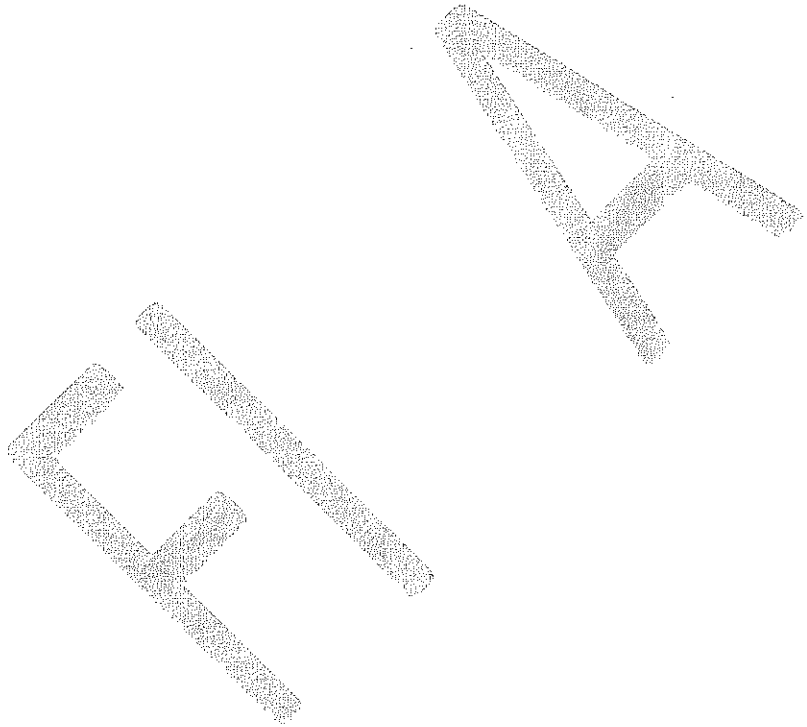
When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

# Accounting Policies

**~~Finance leases - lessor~~**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.



# Accounting Policies

~~Finance leases - lessee~~

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

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

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

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

**Operating leases - lessor**

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

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

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

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

**Operating leases - lessee**

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease termon a straight-line basis over the lease term. Any contingent rents are recognised separately as an expense in the period which they are incurred.

**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.

## Accounting Policies

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

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

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

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

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

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

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

# Accounting Policies

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.

**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.

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.

**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.

## Accounting Policies

An impairment loss is recognised immediately in surplus or deficit.

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.



# Accounting Policies

**~~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 cash-generating unit).

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

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

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

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

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

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

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

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

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

# Accounting Policies

**~~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 municipality 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.

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**

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

**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**

# Accounting Policies

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:

**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.

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.

FINAL

# Accounting Policies

**~~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.

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**

**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.

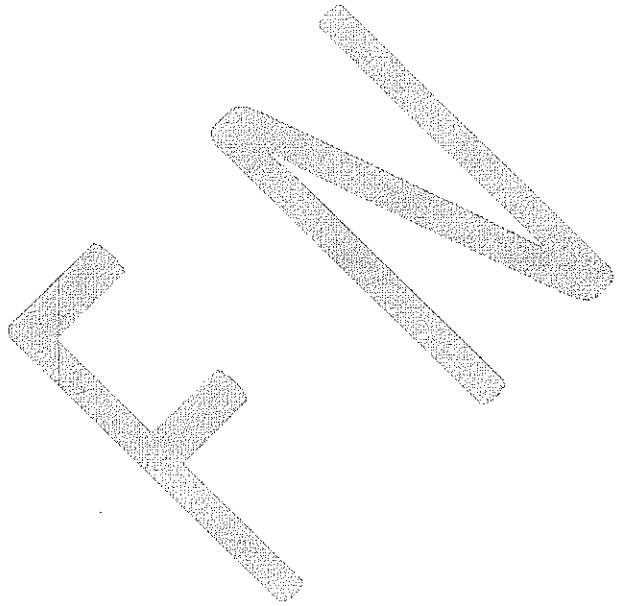
When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- 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.

## Accounting Policies

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 compensa~~ted 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.



# Accounting Policies

**~~Post-employment benefits~~**

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

Post-employment benefit plans are formal or informal arrangements under which an 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.

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects 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 obligation.

# Accounting Policies

**~~Post-employment benefits: Defined benefit plans~~**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability 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;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and

## Accounting Policies

- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, 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 rights;
- actuarial gains and losses;
- past service cost;

# Accounting Policies

- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is or presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

**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.

## Accounting Policies

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-em~~ployment 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.

# Accounting Policies

~~**Other long-long-term employee benefits**~~

The municipality provides post-retirement health care benefits 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 municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities.

Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

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.

**Termination benefits**

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

# Accounting Policies

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to ~~discount the benefit reflects 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

**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.

## Accounting Policies

~~The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to t~~he 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 an interest expense.

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

## Accounting Policies

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.

A contingent liability is an:
- 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
- present obligation that arises from past events but is not recognised because:
- it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

FINAL

# Accounting Policies

**~~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 Municipality 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 municipality 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. This applies under both the cost model and the revaluation model.

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

**1.15 Revenue from exchange transactions**

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.

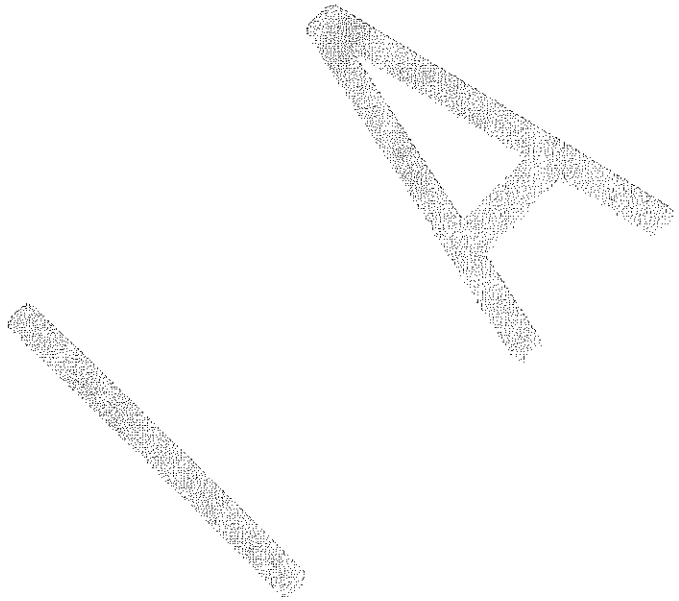
**Sale of goods**

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

## Accounting Policies

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



# Accounting Policies

**~~Rendering of services~~**

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

**Interest, royalties and dividends**

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

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

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

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

# Accounting Policies

## ~~1.16 Revenue from non-exchange transactions~~

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.

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.

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 nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

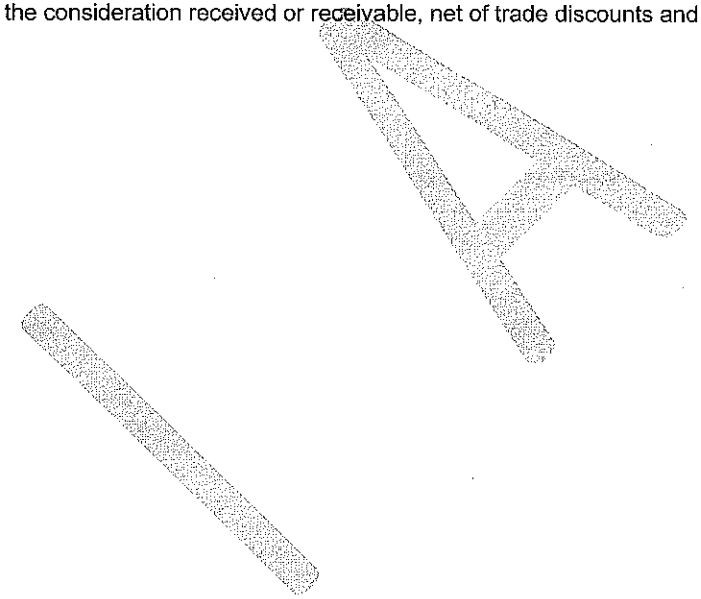
**Measurement**

## Accounting Policies

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.

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



# Accounting Policies

**~~Property rates~~**

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.

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.

**Transfers**

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

**Debt forgiveness and assumption of liabilities**

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

**Fines**

Revenue from the issuing of fines 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.

The municipality has two types of fines: spot fines and summonses. Revenue from traffic fines is recognised at a full amount on the issue of fines. Fines that are subject to settlement discount are measured using the Municipality's consideration on past history in assessing the likelihood of these discounts being taken up by debtors, Revenue is then measured at the fair value of the consideration received or receivable, net of estimated settlement discounts.

**Government grants**

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,

# Accounting Policies

- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

# Accounting Policies

**~~Gifts and donations, including goods in-kind~~**

Gifts and donations, including goods in-kind, are recognised as assets and revenue when:

- it is probable that the future economic benefits or service potential will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

**Services in-kind**

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

**Concessionary loans received**

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

**1.17 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.

**1.18 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 44 for detail.

# Accounting Policies

### 1.19 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Manangement Act (Act No. 56 of 2013), and include:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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.

# Accounting Policies

~~**1.20 Fruitless and wasteful expenditure**~~

Fruitless expenditure 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.

**1.21 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 Municipality's supply chain management policy.

All expenditure relating to irregular 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 Use of estimates**

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

**1.23 Value Added Tax**

The Municipality is registered as category C VAT vendor. The Municipality accounts for VAT on a cash basis as per Section 15 of the VAT Act. VAT receivable or payable is calculated on a monthly bases. VAT receivable is treated as current assets while VAT payable is treated as VAT current liability. Annual Financial Statments are prepared on the accrual basis of accounting.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

# Accounting Policies

### 1.24 Commitments

Items are classified as commit ments when the municipality hascommitted 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 are 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 municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Commitments consist of expenditure committed but not yet incurred. Commitments are categorised as follows::

- Commitments approved and contracted for
- Commitments approved but not yet contracted for

### 1.25 Budget information

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

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

# Accounting Policies

~~The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome ob~~jectives.

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

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

### 1.26 Related parties

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.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

### 1.27 Events after reporting date

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

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

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

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

# Accounting Policies

### ~~1.28 Agreements~~

One of the key objectives of debt collection is to encourage debtors to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on consumer accounts necessitates that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.

**Recognition**
Agreements are recognised when a debtor enter into a payment arrangement with the municipality. The amount to be recognised in the financial statements as an agreement, for either less than 12 months or over 12 months, consists of the amount outstanding as receivables as at the reporting date.

**Measurement**
Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months. Agreements are measured at amortised cost, using the effective interest rate, less provision for impairment losses ..

### 1.29 Accumulated surplus

Accumulated surplus is an equity account that the Municipality uses to accumulate surpluses / losses as a result of financial performance. Transfers to accumulated surplus can also be as a result of accounting policies of other equity accounts.

# Accounting Policies

### ~~1.30 Unknown deposits~~

Unknown deposits refer to amounts which were paid into municipal accounts without proper reference to be able to allocate amounts received to correct debtor accounts or relevant vote accounts.

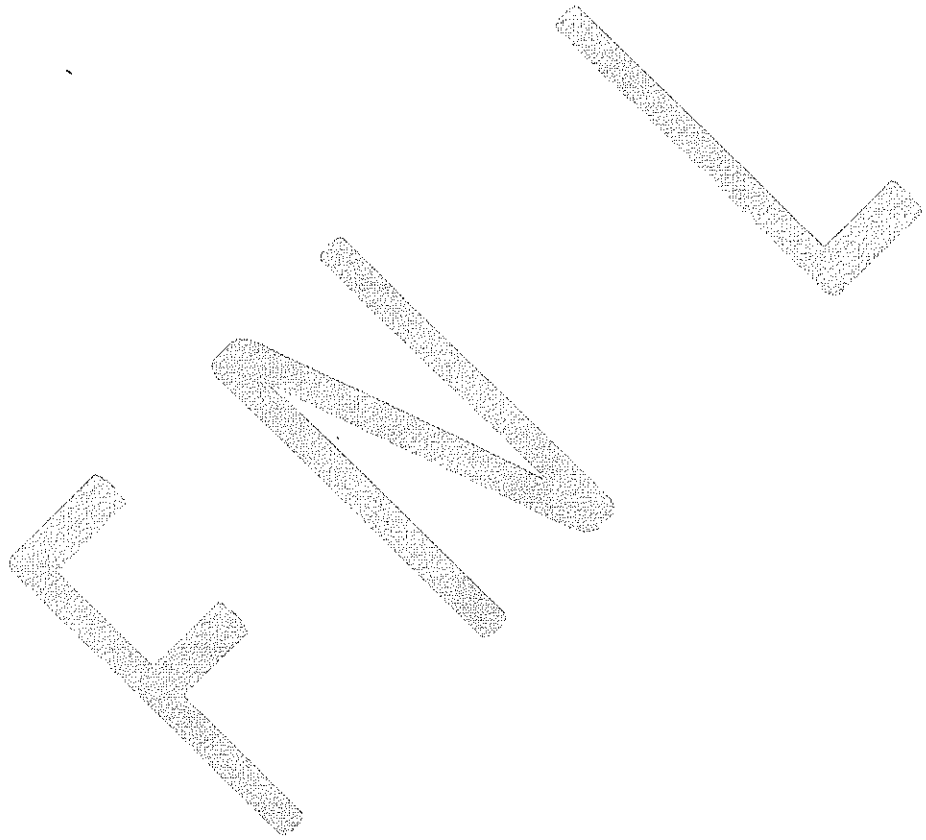
**Recognition**
Once the payment is received, the municipality will try to trace the amount to allocate it to the correct debtors or vote account. After the municipality have exhausted all options, then the municipality will advertise to the public. Should the public not come to claim the amounts, then the municipality will classify the amount as revenue.

**Measurement**
The amount of unknown deposits is valued at fair value of the amount actually received.

FINAL

# Accounting Policies

### 1.31 Statutory receivables



# Accounting Policies

**Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

**Recognition**

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

**Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

**Accrued interest**

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

# Accounting Policies

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

**Other charges**

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

**Impairment losses**

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

# Accounting Policies

- ~~significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling;~~
- business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

**Derecognition**

The municipality derecognises a statutory receivable, or a part thereof, when:

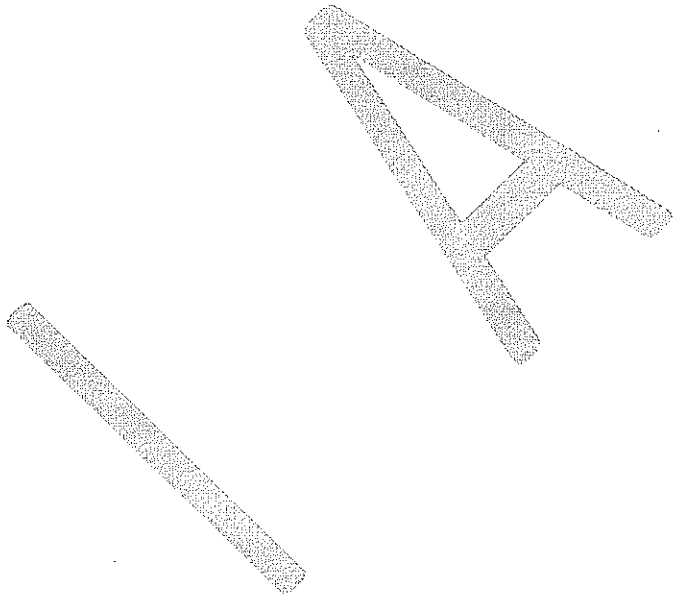
- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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:
  - derecognises the receivable; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

# Notes to the Annual Financial Statements

## 2. New standards and interpretations

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



# Notes to the Annual Financial Statements

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

**GRAP 21 (as amended 2015): Impairment of Non-cash-generating Assets**

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

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

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

The impact of the standard is not material.

**GRAP 26 (as amended 2015): Impairment of Cash-generating Assets**

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;

## Notes to the Annual Financial Statements

- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets and cash-generating unit;
- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015. The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

**Improvements to the Standards of GRAP (2013)**

**Amendments were made to the following standards of GRAP:**
- GRAP 1 - Presentation of Financial Statements;

## Notes to the Annual Financial Statements

- ~~GRAP 2 - Cash Flow Statements;~~
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors;
- GRAP 7 - Investments in Associates;
- GRAP 10 - Financial Reporting in Hyperinflationary Economies;
- GRAP 11 - Construction Contracts;
- GRAP 13 - Leases;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;
- GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note);
- GRAP 24 - Presentation of Budget Information in Financial Statements;
- GRAP 25 - Employee Benefits;
- GRAP 26 - Impairment of Cash-generating Assets (refer to separate note);
- GRAP 31 - Intangible Assets;
- GRAP 103 - Heritage Assets; and
- GRAP 104 - Financial Instruments.

The amendments relate mainly to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the improvements is for years beginning on or after 01 April 2015. The municipality has adopted the improvements for the first time in the 2016 annual financial statements.

The impact of the improvements is not material.

**GRAP 23 (as amended 2015): Revenue from Non-exchange Transactions**

The following amendments were made to the standard:
- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard
- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;

# Notes to the Annual Financial Statements

- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

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

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

The impact of the standard is not material.

### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

**GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

# Notes to the Annual Financial Statements

~~Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that~~ provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Accounting Standard Board but its effective date has not yet been determined 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 presentation and disclosure than is currently provided in the annual financial statements.

**GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting municipality'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 municipality that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting municipality) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality 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 municipality. 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:

## Notes to the Annual Financial Statements

- 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;

## Notes to the Annual Financial Statements

- 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

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but 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, but has already formulated an accounting policy for this reporting period based on 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.

**GRAP 32: Service Concession Arrangements: Grantor**

The standard applies to 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 providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

Public Private Partnership agreements that are governed and regulated in terms of the MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but 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.

## Notes to the Annual Financial Statements

~~It is unlikely that the standard will have a material impact on the municipality's annual financial statements.~~

**GRAP 108: Statutory Receivables**

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## Notes to the Annual Financial Statements

~~GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms~~ of legislation, such as ministerial orders and cabinet or municipal council decisions.

Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables, because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board, but 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, but has already formulated an accounting policy for this reporting period based on 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.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

**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.

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.

## Notes to the Annual Financial Statements

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.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but 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**

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# Notes to the Annual Financial Statements

~~Amendments made to the standard are:~~
- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

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**

Amendments made to the standard are:
- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

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 109: Accounting by Principals and Agents**

## Notes to the Annual Financial Statements

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.

The standard has been approved by the Accounting Standards Board, but 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.

# Notes to the Annual Financial Statements

Figures in Rand | 2016 | 2015

## 3. Investment property

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | | Carrying value | Cost / Valuation | | Carrying value |
| Investment property | 318 017 109 | 25 283 649 | 343 300 759 | 344 816 649 | - | 344 816 649 |

**Reconciliation of investment property - 2016**

| | Opening balance | Derecognition | Fair value adjustments | Total |
|---|---|---|---|---|
| Investment property | 344 816 649 | (14 719 767) | 13 203 876 | 343 300 758 |

**Reconciliation of investment property - 2015**

| | Opening balance | Correction of error | Correction of error | Fair value adjustment | Total |
|---|---|---|---|---|---|
| Investment property | 174 992 702 | 167 864 029 | 167 864 029 | 1 959 918 | 344 816 649 |

**Pledged as security**

The Municipality does not have any assets 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.

## 4. Property, plant and equipment

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated | Carrying value |

## Notes to the Annual Financial Statements

Figures in Rand

| | | | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| | | **impairment** | | | **impairment** | |
| Buildings | 72 227 961 | (38 895 875) | 33 332 086 | 72 227 961 | (36 857 780) | 35 370 181 |
| ~~Plant and machinery~~ | ~~1 338 239~~ | ~~(593 629)~~ | ~~744 610~~ | ~~863 971~~ | ~~(670 672)~~ | ~~193 299~~ |
| Furniture and fixtures | 3 811 151 | (2 935 577) | 875 574 | 3 761 862 | (2 799 722) | 962 140 |
| Motor vehicles | 25 245 313 | (3 291 196) | 21 954 117 | - | - | - |
| Office equipment | 13 511 631 | (9 208 581) | 4 303 050 | 13 312 784 | (5 384 704) | 7 928 080 |
| Infrastructure | 960 752 182 | (525 319 148) | 435 433 034 | 923 864 176 | (511 050 733) | 412 813 443 |
| Community | 76 249 588 | (36 554 464) | 39 695 124 | 63 655 579 | (34 980 963) | 28 674 616 |
| ~~Other property, plant and equipment~~ | ~~50 038 807~~ | ~~-~~ | ~~50 038 807~~ | ~~42 185 904~~ | ~~-~~ | ~~42 185 904~~ |
| Emergency equipement | 81 046 | (65 388) | 15 658 | 92 844 | (68 094) | 24 750 |
| Recreational facilities | 11 083 134 | (6 280 248) | 4 802 886 | 11 083 134 | (6 036 908) | 5 046 226 |
| **Total** | **1 214 339 052** | **(623 144 106)** | **591 194 946** | **1 131 048 215** | **(597 849 576)** | **533 198 639** |

# Notes to the Annual Financial Statements

Figures in Rand

**Reconciliation of property, plant and equipment - 2016**

| | Opening balance | Additions | Derecognition (cost) | Impairments | Transfers to additions | Provision adjustment | Depreciation | Derecognition (acc depr) | Total |
|---|---|---|---|---|---|---|---|---|---|
| Buildings | 35 370 181 | - | - | - | - | - | (2 038 095) | - | 33 332 086 |
| Plant and machinery | 193 299 | 801 670 | (327 402) | - | - | - | (202 008) | 279 051 | 744 610 |
| Furniture and fixtures | 962 140 | 304 634 | (255 345) | - | - | - | (376 399) | 240 544 | 875 574 |
| Motor vehicles | - | 25 245 313 | - | - | - | - | (3 291 196) | - | 21 954 117 |
| Office equipment | 7 928 080 | 571 598 | (372 750) | - | - | - | (4 157 524) | 333 646 | 4 303 050 |
| Infrastructure | 412 813 443 | 43 126 040 | (6 238 036) | (66 512) | - | - | (18 637 635) | 4 435 734 | 435 433 034 |
| Community | 28 674 616 | 7 220 915 | (271 555) | - | - | 5 644 629 | (1 781 534) | 208 053 | 39 695 124 |
| Other property, plant and equipment | 42 185 904 | 50 978 943 | - | - | (43 126 040) | - | - | - | 50 038 807 |
| Emergency equipment | 24 750 | - | (11 798) | - | - | - | (9 092) | 11 798 | 15 658 |
| Recreational facilities | 5 046 226 | - | - | - | - | - | (243 340) | - | 4 802 886 |
| | **533 198 639** | **128 249 113** | **(7 476 886)** | **(66 512)** | **(43 126 040)** | **5 644 629** | **(30 736 823)** | **5 508 826** | **591 194 946** |

**Reconciliation of property, plant and equipment - 2015**

| | Opening balance | Additions | Derecognition | Impairment loss | Derecognition impairment | Transfers | Correction of error | Depreciation | Derecognition ( acc depr) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Buildings | 37 105 679 | 464 900 | - | - | - | - | (166 166) | (2 034 232) | - | 35 370 181 |
| Plant and machinery | 340 707 | 55 745 | (267 176) | - | - | - | 263 | (143 707) | 207 467 | 193 299 |
| Furniture and fixtures | 877 789 | 536 353 | (308 419) | - | - | - | 9 433 | (425 482) | 272 466 | 962 140 |
| Motor vehicles | 1 936 430 | - | (9 595 000) | - | - | - | - | (139 742) | 7 798 312 | - |
| Office equipment | 989 290 | 11 588 609 | (2 264 894) | - | - | - | 20 708 | (4 350 932) | 1 945 299 | 7 928 080 |
| Infrastructure | 422 368 504 | 6 901 536 | (1 406 102) | (2 310) | 126 618 | - | 1 919 111 | (18 003 648) | 909 734 | 412 813 443 |
| Community | 30 737 714 | 3 019 989 | (711 203) | - | - | - | (3 236 853) | (1 646 024) | 510 993 | 28 674 616 |
| Other property, plant and equipment | 11 169 667 | 39 234 042 | - | - | - | (7 546 742) | (671 063) | - | - | 42 185 904 |
| Emergency equipment | 34 710 | - | (855) | - | - | - | 281 | (10 156) | 770 | 24 750 |
| Recreational Facilities | 10 105 694 | - | (12 149 255 ) | - | - | - | (3 172 855) | (907 029) | 11 169 671 | 5 046 226 |

## Notes to the Annual Financial Statements

Figures in Rand

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 515 666 184 | 61 801 174 | (26 702 904) | (2 310) | 126 618 | (7 546 742) | (5 297 141) | (27 660 952) | 22 814 712 | 533 198 639 |

FINAL

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Pledged as security**

The municipality does not have any assets pledged as security.

**Change in accounting estimates**

**Change in estimated costs of dismantling, removing or restoring items of landfill sites**
In accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the previous financial year or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

*(b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;*

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2016 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 6.2064% (2015: 4.1306%), discount rate of 8.4564% (2015: 3.6713%) and net effective discount rate of 2.25% (2015: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision

The valuation resulted to change in estimate as follows:

| | 2016 | 2015 |
|---|---|---|
| Change in provision for landfill closure | R5 644 648 | R2 839 681 |

**Change in useful lives**
The Municipality reviews the remaining useful life of every movable asset on an annual basis year. All categories remaining useful life was reviewed and the effect is shown in the table below:

| | Depreciation 2016 | Depreciation 2015 |
|---|---|---|
| Emergency equipment | 1 457 | 3 850 |
| Furniture and fittings | 122 499 | 298 611 |
| Office equipment | 43 497 | 103 492 |
| Plant and equipment | 20 462 | 92 447 |
| | **187 915** | **498 400** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

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.

Properties to the value of R 14,719,766 for which title deeds are registered under the name of the Municipality, have not been included in the Municipality's financial records. These properties are represented by land parcels, vacant and improved, over which the municipality does not execute any realistic form of control or have any legal claim, other than the title deed, to ownership.

## 5. Intangible assets

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** | **Cost / Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** |
| Computer software, other | 1 642 886 | (271 623) | 1 371 263 | 1 617 886 | (199 947) | 1 417 939 |
| Rights to use naturally occurring assets | 645 663 | - | 645 663 | 645 663 | - | 645 663 |
| **Total** | **2 288 549** | **(271 623)** | **2 016 926** | **2 263 549** | **(199 947)** | **2 063 602** |

# Notes to the Annual Financial Statements

Figures in Rand 2016 2015

**Reconciliation of intangible assets - 2016**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Computer software | 1 417 939 | 25 000 | (71 676) | 1 371 263 |
| Rights to use naturally occurring assets | 645 663 | - | - | 645 663 |
| | **2 063 602** | **25 000** | **(71 676)** | **2 016 926** |

**Reconciliation of intangible assets - 2015**

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software | 1 484 447 | (66 508) | 1 417 939 |
| Rights to use naturally occurring assets | 645 663 | - | 645 663 |
| | **2 130 110** | **(66 508)** | **2 063 602** |

**Pledged as security**

The municipality does not have any intangible assets pledged as security.

Used to secure (borrowings) (banking facilities) (other : specify) granted to the municipality of R - (2015: R -).- refer to note .

**Restricted title**

There are not restrictions on the title and disposal of intangible assets. No commitments have been entered into for the acquisition, maintenance and restoration of intangible assets.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

**6. Heritage assets**

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |

## Notes to the Annual Financial Statements

| Figures in Rand | | | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| Historical buildings | 538 950 | - | 538 950 | 538 950 | - | 538 950 |

**Reconciliation of heritage assets 2016**

| | Opening balance | Total |
|---|---|---|
| Historical buildings | 538 950 | 538 950 |

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Reconciliation of heritage assets 2015**

| | Opening balance | Total |
|---|---|---|
| Historical buildings | 538 950 | 538 950 |

**Restrictions on heritage assets**

There are not restrictions on the title and disposal of heritage assets.

**Pledged as security**

The municipality does not have any heritage assets pledged as security. No commitments have been entered into for the acquisition, maintenance and restoration of heritage assets.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

## 7. Employee benefit obligations

**Post retirement Health Care Benefits Liability**

| **Carrying value** | | |
|---|---|---|
| Present value of the defined benefit obligation-wholly unfunded | (26 763 894) | (35 827 894) |
| Benefits paid | 1 077 400 | 1 022 000 |
| Current service costs | (1 179 000) | (2 182 987) |
| Net actuarial gains and losses | (8 127 400) | 13 437 934 |
| Interest costs | (2 455 000) | (3 212 947) |
| | **(37 447 894)** | **(26 763 894)** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

The municipality provides certain post retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aids Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Niel Fourie, a 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. An actuarial valuation has been performed of the liability in respect of post-employment health care benefits to employees and retirees of Bela Bela Municipality and to their registered dependants.

**The members of the Post-employment Health Care Benefit Plan are made up as follows:**

| | | |
|---|---|---|
| In-service members (employees) | 232 | 159 |
| Continuation | 28 | 26 |

**Net expense recognised in the statement of financial performance**

| | | |
|---|---|---|
| Current service cost | 1 179 000 | 2 182 987 |
| Interest cost | 2 455 000 | 3 212 947 |
| Actuarial (gains) losses | 8 127 400 | (13 437 934) |
| | **11 761 400** | **(8 042 000)** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **The liability in respect of past service has been estimated as follows:** | | |
| In-service members (employees) | 24 096 000 | 14 937 000 |
| Continuation members | 13 352 000 | 11 827 000 |
| | **37 448 000** | **26 764 000** |

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

-Keyhealth
-Bonitas
-Hosmed
-Samwumed
-LA Health
The current service cost for the year ending 30 June 2016 is estimated to be R 1 179 000 (2015 R2 182 987).

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Key assumptions used**

Assumptions used at the reporting date:

| | | |
|---|---|---|
| Discount rates used | Yield curve | Yield curve |
| CPI (Consumer Price Inflation | Difference between nominal and yield curves | Difference between nominal and real yield curve |
| Medical Aid Contribution Inflation | CPI + 1% | CPI + 1% |
| Net Effective Discount Rate | Yield curve based | Yield curve based |

The basis used to determine the overall expected rate of return on the statement of financial position assets is as follows:
We used the nominal and real zero curves as at 20 June 2016 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

**Medical Aid inflation**
The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

**Average Retirement Age**
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

**Normal Retirement Age**
The normal retirement age (NRA) for all active employees was assumed to be 65 years.

**Mortality Rates**
Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.
Previously mortality before retirement was based on the SA 85-90 mortality tables whilst postemployment was based on PA (90) rated down one year.

**Spouses and Dependants**
We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:
The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter
term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

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

| | | |
|---|---|---|
| Opening balance | 5 154 216 | 13 106 216 |
| Net expense recognised in the statement of financial performance | 11 761 400 | (7 952 000) |
| **Present value of fund obligation at the end of the year** | **16 915 616** | **5 154 216** |

**The amounts recognised in the Statement of Financial Performance**

| | | |
|---|---|---|
| Current service cost | 1 179 000 | 2 182 987 |
| Interest cost | 2 455 000 | 3 212 947 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Actuarial (gains) losses | 8 127 400 | (13 347 934) |
| | **11 761 400** | **(7 952 000)** |

**The history of experienced adjustments is as follows:**

| | | |
|---|---|---|
| Present value of Defined Benefit Obligation | 37 448 000 | 26 764 000 |
| | **37 448 000** | **26 764 000** |

**The Liability in respect of past service has been estimated as follows:**

**Changes in the fair value of plan assets are as follows:**

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

**The liability in respect of past service has been estimated as follows:**

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R1 179 000 for current service cost and R2 455 000 for interest costs the effect is as follows:

| | **One percentage point increase** | **One percentage point decrease** |
|---|---|---|
| Interest cost | 4 491 000 | 3 267 000 |
| Service cost | 2 549 000 | 1 621 000 |
| **Total** | **7 040 000** | **4 888 000** |

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

| | **2016 R** | **2015 R** | **2014 R** | **2013 R** | **2012 R** |
|---|---|---|---|---|---|
| Defined benefit obligation | 4 671 000 | 4 403 000 | 2 527 592 | 2 050 334 | 1 610 516 |
| Surplus (deficit) | 4 671 000 | 4 403 000 | 2 527 592 | 2 050 334 | 1 610 516 |

**8. Sundry debtors**

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Cash suspense RD | 1 057 349 | 1 057 349 |
| VAT suspense | 7 991 296 | 2 301 294 |
| Other receivables | 430 121 | 346 419 |
| Accrued income | 223 345 | 156 147 |
| Total | 9 702 111 | 3 861 209 |

### 9. Agreements

Agreements consist of consumer debtors payment arrangements. Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months.

| | | |
|---|---|---|
| Short term agreements | 651 192 | 889 344 |
| Long term agreements | 326 971 | 1 204 661 |
| Total | 978 163 | 2 094 005 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 10. Inventories

| | | |
|---|---|---|
| Water | 145 329 | 134 461 |

**Inventory pledged as security**

No Inventory was pledged as security.

## 11. Receivables

| | | |
|---|---|---|
| Sundry debtors | 1 090 164 | 3 345 335 |
| WDM fire fighting | 296 767 | 82 237 |
| | **1 386 931** | **3 427 572** |

## 12. Receivables from non-exchange transactions

| | | |
|---|---|---|
| Fines | 31 505 315 | 29 126 225 |
| Allowance for impairment | (28 304 949) | (25 299 830) |
| | **3 200 366** | **3 826 395** |

**Reconciliation of provision for impairment of receivables from non-exchange transactions**

| | | |
|---|---|---|
| Opening balance | (25 299 830) | (23 909 603) |
| Allowance for impairment | (3 006 010) | (1 390 227) |
| | **(28 305 840)** | **(25 299 830)** |

## 13. VAT receivable

| | | |
|---|---|---|
| VAT | 6 121 836 | 5 631 042 |

## 14. Consumer debtors

| | | |
|---|---|---|
| **Gross balances** | | |
| Rates | 60 594 867 | 61 100 464 |
| Electricity | 9 145 664 | 5 289 611 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Water | 12 800 012 | 12 868 684 |
| Sewerage | 5 444 876 | 3 223 639 |
| Refuse | 3 470 822 | 3 011 908 |
| Other | 38 536 545 | 38 431 281 |
| | **129 992 786** | **123 925 587** |
| **Less: Allowance for impairment** | | |
| Rates | (55 819 954) | (46 984 174) |
| Electricity | (4 732 889) | (3 847 772) |
| Water | (11 786 643) | (9 883 400) |
| Sewerage | (4 348 591) | (2 758 889) |
| Refuse | (2 848 348) | (2 556 832) |
| Other | (34 826 258) | (31 778 646) |
| | **(114 362 683)** | **(97 809 713)** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **Net balance** | | |
| Rates | 4 774 913 | 14 116 290 |
| Electricity | 4 412 775 | 1 441 839 |
| Water | 1 013 370 | 2 985 285 |
| Sewerage | 1 096 285 | 464 750 |
| Refuse | 622 474 | 455 076 |
| Other | 3 710 287 | 6 652 637 |
| | **15 630 104** | **26 115 877** |
| **Included in above is receivables from exchange transactions** | | |
| Electricity | 4 412 775 | 1 441 839 |
| Water | 1 013 370 | 2 985 285 |
| Sewerage | 1 096 285 | 464 750 |
| Refuse | 622 474 | 455 076 |
| Other | 3 710 287 | 6 652 637 |
| | **10 855 191** | **11 999 587** |
| **Included in above is receivables from non-exchange transactions (taxes and transfers)** | | |
| Rates | 4 774 913 | 14 116 290 |
| **Net balance** | **15 630 104** | **26 115 877** |
| **Rates** | | |
| Current (0 -30 days) | 6 158 445 | 17 775 615 |
| 31 - 60 days | 1 947 834 | 1 801 889 |
| 61 - 90 days | 1 710 424 | 1 322 803 |
| 91 - 120 days | 2 969 561 | 1 370 518 |
| 121 - 365 days | 8 978 019 | 6 658 179 |
| > 365 days | 38 830 584 | 32 171 460 |
| | **60 594 867** | **61 100 464** |
| **Electricity** | | |
| Current (0 -30 days) | 5 116 573 | 3 662 563 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| 31 - 60 days | 149 072 | 93 756 |
| 61 - 90 days | 175 555 | 80 547 |
| 91 - 120 days | 97 842 | 333 812 |
| 121 - 365 days | 951 139 | 566 223 |
| > 365 days | 2 655 483 | 552 709 |
| | **9 145 664** | **5 289 611** |
| **Water** | | |
| Current (0 -30 days) | 2 110 010 | 1 308 647 |
| 31 - 60 days | 490 188 | 443 515 |
| 61 - 90 days | 407 256 | 339 975 |
| 91 - 120 days | 420 416 | 269 692 |
| 121 - 365 days | 2 161 943 | 1 540 862 |
| > 365 days | 7 821 385 | 8 965 993 |
| | **12 800 012** | **12 868 684** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **Other** | | |
| Current (0 -30 days) | 4 205 857 | 3 750 301 |
| 31 - 60 days | 702 762 | 1 755 929 |
| 61 - 90 days | 815 072 | 956 656 |
| 91 - 120 days | 879 257 | 1 662 893 |
| 121 - 365 days | 4 505 563 | 5 143 894 |
| > 365 days | 27 428 034 | 25 161 608 |
| | **38 536 545** | **38 431 281** |
| **Sewerage** | | |
| Current (0 -30 days) | 1 532 975 | 447 944 |
| 31 - 60 days | 259 243 | 137 325 |
| 61 - 90 days | 219 675 | 102 198 |
| 91 - 120 days | 326 412 | 92 808 |
| 121 - 365 days | 1 003 590 | 493 000 |
| > 365 days | 2 102 981 | 1 950 364 |
| | **5 444 876** | **3 223 639** |
| **Refuse** | | |
| Current (0 -30 days) | 838 965 | 428 556 |
| 31 - 60 days | 116 999 | 121 550 |
| 61 - 90 days | 99 421 | 89 419 |
| 91 - 120 days | 93 482 | 79 225 |
| 121 - 365 days | 441 608 | 436 022 |
| > 365 days | 1 880 347 | 1 857 136 |
| | **3 470 822** | **3 011 908** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Summary of debtors by customer classification**

| | | |
|---|---|---|
| **Government** | | |
| Current (0 -30 days) | 1 484 090 | 3 714 578 |
| 31 - 60 days | 430 880 | 376 382 |
| 61 - 90 days | 409 394 | 270 373 |
| 91 - 120 days | 390 762 | 187 959 |
| 121 - 365 days | 2 478 457 | 1 187 596 |
| > 365 days | 7 528 382 | 4 053 059 |
| | **12 721 965** | **9 789 947** |
| **Business** | | |
| Current (0 -30 days) | 7 324 652 | 5 956 146 |
| 31 - 60 days | 442 772 | 891 021 |
| 61 - 90 days | 386 914 | 628 799 |
| 91 - 120 days | 377 243 | 880 340 |
| 121 - 365 days | 2 312 863 | 3 495 012 |
| > 365 days | 14 045 757 | 20 037 444 |
| | **24 890 201** | **31 888 762** |
| **House holds** | | |
| Current (0 -30 days) | 7 913 086 | 8 880 496 |
| 31 - 60 days | 1 808 512 | 2 279 739 |
| 61 - 90 days | 1 771 018 | 1 334 871 |
| 91 - 120 days | 2 039 544 | 1 877 024 |
| 121 - 365 days | 8 970 631 | 6 790 461 |
| > 365 days | 35 934 156 | 30 197 658 |
| | **58 436 947** | **51 360 249** |
| **Other** | | |
| Current (0 -30 days) | 3 240 996 | 8 822 407 |
| 31 - 60 days | 983 933 | 806 822 |
| 61 - 90 days | 860 079 | 657 557 |
| 91 - 120 days | 1 979 421 | 863 624 |
| 121 - 365 days | 4 279 911 | 3 365 111 |
| > 365 days | 22 548 196 | 16 371 107 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| | 33 892 536 | 30 886 628 |
| | **129 992 786** | **123 925 585** |
| **Reconciliation of allowance for impairment** | | |
| Balance at beginning of the year | (97 809 709) | (118 821 515) |
| Movement in provision for impairment | (16 552 974) | 21 011 806 |
| | **(114 362 683)** | **(97 809 709)** |

### 15. Cash and cash equivalents

| Cash and cash equivalents consist of: | | |
|---|---|---|
| Cash on hand | 3 997 | 2 000 |
| Bank balances | 1 120 234 | 907 833 |
| Short-term deposits | 30 257 340 | 11 746 533 |
| | **31 381 571** | **12 656 366** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Credit quality of cash at bank and short term deposits, excluding unspent conditional grant**

| | | |
|---|---|---|
| **Credit rating** | | |
| Investment | 30 261 337 | 11 748 534 |
| Cash and cash equivalent | 3 286 930 | 2 053 082 |
| Total cash | **33 548 267** | **13 801 616** |
| Less: unspent conditional grant | (34 434 030) | - |
| | **(885 763)** | **13 803 616** |

See note 26 for reconciliation of grants

**Cash and cash equivalents pledged as collateral**

| | | |
|---|---|---|
| Total financial assets pledged as collateral | 800 000 | 800 000 |

**Local Guarantees**

The above guarantee is pledged to Eskom by means of the ABSA Bank Call account with the number 2066701092. The valuation amount for the current year ended 30 June 2016: R800 000 (2015: R800 000).

# Notes to the Annual Financial Statements

Figures in Rand 2016 2015

**Current Account (Primary Bank Account)**

| 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 BANK - Current Account - 1330000062 | 3 236 039 | 2 051 978 | 7 428 239 | 1 069 343 | 906 729 | 1 571 073 |
| ABSA BANK - Call Account - 4078360937 | 50 891 | 1 104 | 361 733 | 50 891 | 1 104 | 361 733 |
| **Total** | **3 286 930** | **2 053 082** | **7 789 972** | **1 120 234** | **907 833** | **1 932 806** |

**Call deposits**

| 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 BANK - Call Account - 9079442012 | - | - | 1 085 760 | - | - | 1 085 760 |
| ABSA BANK - Call Account - 4078462834 | 189 705 | 54 128 | - | 189 705 | 54 128 | - |
| ABSA BANK - Account Type - Deposit - 2066701092 | 800 000 | 800 000 | 800 000 | 800 000 | 800 000 | 800 000 |
| FNB Limited - Call Account - 6204584148 | 270 093 | 261 629 | 254 988 | 270 093 | 261 629 | 254 988 |
| Petty Cash | 3 997 | 2 000 | - | 3 997 | 2 000 | - |
| ABSA BANK - Call Account - 9295746149 | 23 941 662 | 2 147 | 16 001 | 23 941 662 | 2 147 | 16 001 |
| ABSA BANK - Call Account - 9295745884 | 30 469 | 2 281 | 16 450 119 | 30 469 | 2 281 | 16 450 119 |
| NEDBANK - Call Account - 03-7881110678 | 5 001 130 | 10 620 384 | 10 112 890 | 5 001 130 | 10 620 384 | 10 112 890 |
| ABSA BANK - Call Account - 4073741532 | 3 835 | 3 960 | - | 3 835 | 3 960 | - |
| ABSA BANK - Call Account - 9296620730 | 11 139 | 2 005 | - | 11 139 | 2 005 | - |
| ABSA BANK - Call Account - 4087938456 | 1 065 | - | - | 1 065 | - | - |
| ABSA BANK - Call Account - 4087938854 | 8 242 | - | - | 8 242 | - | - |

## Notes to the Annual Financial Statements

| Figures in Rand | | | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| **Total** | **30 261 337** | **11 748 534** | **28 719 758** | **30 261 337** | **11 748 534** | **28 719 758** |
| ~~**Total cash and cash equivalents**~~ | ~~**33 548 267**~~ | ~~**13 799 616**~~ | | ~~**31 381 571**~~ | ~~**12 656 366**~~ | |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 16. Finance lease obligation

| | | |
|---|---|---|
| **Minimum lease payments due** | | |
| - within one year | 13 861 737 | 5 221 469 |
| - in second to fifth year inclusive | 21 233 067 | 1 794 880 |
| - later than five years | - | - |
| | 35 094 804 | 7 016 349 |
| less: future finance charges | (6 561 593) | (526 258) |
| **Present value of minimum lease payments** | **28 533 211** | **6 490 091** |
| Non-current liabilities | 18 530 105 | 1 754 489 |
| Current liabilities | 10 003 106 | 4 735 602 |
| | **28 533 211** | **6 490 091** |

~~Bela-Bela Local Municipality has leased computer equipment from BIG Time Strategic sourcing. The monthly lease payment is R~~372 446 with a 10% annual increament.The lease agreement is for the period of 36 month from 01 November 2013 to 31 October 2016.Ownership will pass to the Municipality after the ~~expiry of lease contract. Bela-Bela has leased motor vehicle from Bertobite Pty (ltd) and Telephone System equipments from Intuate for a period of 36 months. The Monthly lease payment for motor vehicles is R~~ with ~~9 % annual increment. The monthly lease payment for Telephone system~~ is R15 602.34 with no yearly escallation.Bertobrite Pty(ltd) lease agreement is from 01 February 2016 to 31 January 2019. The Intuate lease agrement is from the 1 November 2015 to 31 October 2019.

## 17. Unspent conditional grants and receipts

**Unspent conditional grants and receipts comprises of:**

| | | |
|---|---|---|
| **Unspent conditional grants and receipts** | | |
| Financial Management Grant | (33) | (33) |
| Municipal System Infrastructure Grant (MSIG) | 268 | 268 |
| Department of Water andForesty Grant (DWAF) | 105 | 105 |
| Municipal Infrastructure Grant (MIG) | 34 434 029 | - |
| Disaster Management Grant | (234) | (234) |
| Expanded Public Works Programme (EPWP) | (106) | (106) |
| | **34 434 029** | **-** |

**Movement during the year**

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Balance at the beginning of the year | - | 292 682 |
| Additions during the year | 138 686 420 | 81 330 302 |
| Income recognition during the year | (104 252 391) | (81 622 984) |
| | **34 434 029** | **-** |

In April 2016 the Municipality was allocated additional R39 million MIG conditional grant of which contributed to the increase in unspent grants at the end of June 2016. The Municipality qualifies for an automatic rollover for the R34 million unspent to be utilized in 2016/17 financial year.

See note 26 for reconciliation of grants from National/Provincial Government.

### 18. Other Financial liabilities

| | | |
|---|---|---|
| **At amortised cost** | | |
| INCA Loan 00-003-7509<br>Interest rate 0%, monthly repayment R1 092 958.37. This loan was settled at 30 September 2015 | - | 3 278 876 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **Current liabilities** | | |
| At amortised cost | - | 3 278 875 |

FINAL

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 19. Provisions

**Reconciliation of provisions - 2016**

| | Opening Balance | Additions | Total |
|---|---|---|---|
| Rehabilitation of landfill site | 18 943 072 | 6 853 366 | 25 796 438 |
| Performance bonus | 318 805 | 132 885 | 451 690 |
| Long service award provision | 4 403 002 | 268 000 | 4 671 002 |
| | **23 664 879** | **7 254 251** | **30 919 130** |

**Reconciliation of provisions - 2015**

| | Opening Balance | Additions | Total |
|---|---|---|---|
| Rehabilitation of landfill site | 15 770 064 | 3 173 008 | 18 943 072 |
| Performance bonus | 160 797 | 158 008 | 318 805 |
| Long service award provision | 2 527 592 | 1 875 410 | 4 403 002 |
| | **18 458 453** | **5 206 426** | **23 664 879** |

| | | |
|---|---|---|
| Non-current liabilities | 25 796 438 | 18 943 072 |
| Current liabilities | 5 122 692 | 4 721 807 |
| | **30 919 130** | **23 664 879** |

**Rehabilitation of landfill site**

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2016 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 6.2064% (2015: 4.1306%), discount rate of 8.4564% (2015: 3.6713%) and net effective discount rate of 2.25% (2015: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision.

**Provision for rehabilitation of landfill sites:**

| | | |
|---|---|---|
| **Carrying value** | | |
| Balance at the beginning of the year | 18 943 072 | 15 770 064 |
| Changes in provision for landfill closure | 5 644 648 | 2 839 681 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Interest charge | 1 208 718 | 333 327 |
| **Total Recognised Liability** | **25 796 438** | **18 943 072** |

### Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees.
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Hildegard Wilson, a 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.

For the year ended 30 June 2016, 370 (2015: 373) employees were eligible for long service awards.
The current service cost for the year ending 30 June 2016 is estimated to be R 502 000 (2015: R 267 639).

**The principal assumptions used for the purpose of the actuarial valuations were as follows:**

| | | |
|---|---|---|
| Discount rate used | Yield curve | Yield curve |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Salary increase rate | Equal to CPI+1% | Equal to CPI+1% |
| Net effective discount rate | Yield curve based | Yield curve based |

**Movement in the present value of the defined benefit obligation were as follows:**

| | | |
|---|---|---|
| **Carrying value** | | |
| Balance at the beginning of the year | 4 403 000 | 2 527 592 |
| Current service cost | 502 000 | 267 639 |
| Interest cost | 408 000 | 180 406 |
| Benefits paid | (57 781) | (406 000) |
| Actuarial (gain) / losses | (584 219) | 1 833 363 |
| **Total recognised benefit liability** | **4 671 000** | **4 403 000** |

**The amounts recognised in the Statement of Financial Performance are as follows:**

| | | |
|---|---|---|
| Current service cost | 502 000 | 267 639 |
| Interest cost | 408 000 | 180 406 |
| **Total post retirement benefit included in employee related costs** | **910 000** | **448 045** |

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R534 0000 for current service cost and R464 000 for interest costs the effect is as follows:

| | **One percentage point increase** | **One percentage point decrease** |
|---|---|---|
| Effect on the aggregate of the service cost | 589 000 | 486 000 |
| Effect on the aggregate interest cost | 505 000 | 427 000 |
| | **1 094 000** | **913 000** |

Amounts for the current and previous year are as follows:

| | **2016** | **2015** | **2014** | **2013** | **2012** |
|---|---|---|---|---|---|

# Notes to the Annual Financial Statements

Figures in Rand

| | | | | 2016 | 2015 |
|---|---|---|---|---|---|
| | R | R | R | R | R |
| Defined benefit obligation | 4 671 000 | 4 403 000 | 2 527 592 | 2 050 334 | 1 610 516 |
| Plan assets | - | - | - | - | - |
| Surplus (deficit) | **4 403 000** | **4 403 000** | **2 527 592** | **2 050 334** | **1 610 516** |

**Performance bonus**

Chapter 3 of government gazette no 290289, of 01 august 2006, government: municipal performance regulations for municipal managers and managers directly accountable to municipal managers stipulate that, performance bonus ranging between 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

Management has made provision for performance bonus based at 10% of annual remuneration of section 56 managers.

## 20. Unknown deposit

| | | |
|---|---|---|
| Unknown deposit | 9 906 250 | 7 584 628 |

Deposits received in our bank account but we are unable to track who paid it and why.

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 21. Payables from exchange transactions

| | | |
|---|---|---|
| Trade payables | 66 800 064 | 30 367 789 |
| Payments received in advanced | 17 294 409 | 19 279 899 |
| Year end accruals | 3 032 717 | 10 554 980 |
| Accrued leave pay | 7 506 395 | 6 278 507 |
| Accrued bonus | 2 038 069 | 1 780 891 |
| Accrued payroll expenses | 2 690 669 | 2 446 391 |
| Retention creditors | 6 183 545 | 3 313 220 |
| Deposits on sale of land | 435 167 | 438 917 |
| | **105 981 035** | **74 460 594** |

## 22. Consumer deposits

| | | |
|---|---|---|
| Deposit received | 5 350 810 | 5 473 413 |

## 23. Revenue

| | | |
|---|---|---|
| Service charges | 141 587 947 | 114 337 480 |
| Rental of facilities and equipment | 1 106 503 | 1 113 795 |
| ~~Licences and permits~~ | ~~3 201 147~~ | ~~2 741 698~~ |
| Administration and management fees received | 316 257 | 1 139 387 |
| Commissions received | 63 061 | 72 982 |
| Demand charges | 410 926 | 956 487 |
| Traffic fines | 1 875 710 | 3 980 969 |
| Town planning scheme | 435 200 | 440 731 |
| Interest received | 6 235 144 | 8 317 352 |
| Property rates | 46 336 732 | 54 228 731 |
| Donations | 7 270 367 | 32 000 |
| Government grants & subsidies | 104 252 391 | 84 130 870 |
| Traffic fines | 3 028 800 | 4 450 800 |
| | **316 120 185** | **275 943 282** |

**The amount included in revenue arising from exchanges of goods or services are as follows:**

| | | |
|---|---|---|
| Service charges | 141 587 947 | 114 337 480 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Rental of facilities and equipment | 1 106 503 | 1 113 795 |
| Licences and permits | 3 201 147 | 2 741 698 |
| Administration and management fees received | 316 257 | 1 139 387 |
| Commissions received | 63 061 | 72 982 |
| Demand charges | 410 926 | 956 487 |
| Traffic fines | 1 875 710 | 3 980 969 |
| Town planning scheme | 435 200 | 440 731 |
| Interest received | 6 235 144 | 8 317 352 |
| | **155 231 895** | **133 100 881** |
| **The amount included in revenue arising from non-exchange transactions is as follows:** | | |
| **Taxation revenue** | | |
| Property rates | 46 336 732 | 54 228 731 |
| Donations | 7 270 367 | 32 000 |
| **Transfer revenue** | | |
| Government grants & subsidies | 104 252 391 | 84 130 870 |
| Traffic fines | 3 028 800 | 4 450 800 |
| | **160 888 290** | **142 842 401** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 24. Property rates

**Rates received**

| | | |
|---|---|---|
| Property rates | 46 336 732 | 54 228 731 |

**Valuations**

Valuations of properties are performed every 4 years. The last general valuation came into effect on 1 July 2012. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivisions, consolidations and other alterations as stipulated in the Municipal Property Rates Act.

The rate randages are as follows:
Farms is R0.0113
Residential properties R0.0106
Government properties R0.0133
Business / Industrial R0.0133 and
Vacant land R0.0133

## 25. Service charges

| | | |
|---|---|---|
| Sale of electricity | 103 326 621 | 84 979 807 |
| Sale of water | 22 624 734 | 17 522 872 |
| Solid waste | 6 171 908 | 5 468 562 |
| Sewerage and sanitation charges | 9 464 684 | 6 366 239 |
| | **141 587 947** | **114 337 480** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 26. Government grants and subsidies

| | | |
|---|---|---|
| **Operating grants** | | |
| Equitable share | 63 428 000 | 54 332 000 |
| Finance Management Grant | 1 600 000 | 1 600 047 |
| Municipal System Improvement Grant | 930 000 | 934 004 |
| Department of Water Affairs | - | 999 895 |
| SETA | 164 293 | 148 302 |
| Extended Public Works Program | 1 083 000 | 1 123 106 |
| Disaster Management Grant | - | 292 644 |
| Municipal Water Infrastructure Grant | 10 000 000 | - |
| Intergration National Electrification Programme | 2 000 000 | - |
| | 79 205 293 | 59 429 998 |
| **Capital grants** | | |
| Municipal Infrastructure Grant | 25 047 098 | 24 700 872 |
| | 25 047 098 | 24 700 872 |
| | **104 252 391** | **84 130 870** |

**Equitable Share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

**Finance Management Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | (33) | - |
| Current-year receipts | 1 600 000 | 1 600 000 |
| Conditions met - transferred to revenue | (1 600 000) | (1 600 033) |
| | **(33)** | **(33)** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

The purpose of the FMG is to promote and support municipal financial management reforms and assist municipalities with the implementation of the MFMA.

The conditions of the grant are as follows:
- Appointment of an appropriately skilled municipal manager and CFO
- Appointment of at least two interns for purposes of building future financial management capacity
- Council resolution committing council to reforms
- Submission of primary bank account details
- Development of an action plan for implementation
- Monthly reporting on performance

**Municipal System Infrastructure Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 264 | 268 |
| Current-year receipts | 930 000 | 934 000 |
| Conditions met - transferred to revenue | (930 000) | (934 004) |
| | **264** | **264** |

Municipal Systems Improvement Grant (MSIG) deals with transfers to assist municipalities with building in-house capacity to perform their functions and stabilise institutional and governmental systems

**Department of Water and Forestry Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 105 | - |
| Current-year receipts | - | 1 000 000 |
| Conditions met - transferred to revenue | - | (999 895) |
| | **105** | **105** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

The purpose of this grant is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

**Municipal Infrastructure Grant**

| | | |
|---|---|---|
| Current-year receipts | 61 989 000 | 24 700 872 |
| Conditions met - transferred to revenue | (27 554 971) | (24 700 872) |
| | **34 434 029** | **-** |

The Municipal Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to municipalities. The key principles underpinning the design of the MIG are outlined below:

a) Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure.
b) Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them.
c) Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises.
d) Equity in the allocation and use of funds: The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap.

**SETA Grant**

| | | |
|---|---|---|
| Current-year receipts | 164 293 | 148 302 |
| Conditions met - transferred to revenue | (164 293) | (148 302) |
| | **-** | **-** |

The grant is utilise for training of officials in the municipality.

**Disaster Management Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | (234) | (234) |

Conditions still to be met - remain liabilities (see note 17).

The grant is utilised to fund relief operations after disasters within the jurisdiction of the municipality. The municipality were declared a disaster in March 2014.

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **Extended Public Works Program** | | |
| Balance unspent at beginning of year | (106) | (106) |
| Current-year receipts | 1 083 000 | 1 123 000 |
| Conditions met - transferred to revenue | (1 083 000) | (1 123 106) |
| | **(106)** | **(106)** |

The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the EPWP guidelines.

| | | |
|---|---|---|
| **Municipal Water Infrastructure Grant (MWIG)** | | |
| Current-year receipts | 10 000 000 | - |
| Conditions met - transferred to revenue | (10 000 000) | - |
| | - | - |

The purpose of this grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Integrated National Electrification Programme**

| | | |
|---|---|---|
| Current-year receipts | 2 000 000 | - |
| Conditions met - transferred to revenue | (2 000 000) | - |
| | - | - |

~~The purpose of this grant is to facilitate the planning, funding and implementation of national electrification projects and all related~~ bulk infrastructure.

## 27. Donations

| | | |
|---|---|---|
| Current year receipts | 7 270 367 | 32 000 |

Provide explanations of conditions still to be met and other relevant information

## 28. Other income

| | | |
|---|---|---|
| Insurance claims | 255 695 | 60 761 |
| Surplus cash | 2 085 | (156) |
| Engineering levy | 19 137 | 22 514 |
| Fire brigate levies | 617 | - |
| Meter testing | 3 421 | 3 734 |
| New connections | 42 577 | 23 662 |
| Panelties - tamper meters | 157 306 | 375 006 |
| Advertising | 63 292 | - |
| Re-connections | 292 031 | 1 907 645 |
| Received from District Council | 562 648 | 529 107 |
| Refuse bins | 36 034 | 43 709 |
| Street trading | 1 863 | 228 |
| Miscellaneous income | 155 518 | 849 977 |
| Procurement income | 283 486 | 164 782 |
| | **1 875 710** | **3 980 969** |

## 29. Fines

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Traffic fines | 3 028 800 | 4 450 800 |

# Notes to the Annual Financial Statements

Figures in Rand

## 30. General expenses

| | 2016 | 2015 |
|---|---|---|
| Advertising | 523 806 | 895 342 |
| Auditors remuneration | 2 553 040 | 3 206 430 |
| Bank charges | 810 499 | 1 831 314 |
| Cleaning | 237 336 | 162 335 |
| Consulting and professional fees | 19 539 197 | 8 894 677 |
| Debt collection | 2 839 309 | 6 015 307 |
| Donations | 14 719 766 | 130 888 |
| Entertainment | 2 763 | 15 490 |
| Internal audit | 1 140 847 | 143 754 |
| Insurance | 17 101 | 21 937 |
| IT expenses | (85 354) | 2 053 321 |
| Lease rentals on operating lease | 21 635 188 | 23 664 578 |
| Fuel and oil | 2 980 643 | 2 643 166 |
| Recruitment costs | 6 200 | 57 571 |
| Postage and courier | 4 799 | 383 119 |
| Printing and stationery | 674 797 | 519 915 |
| Research and development costs | 342 502 | 271 916 |
| Staff welfare | 97 124 | 61 685 |
| Subscriptions and membership fees | 1 280 400 | 1 031 743 |
| Telephone and fax | 897 292 | 1 634 884 |
| Extinguish material | - | 13 172 |
| Uniforms | 1 013 301 | 1 157 380 |
| Community outreach program | 1 547 824 | 1 340 780 |
| Equitable share levy | 2 462 910 | 3 533 946 |
| Valuation costs | 1 453 064 | 1 380 967 |
| Risk and asset management | 37 625 | 5 342 888 |
| Contractor services | 10 180 967 | 11 442 063 |
| Delegation costs | 1 169 975 | 1 314 645 |
| Other expenses | - | 28 238 |
| Capacity building | 1 043 225 | 1 560 325 |
| Chemicals | 758 712 | 1 199 450 |
| Disaster management | - | 258 856 |
| | **89 884 858** | **82 212 082** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 31. Employee related costs

| | | |
|---|---|---|
| Basic | 62 937 257 | 52 966 308 |
| Bonus | 4 731 381 | 3 654 853 |
| Medical aid - company contributions | 4 875 705 | 3 876 987 |
| UIF | 554 563 | 488 910 |
| SDL | 795 211 | 702 109 |
| Leave pay provision charge | 387 796 | 117 376 |
| Current service costs | 1 681 000 | 2 450 626 |
| Post-employment benefits - pension | 12 009 623 | 10 154 604 |
| Overtime payments | 5 977 456 | 5 233 561 |
| Workmens compensation | - | 1 987 404 |
| Acting allowances | 833 379 | 1 555 906 |
| Transport allowance | 6 979 906 | 5 514 278 |
| Cellphone allowance | 1 126 320 | 784 522 |
| Performance bonus | 321 808 | 415 298 |
| Non Pension | 477 665 | - |
| Long service awards | 25 806 | - |
| Unions contributions | (23 237) | - |
| | **103 691 639** | **89 902 742** |

**Remuneration of municipal manager**

| | | |
|---|---|---|
| Annual Remuneration | 869 723 | 425 965 |
| Car Allowance | 357 330 | 175 020 |
| Contributions to UIF, Medical and Pension Funds | 210 636 | 99 274 |
| Other allowances | 295 374 | 19 664 |
| Cellphone allowance | 27 156 | 13 578 |
| | **1 760 219** | **733 501** |

The Municipal Manager was appointed on 01 January 2015.

**Remuneration of chief finance officer**

| | | |
|---|---|---|
| Annual Remuneration | 698 400 | 335 369 |
| Car Allowance | 246 840 | 106 622 |
| Contributions to UIF, Medical and Pension Funds | 32 757 | 90 064 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Cellphone allowance | 17 000 | 10 200 |
| Other allowance | 1 150 | 70 947 |
| Acting allowances | - | 83 982 |
| | **996 147** | **697 184** |

The Chief Financial Officer was appointed from 1st September 2015.

**Remuneration corporate services manager**

| | | |
|---|---|---|
| Annual Remuneration | - | 508 037 |
| Car Allowance | - | 192 400 |
| Contributions to UIF, Medical and Pension Funds | - | 97 642 |
| Other allowances | - | 36 148 |
| Cellphone allowance | - | 15 000 |
| | **-** | **849 227** |

The Manager Corporate Services was vacant during the current year.

**Remuneration of social and community services manager**

The Manager of social and community services was vacant during the current year.

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

**Remuneration of planning and economic development manager**

| | | |
|---|---|---|
| Annual Remuneration | 575 740 | 451 400 |
| Car Allowance | 241 619 | 191 670 |
| Contributions to UIF, Medical and Pension Funds | 169 632 | 128 090 |
| Cellphone allowance | 18 000 | 15 000 |
| Other allowances | 158 494 | 24 822 |
| | **1 163 485** | **810 982** |

The Manager Planning and Economic Development was employed from 01 September 2014.

**Remuneration of technical services manager**

| | | |
|---|---|---|
| Annual Remuneration | 589 320 | - |
| Car Allowance | 232 980 | - |
| Contributions to UIF, Medical and Pension Funds | 175 876 | - |
| Cellphone allowance | 18 000 | - |
| Other allowances | 2 646 | - |
| | **1 018 822** | **-** |

The Manager Technical Services was appointed 01 July 2015

## 32. Remuneration of councillors

| | | |
|---|---|---|
| Mayor | 778 852 | 762 768 |
| Chief Whip | 673 120 | 584 170 |
| Executive Committee Members | 2 135 306 | 1 205 121 |
| Speaker | 691 881 | 634 873 |
| Councillors | 2 046 723 | 2 710 008 |
| | **6 325 882** | **5 896 940** |

## Notes to the Annual Financial Statements

Figures in Rand 2016 2015

**Reconciliation of councillors - 2016**

| | Position | Annual salary | Travelling allowance | Medical | Back pay | Reimbursement | Pension contribution @ 15% | Cell allowance | Mobile data | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Nhlapo ML | Mayor- FT | 438 635 | 183 743 | 42 878 | 23 052 | 281 | 65 795 | 20 868 | 3 600 | 778 582 |
| Maluleka SE | Speaker- FT | 350 190 | 146 995 | 38 202 | 18 442 | 60 653 | 52 581 | 20 868 | 3 600 | 691 531 |
| Radebe RM | Chief Whip-FT | 309 448 | 137 809 | 65 535 | 17 289 | 71 751 | 46 470 | 20 868 | 3 600 | 640 321 |
| VD Merwe JF | EC Member- PT | 264 167 | - | - | 10 377 | - | 39 625 | 20 868 | 3 600 | 338 637 |
| Ngobeni MJ | EC Member- PT | 329 177 | 137 806 | 34 759 | 17 289 | 4 425 | 49 480 | 20 868 | 3 600 | 597 404 |
| Mokonyane TE | EC Member- PT | 184 916 | 70 886 | - | 9 682 | - | 27 737 | 20 868 | 3 600 | 317 689 |
| Mokgethoa WKR | EC Member- PT | 167 323 | 64 141 | - | 9 682 | - | 25 098 | 20 868 | 3 600 | 290 712 |
| Malete GT | EC Member- PT | 223 010 | - | - | 9 682 | - | 33 465 | 20 868 | 3 600 | 290 714 |
| Mahlangu PM | EC Member- PT | 167 323 | 64 141 | - | 9 682 | 8 748 | 25 098 | 20 868 | 3 600 | 299 461 |
| Aphane PM | Councillor-PT | 125 787 | 55 234 | 26 992 | 7 544 | - | 18 868 | 20 868 | 3 600 | 258 893 |
| Ras MN | Councillor-PT | 192 118 | - | - | 7 544 | - | 28 818 | 20 868 | 3 600 | 252 948 |
| Hlungwane FS | Councillor-PT | 139 014 | 61 979 | 26 305 | 7 544 | 15 175 | 20 852 | 20 868 | 3 600 | 295 337 |
| Ledwaba MH | Councillor-PT | 215 573 | - | - | 7 544 | 2 356 | 32 336 | 20 868 | 3 600 | 282 277 |
| Senosha MD | Councillor-PT | 144 087 | 55 237 | - | 7 544 | 601 | 21 613 | 20 868 | 3 600 | 253 550 |
| Alberts KB | Councillor-PT | 119 253 | 45 714 | - | 7 544 | - | 17 888 | 17 390 | 3 000 | 210 789 |
| Mpete LR | Councillor-PT | 144 016 | 49 216 | - | 7 544 | - | 21 602 | 20 868 | 3 600 | 246 846 |
| Sesane MJ | Councillor-PT | 215 573 | - | - | 7 544 | - | 32 336 | 20 868 | 3 600 | 279 921 |
| | | **3 729 699** | **1 072 901** | **234 671** | **185 529** | **163 990** | **559 662** | **351 278** | **60 600** | **6 325 882** |

**Reconciliation of councillors - 2015**

| | Position | Annual salary | Travelling allowance | Medical | Other allowances | Reimbursement | Pension contribution @ 15% | Cell allowance | Mobile data allowance | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Nhlapo ML | Mayor-FT | 410 505 | 171 996 | 44 057 | 30 502 | 19 664 | 61 576 | 20 868 | 3 600 | 762 768 |
| Maluleka SE | Speaker-FT | 329 692 | 137 598 | 34 474 | 24 401 | 34 787 | 49 454 | 20 868 | 3 600 | 634 873 |
| Radebe RM | Chief Whip - FT | 301 665 | 129 000 | 42 438 | 22 877 | 18 472 | 45 250 | 20 868 | 3 600 | 584 170 |
| Sesane MJ | EC Member- FT | 151 280 | - | - | 10 857 | - | 22 692 | 13 912 | 2 400 | 201 141 |
| VD Merwe JF | EC Member- FT | 246 779 | - | - | 12 582 | - | 37 017 | 20 868 | 3 600 | 320 846 |
| Ngobeni MJ | EC Member- FT | 310 137 | 128 998 | 31 061 | 22 877 | 20 014 | 46 521 | 20 868 | 3 600 | 584 076 |
| Malete GT | EC Member- FT | 79 045 | - | - | - | - | 11 857 | 6 956 | 1 200 | 99 058 |

## Notes to the Annual Financial Statements

Figures in Rand

| | | | | | | | | 2016 | | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Ras MN | Councillor-PT | 179 472 | - | - | 9 150 | - | 26 921 | 20 868 | 3 600 | 240 011 |
| Ledwaba MH | Councillor-PT | 179 472 | - | - | 9 150 | - | 26 921 | 20 868 | 3 600 | 240 011 |
| Hlungwane FS | Councillor-PT | 114 462 | 51 596 | 23 737 | 9 704 | 2 314 | 17 169 | 20 868 | 3 600 | 243 451 |
| Aphane PM | Councillor-PT | 120 309 | 51 596 | 20 934 | 9 150 | 14 700 | 18 046 | 20 868 | 3 600 | 259 201 |
| Mokgethoa WKR | Councillor-PT | 166 485 | 63 820 | - | 16 075 | 5 328 | 24 973 | 20 868 | 3 600 | 301 149 |
| Mokonyane TE | Councillor-PT | 121 383 | 46 531 | - | 4 332 | 7 706 | 18 208 | 15 651 | 2 700 | 216 511 |
| Mahlangu PM | Councillor-PT | 166 485 | 63 820 | - | 16 075 | 1 938 | 24 973 | 20 868 | 3 600 | 297 759 |
| Senosha MD | Councillor-PT | 167 759 | 13 473 | - | 9 150 | 3 802 | 25 164 | 20 868 | 3 600 | 243 816 |
| Alberts KB | Councillor-PT | 134 612 | 51 596 | - | 9 150 | 16 820 | 20 191 | 20 868 | 3 600 | 256 837 |
| Mpete LR | Councillor-PT | 120 532 | - | - | 5 083 | - | 18 080 | 13 912 | 2 400 | 160 007 |
| Sesane MJ | Councillor-PT | 61 592 | - | - | - | - | 9 239 | 6 956 | 1 200 | 78 987 |
| Malete GT | Councillor-PT | 103 145 | - | - | 7 675 | - | 8 841 | 12 173 | 2 100 | 133 934 |
| Monanyane M | Councillor-PT | 22 104 | 8 472 | - | 365 | - | 3 315 | 3 478 | 600 | 38 334 |
| | | **3 486 915** | **918 496** | **196 701** | **229 155** | **145 545** | **516 408** | **344 322** | **59 400** | **5 896 940** |

**In-kind benefits**

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

The mayor, speaker and chief whip are full-time. Each is expected to be provided with an office and secretarial support at the cost of the Council.

### 33. Debt impairment

| | | |
|---|---|---|
| Debt impairment - traffic fines | 3 232 054 | 4 958 107 |
| Debt impairment - consumer debtors | 25 944 421 | 25 351 422 |
| | **29 176 475** | **30 309 529** |

### 34. Interest received

| | | |
|---|---|---|
| **Interest revenue** | | |
| Interest received - investment | 940 360 | 2 268 353 |
| Interest charged on trade and other receivables | 5 294 784 | 6 048 999 |
| | **6 235 144** | **8 317 352** |

### 35. Fair value adjustments

| | | |
|---|---|---|
| Investment property (Fair value model) | 13 203 875 | 1 959 918 |

### 36. Depreciation and amortisation

| | | |
|---|---|---|
| Property, plant and equipment | 30 808 519 | 27 727 459 |

### 37. Actuarial Gain / (Loss)

| | | |
|---|---|---|
| Actuarial gain / (loss) - post employment medical aid | 642 000 | 13 825 104 |
| Actuarial gain / (loss) - long service award | (8 127 400) | (1 821 773) |
| | **(7 485 400)** | **12 003 331** |

### 38. Finance costs

| | | |
|---|---|---|
| Finance leases | 2 424 098 | 949 401 |
| Interest on loan | - | 2 280 472 |
| Interest on landfill site | 1 208 718 | 333 327 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| Other on long service awards | 2 863 000 | 3 393 353 |
| | **6 495 816** | **6 956 553** |

### 39. Auditors' remuneration

| | | |
|---|---|---|
| Fees | 2 553 040 | 3 206 430 |

### 40. Bulk purchases

| | | |
|---|---|---|
| Electricity | 73 616 039 | 65 912 735 |
| Water | 5 298 958 | 6 384 916 |
| | **78 914 997** | **72 297 651** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| **41. Cash generated from operations** | | |
| Deficit | (37 622 762) | (40 913 763) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 30 808 518 | 27 727 459 |
| Deposits | 2 199 020 | 3 838 873 |
| Sundry | (3 800 261) | (3 515 849) |
| Fair value adjustments | (13 203 875) | (1 959 918) |
| Non cash - donation received | (7 270 367) | - |
| Financing - interest expense | 6 495 816 | 6 956 553 |
| Non cash - donation on investment property | 14 719 767 | - |
| Impairment loss | 66 513 | 2 310 |
| Loss on disposal | 1 968 058 | 997 844 |
| Obligations | 8 089 000 | (9 064 000) |
| Movements in provisions | 132 885 | 5 206 424 |
| **Changes in working capital:** | | |
| Inventories | (10 868) | (28 629) |
| Receivables | 12 227 639 | 7 125 430 |
| Payables from exchange transactions | 31 520 427 | 51 148 109 |
| VAT | (490 794) | (2 639 757) |
| Unspent conditional grants and receipts | 34 434 029 | (292 682) |
| | **80 262 745** | **44 588 404** |

| Figures in Rand | 2016 | 2015 |
|---|---|---|

## 42. Commitments

| | | |
|---|---|---|
| **Capital commitments** | | |
| **Approved and contracted for** | | |
| • Property, plant and equipment | 27 808 564 | 9 226 991 |
| **Approved but not yet contracted for** | | |
| • Property, plant and equipment | 263 317 105 | 209 266 077 |
| **Operational commitments** | | |
| • Property, plant and equipment | 112 607 704 | 136 886 464 |

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

**Operating leases - as lessee (expense)**

| | | |
|---|---|---|
| **Minimum lease payments due** | | |
| - within one year | 1 059 441 | 34 157 054 |
| - in second to fifth year inclusive | 204 650 | 37 164 648 |
| | **1 264 091** | **71 321 702** |

Operating lease payments represent rental payable by the municipality for photocopying machine and that are leased from Nashua and Tenderwood and Palesa Tech Pty(Ltd), Tenderwood trading as Panasonic,Sci-fi,and Kinolta Minolta and cash collection device from Fedelity. The operating lease for photocopy machine at Nashua is three years and rental payable at fixed rate for a period of lease term.The lease term for Kinolta Minolta,Tenderwood trading as Panasonic and Sci-fi are for month-month basis.Lease payments for photocopying machines are paid at fixed amount over lease term except for Minolta which escalates yearly by 15% as well as lease from Fidelity which escalates by CPI plus 2%. The Municipality had an operating lease contract for the lease of Municipal fleet which was terminated during the financial year and replaced with a finance lease contract.

**Operating leases - as lessor (income)**

**Minimum lease payments due**

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|
| - within one year | 1 243 182 | 1 180 690 |
| - in second to fifth year inclusive | 274 284 | 498 646 |
| - later than five years | 260 353 | 337 031 |
| | **1 777 819** | **2 016 367** |

The municipality owns properties that are leased out to the employees for the period not exceeding 12 months. The Municipality leases land to variour entities for the purposes of farming and network equipment transmission. Lease periods range from five to ten years.

## Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|---|---|---|

### 43. Contingencies

FINAL

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amounts have not been provided in certain cases as the court has not yet determined a value. The claims are divided in the under mentioned groups:

**41.1 Contingent liabilities:**

1. Nyambeni LR vs Bela-Bela - the value of the claim is R350,000 and it is regarding a disciplinary hearing due to misconduct. Mr. Nyambeni LR was previously employed as the Manager Technical Services and was subsequently dismissed due to misconduct on 28 October 2014. The matter was referred for arbitration as unfair dismissal. The matter is to be settled, the settlement proposal was send to Mr Nyambeni's attorneys for their consideration.

2. Charles Dennis Duggan & 3. The applicants requesting an order that the municipality relocate the occupiers of erf 1491 & 1492 to suitable and alternative land.The The municipality may be subjected to a claim of R450 000 .The municipality had filed opposing papers on the 17 February 2016 and are awaiting responses from all cited parties.

3. Dikala Plant Hire.This claim is regarding the dispute of the termination of the service level agreement and the validity of joint venture agreement between Dikala and BBT. The further ancillary relief was for the Court to order the municipality to pay all arrear and future payments directly into the account of Dikala.The matter has been set down for the week of 24 to 28 October 2016. The claim is estimated to cost R44 013 809.

4. Lourens Humphries obo LJ Humphries - The value of the claim is R800 000 and it is regarding Mr. L Humphries instituted a claim against the Municipality as guardian to LJ Humphries. It is alleged that in March 2015 LJ fell off his bicycle after riding into an open ditch next to the road on the pavement which is situated within the Municipal area.All documents have been provided to the Attorneys of our Insurer Lateral Unison and pleadings are in the process of being exchanged.

5. Elaine Wildey.It is alleged that damage occurred to Ms. Wildey's vehicle whilst on the R101 road due to a pot hole on the road.The value of the claim is R24 289.48.We have entered a notice of intention to defend the matter and later filed our plea. The plaintiff's attorneys did not take the matter any further. Our attorneys have kept the file in abeyance pending further action by the Plaintiff's attorneys. The Plaintiffs were made aware that the Municipality is not responsible for the maintenance of the R101 road.

6. Fawcett Security Services. On 27 January 2016 Fawcett security made an urgent application in the high court after the municipality terminated their contract. The said application was dismissed with cost by the high court.The Sheriff served combined summons at records on the 27 January 2016 which does not constitute proper service and subsequent to that Fawcett Security obtained default judgment against the Municipality as the summons were not attended to.The Municipality has launched an application to set aside the default judgment which Fawcett is in the process of opposing currently.Settlement of the litigation is estimated to be R7 472 502.

7. Zibre Beleggings CC. The Municipality has been cited as the second respondent in the application. The applicant requests

the Pretoria High Court to order the Municipality to provide temporary accommodation to the unlawful occupiers on their farm Zibredy 103 JR and to further obtain land for the purpose of the relocation of the unlawful occupiers of the property, amongst others.The claim is estimated to cost the municipality R450 000. The applicant's relief requested against the second and third respondents in Part B of the notice of motion is postponed for adjudication.

**41.2 Contingent assets:**

1. Bela Bela vs Compensation Commisioner. Value of the claim with Compensation Commisioner is R101 108.63. Municipality have lodged an application to Compensation Commisioner to be reimbursed of the medical expenses incurred to one of the employee injured while on duty. The timing of the litigation is unknown at the movement.

**44. Related parties**

**Relationships**

| | |
|---|---|
| Accounting Officer | Refer to accounting officer's report note |
| Members of key management and councillors | Refer to note 30 & 31 |

# Notes to the Annual Financial Statements

Figures in Rand

## 45. Prior period errors

1. During the 2014/15 financial year:

1.1 we discovered that consumers were incorrectly levied with incorrect tariffs as opposed to the correct approved municipal and NERSA tariffs for electricity and sanitation.
1.2 during the 2014/15 asset verification the following categories of assets were not found on the floor and were written off, however when we performed the 2015/16 verification the assets were found on the following categories of assets:
-office equipment
-computer equipment
-furniture and fixtures &
-emergency equipment
1.3 Investment property, community assets and infrastructure - During the 2015/16 financial year we endeavoured to perform a thorough review of the municipal land, investment properties and associated infrastructure network to ensure completeness of the full immovable asset portfolio.

This investigation, aided by a newly established valuation roll, resulted in the identification of a number of anomalies between registered land parcels and properties registered within the financial records of the municipality. These anomalies related to previously unregistered properties, properties previously registered in the name of the Republic of South Africa and properties subdivided without the subdivision registered at the Registrar of Deeds. In order to ensure completeness of municipal controlled land, these anomalies were addressed and where applicable, the financial records have been restated.

In addition to this investigation necessitating changes to municipal land and Investment properties, it also assisted in the identification of water and sanitation infrastructure assets which were previously omitted from the asset register. In order to ensure completeness of municipal infrastructure, these anomalies were addressed and where applicable, the financial records have been restated.

The investigation in the completeness of the municipal facilities, aided by the land investigation revealed in the identification of community facility components which were erroneously not derecognised from the register. In order to ensure completeness of municipal infrastructure, these anomalies were addressed and where applicable, the financial records have been restated.

Resultant from the changes required through the publication of the extra ordinary gazettes dealing with the declaration of provincial roads (Gazette no. 2372 and Gazette no. 2417) and clarity provided by RAL during September 2015 on the exact boundaries of the declared roads, certain changes were required on the roads and stormwater infrastructure network in order to align the municipality's roads and stormwater network.

1.4 During 2014/15 financial year unknown deposits that were deposited to the traffic fines bank account were erroneously recorded as the payment of traffic fines. The error has been corrected by moving those deposits to the unknown deposit account. The effect on the restated 2014/15 financial year figures is as follows:

Increase in traffic fines receivables R3 387 680
Increase in unknown deposits payables R3 387 680

1.5 The Municipality has been erroneously billing Municipal owned properties which resulted in overstatement of revenue and receivables. The error has been detected during the 2015/16 financial year. Prior period figures will be adjusted to correct the errors and reduce overstated revenue and receivables.

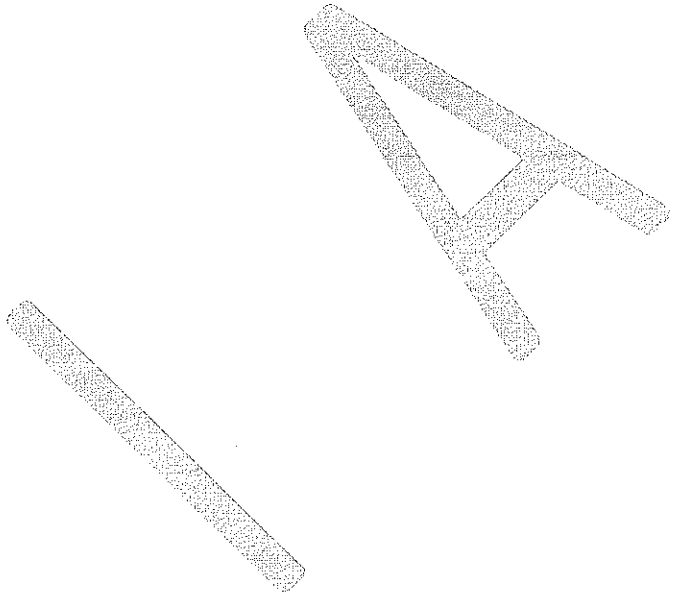
1.6 During 2015/16 financial year audit process it was discovered that there were some expenditure line items that were accounted for in the incorrect financial year. Accruals have been raised on the financial years where the expenditure were incurred to correct the error.

1.7 The Municipality assets register included some assets with credit balances which should have been depreciated and written off in the prior financial years. Assets with credit balances have been written off in the 2015/16 financial year.

1.8 Roodepoort and Vodacom - The Municipality has erroneously omitted charging Value Added Tax(VAT) VAT and

escalations on two land rental contracts. That led to the understatement of VAT and Rental income. The error has been corrected by increasing the outstanding escalations and related VAT.

The correction of the error(s) results in adjustments as follows:



| Statement of financial position | Audited AFS 30 June 2015 | Restated AFS 30 June 2015 | Restatements |
|---|---|---|---|
| Property, plant and equipment | 538 495 779 | 533 198 639 | (5 297 140) |
| Consumer debtors from exchange transactions | 13 653 163 | 11 999 587 | (1 653 576) |
| Investment property | 176 952 621 | 344 816 649 | 167 864 028 |
| Receivables from non exchange transactions | 438 715 | 3 826 395 | 3 387 680 |
| Unknown deposits | 4 196 948 | 7 584 628 | (3 387 680) |
| Consumer debtors from non exchange transactions | 14 198 712 | 14 116 290 | (82 422) |
| Sundry debtors | 3 493 291 | 9 702 111 | 6 208 820 |
| Trade and other payables from exchange transactions | 71 836 359 | 74 271 291 | (2 434 932) |
| Opening Accumulated Surplus or Deficit | 632 073 821 | 790 648 393 | 158 574 572 |

### 46. Risk management

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality credit profile and diversified funding sources to ensure that sufficient liquid funds are maintained to meet its daily cash requirements . The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

**Credit risk**

This creditworthiness can mainly be ascribed to three things,

(i) adequate revenue that supports borrowing
(ii) reliable financial information, which is necessary for public disclosure, and
(iii) proper credit ratings.

All three these elements are important to ensure municipal creditworthiness. The municipality faces enormous constraints on all three these elements.

The municipality does not have adequate revenue to support borrowing, mainly due to debt outstanding and the collection is hampered by the poverty levels which increase the indigent book of the municipality. Incentives were implemented to enter into agreement with debtors with intention to write –off 50% of debts owed if 50% is paid within agreed time.

The reliability of financial information is determined by factors such Auditor General's opinion of financial statements which will turn effect credit ratings of municipality

Council took a resolution to pay-off its loan term loan with INCA within next twelve months and the loan is converted into short-term as result of the decision taken. As a result of restructuring the outstanding amount as at 30 June 2015 is R3 278 875 and
it was settled at 30 September 2015.

**Interest rate risk**

The municipality's interest rate risk arises from investments at variable rates which exposes the municipality to cash flow interest rate risk. Investment at fixed rates exposes the municipality to fair value interest rate risk. The municipal policy is to not invest with one institution and to invest at differest maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are call deposits.

Refer to note15 that indicates the breakdown of all the investments.

### 47. Unauthorised expenditure

| | | |
|---|---|---|
| Opening balance | 30 875 995 | 30 875 995 |
| Less:Irrecoverable | (30 875 995) | - |
| | - | **30 875 995** |

The municipality took an exercise of fully comply with GRAP 17 (Property, plant and Equipment). This exercise has led to an increase in depreciation on the adjustment budget which was more than was anticipated. This is non-cash item and it contributed significantly to the R30 875 995 disclosed as unauthorised expenditure.

The municipality further calculated a more realistic debt impairement cost. This resulted into overspending on that line item. Again this is a non-cash item. Therefore the overspending is due to non-cash items.

### 48. Fruitless and wasteful expenditure

| | | |
|---|---|---|
| Opening balance | 618 070 | 617 948 |
| Fruitless and wasteful expenditure current year | 857 891 | 122 |
| | **1 475 961** | **618 070** |

The current year fruitless and wasteful expenditure amounting to R857 891 relates to the late payment of invoices to Eskom and Auditor General due to late payments.

### 49. Irregular expenditure

| | | |
|---|---|---|
| Opening balance | 52 704 069 | 49 218 923 |
| Add: Irregular Expenditure - current year | 2 130 086 | 3 485 146 |
| Less: Irrecoverable | (54 007 516) | - |
| | **826 639** | **52 704 069** |

### 50. Additional disclosure in terms of Municipal Finance Management Act

**Contributions to organised local government**

| | | |
|---|---|---|
| Current year subscription / fee | 951 743 | 728 180 |
| Amount paid - current year | (951 743) | (728 180) |

# Notes to the Annual Financial Statements

Figures in Rand

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

**~~Material losses through criminal conduct~~**

| | | |
|---|---|---|
| Opening balance | 858 454 | 855 454 |
| Current year subscription / fee | - | 3 000 |
| | **858 454** | **858 454** |

~~An amount of R 3000 was withdrawn on one of the municipality's bank accounts fraudulently in the previous financial year. The~~ case is still on going internally

**Audit fees**

| | | |
|---|---|---|
| Opening balance | 59 252 | - |
| Current year subscription / fee | 2 836 359 | 3 265 682 |
| Amount paid - current year | (2 553 040) | (3 206 430) |
| | **342 571** | **59 252** |

# Notes to the Annual Financial Statements

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### PAYE and UIF

| | | |
|---|---|---|
| Opening balance | 963 684 | - |
| Current year subscription / fee | 13 295 717 | 10 337 970 |
| Amount paid - current year | (13 122 711) | (9 374 286) |
| | **1 136 690** | **963 684** |

### Pension and medical aid deductions

| | | |
|---|---|---|
| Opening balance | 2 011 044 | - |
| Current year subscription / fee | 8 699 250 | 22 137 742 |
| Amount paid - current year | (8 437 200) | (20 126 698) |
| | **2 273 094** | **2 011 044** |

### VAT

| | | |
|---|---|---|
| VAT receivable | 6 121 836 | 5 631 042 |

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

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 R | Outstanding more than 90 days R | Total R |
|---|---|---|---|
| REM Radebe | 318 | - | 318 |
| SE Maluleka | 818 | - | 818 |
| MJ Ngobeni | 248 | - | 248 |
| ML Nhlapo | 2 337 | - | 2 337 |
| JFMP Van Der Merwe | 4 855 | - | 4 855 |
| MJ Sesane | 386 | - | 386 |

## Notes to the Annual Financial Statements

Figures in Rand

| | | | |
|---|---|---|---|
| FS Hlungwane | 276 | - | 276 |
| MH Ledwaba | 3 749 | - | 3 749 |
| | 12 987 | - | 12 987 |

| 30 June 2015 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|---|---|---|---|
| REM Radebe | 338 | - | 338 |
| SE Maluleka | 666 | - | 666 |
| MJ Ngobeni | 247 | - | 247 |
| ML Nhlapo | 1 252 | - | 1 252 |
| JFMP Van Der Merwe | 2 221 | - | 2 221 |
| MJ Sesane | 1 548 | 41 | 1 589 |
| FS Hlungwane | 527 | - | 527 |
| MH Ledwaba | 2 452 | 12 547 | 14 999 |
| | 9 251 | 12 588 | 21 839 |

During the year all Councillors were informed about the amount owing and were informed that they are in contravention of Scheme B of the Municipal Systems Act

# Notes to the Annual Financial Statements

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## 51. Deviation from supply chain management regulations

Paragraph 36(2) of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.
In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances: •

- Sole suppliers
- Emergency
- Impracticality

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

| | 2016 | 2015 |
|---|---|---|
| Deviation from SCM regulation | R3 042 221 | R3 397 614 |

## 52. Distribution Losses

Distribution losses incurred by the Municipality were as follows:

**2016**

| **Description** | **Water** | **Electricity** | **Total** |
|---|---|---|---|
| Purchases | 2 432 643 | 93 748 617 | 96 181 260 |
| Sales | 1 819 853 | 77 667 529 | 79 487 382 |
| **Losses (Kl or Kwh)** | **612 790** | **16 081 088** | **16 693 878** |
| **Amount losses (R)** | **7 163 515** | **20 016 130** | **27 179 645** |
| **Percentage losses** | **25.19%** | **17.15%** | **17.35%** |
| | | | |
| **Avoidable losses** | | | |
| Units (Kl or Kwh) | 247 894 | 14 472 979 | 14 720 873 |
| Amounts (R) | 2 897 881 | 18 014 517 | 20 912 398 |
| Percentage | **10.19%** | **15.44%** | **15.35%** |
| | | | |
| **Technical losses** | | | |
| Units (Kl or Kwh) | 364 896 | 1 608 109 | 1 973 005 |
| Amounts (R) | 4 265 634 | 2 001 613 | 6 267 247 |
| Percentage | **15%** | **1.72%** | **2.05%** |

**2015**

| **Description** | **Water** | **Electricity** | **Total** |
|---|---|---|---|
| Purchases | 3 168 675 | 90 788 316 | 93 956 991 |
| Sales | 2 427 697 | 71 948 914 | 74 376 611 |
| **Losses (Kl or Kwh)** | **740 978** | **18 839 402** | **19 580 380** |
| **Amount losses (R)** | **1 885 614** | **9 696 012** | **11 581 626** |
| **Percentage losses** | **23.38%** | **20.75%** | **44.13%** |
| | | | |
| **Avoidable losses** | | | |

## Notes to the Annual Financial Statements

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| | | | |
|---|---|---|---|
| Units (Kl or Kwh) | 265 586 | 9 760 172 | 10 025 758 |
| Amounts (R) | 675 853 | 5 023 235 | 5 699 088 |
| Percentage | **8.38%** | **10.75%** | **19.13%** |
| **Technical losses** | | | |
| Units (Kl or Kwh) | 475 392 | 9 079 230 | 9 554 622 |
| Amounts (R) | 1 209 761 | 4 672 777 | 5 882 538 |
| Percentage | **15%** | **10%** | **25%** |

### 53. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix G3 for the comparison of actual operating expenditure versus budgeted expenditure.

## Appendix A
June 2016

### Schedule of external loans as at 30 June 2016

| Loan Number | Redeemable | Balance at 30 June 2015 | Received during the period | Redeemed written off during the period | Balance at 30 June 2016 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|---|---|---|---|---|---|---|---|
| | | Rand | Rand | Rand | Rand | Rand | Rand |
| **External Loans** | | | | | | | |
| Annuity Loan - INCA | | | | | | | |
| 00-0003 and 00-0004 | 30 September 2016 | 3 278 875 | - | 3 278 875 | - | - | - |
| | | **3 278 875** | **-** | **3 278 875** | **-** | **-** | **-** |
| **Total external loans** | | | | | | | |
| External Loans | | 3 278 875 | - | 3 278 875 | - | - | - |
| | | **3 278 875** | **-** | **3 278 875** | **-** | **-** | **-** |

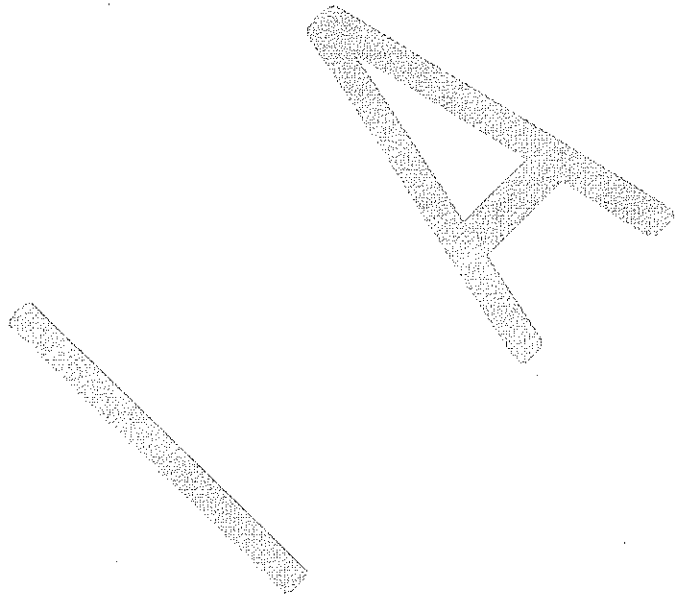
# Appendix B

June 2016

## Analysis of property, plant and equipment as at 30 June 2016

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance Rand | Additions Rand | Derecognition Rand | Transfers Rand | Revaluations Rand | Provision adjustment Rand | Closing Balance Rand | Opening Balance Rand | Derecognition - Acc depr Rand | Reclassify Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carryi valu Ran |
| **Land and buildings** | | | | | | | | | | | | | | |
| Housing (Inc land) | 21 819 971 | - | - | - | - | - | **21 819 971** | (16 320 972) | - | - | (391 685 | - | **(16 712 657)** | 5 107 314 |
| Operational buildings | 49 531 633 | - | - | - | - | - | **49 531 633** | (20 532 425) | - | - | (1 637 646 | - | **(22 170 071)** | 27 361 562 |
| Roads and stormwater | 876 356 | - | - | - | - | - | **876 356** | (4 382) | - | - | (8 764 | - | **(13 146)** | 863 210 |
| | **72 227 960** | - | - | - | - | - | **72 227 960** | **(36 857 779)** | - | - | **(2 038 095** | - | **(38 895 874)** | **33 332 086** |
| **Infrastructure** | | | | | | | | | | | | | | |
| Electricity | 120 927 930 | 517 509 | - | - | - | - | **121 445 439** | (72 729 277) | - | - | (2 922 475 | - | **(75 651 752)** | 45 793 687 |
| Roads and stormwater network | 366 176 054 | 17 630 367 | (6 017 885) | - | - | - | **377 788 536** | (163 408 366) | 4 246 967 | - | (7 384 433 | - | **(166 545 832)** | 211 242 704 |
| Sanitation network | 189 743 001 | - | - | - | - | - | **189 743 001** | (124 346 885) | - | - | (2 754 562 | - | **(127 101 447)** | 62 641 554 |
| Water supply network | 247 017 193 | 24 978 164 | (220 150) | - | - | - | **271 775 207** | (150 566 208) | 188 767 | - | (5 576 165 | (66 513 | **(156 020 119)** | 115 755 088 |
| | **923 864 178** | **43 126 040** | **(6 238 035)** | - | - | - | **960 752 183** | **(511 050 736)** | **4 435 734** | - | **(18 637 635** | **(66 513** | **(525 319 150)** | **435 433 033** |
| **Community Assets** | | | | | | | | | | | | | | |
| Parks & gardens | 63 655 580 | 7 220 915 | (271 555) | - | - | 5 644 641 | **76 249 588** | (34 980 963) | 208 052 | - | (1 781 553 | - | **(36 554 463)** | 39 695 125 |
| Recreational facilities | ~~44 883 434~~ | | | | | | **44 883 434** | ~~(6 686 969)~~ | | | ~~(243 348~~ | | ~~**(6 286 248)**~~ | ~~4 882 685~~ |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 74 738 714 | 7 220 915 | (271 555) | - | - | 5 644 648 | 87 332 722 | (41 017 872) | 208 053 | - | (2 024 893 | - | (42 834 712) | 44 498 010 |



## Appendix B

June 2016

### Analysis of property, plant and equipment as at 30 June 2016

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Provision adjustment | Closing Balance | Opening Balance | Derecognition - Acc depr | Reclassify | Depreciation | Impairment loss | Closing Balance | Carryi valu |
| **Heritage assets** | | | | | | | | | | | | | | |
| Buildings | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 538 950 |
| | **538 950** | - | - | - | - | - | **538 950** | - | - | - | - | - | - | **538 950** |
| **Specialised vehicles** | | | | | | | | | | | | | | |
| **Other assets** | | | | | | | | | | | | | | |
| Plant & equipment | 863 971 | 801 670 | (327 402) | - | - | - | **1 338 239** | (670 672) | 279 051 | - | (202 008 | - | **(593 629)** | 744 610 |
| Furniture & Fittings | 3 761 862 | 304 638 | (255 345) | - | - | - | **3 811 152** | (2 799 722) | 240 544 | - | (376 389 | - | **(2 935 567)** | 875 585 |
| Office Equipment | 13 312 784 | 571 597 | (372 750) | - | - | - | **13 511 631** | (5 257 962) | 333 646 | - | (4 157 524 | - | **(9 081 840)** | 4 429 791 |
| Emergency Equipment | 92 844 | - | - | - | - | - | **92 844** | (68 094) | - | - | (9 092 | - | **(77 186)** | 15 658 |
| Work in progress | 42 185 904 | 50 978 943 | (43 126 040) | - | - | - | **50 038 807** | - | - | - | - | - | - | 50 038 807 |

## Appendix B

June 2016

## Analysis of property, plant and equipment as at 30 June 2016

| Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | Additions | Derecognition | Transfers | Revaluations | Provision adjustment | Closing Balance | Opening Balance | Derecognition - Acc depr | Reclassify | Depreciation | Impairment loss | Closing Balance | Carryi valu |
| 60 217 365 | 52 656 845 | (44 081 537) | - | - | - | 68 792 673 | (16 455 020) | 8 651 553 | - | (4 884 755 | - | (12 688 222) | 56 104 451 |

## Appendix B

June 2016

### Analysis of property, plant and equipment as at 30 June 2016

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Provision adjustment | Closing Balance | Opening Balance | Derecognition - Acc depr | Reclassify | Depreciation | Impairment loss | Closing Balance | Carryi valu |
| **Total property plant and equipment** | | | | | | | | | | | | | | |
| Land and buildings | 72 227 960 | - | - | - | - | - | **72 227 960** | (36 857 779) | - | - | (2 038 095) | - | **(38 895 874)** | 33 33 |
| Infrastructure | 923 864 178 | 43 126 040 | (6 238 035) | - | - | - | **960 752 183** | (511 050 736) | 4 435 734 | - | (18 637 635) | (66 513) | **(525 319 150)** | 435 43 |
| Community Assets | 74 738 714 | 7 220 915 | (271 555) | - | - | **5 644 648** | **87 332 722** | (41 017 872) | 208 053 | - | (2 024 893) | - | **(42 834 712)** | 44 49 |
| Heritage assets | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 53 |
| Other assets | 60 217 365 | 52 656 845 | (44 081 537) | - | - | - | **68 792 673** | (16 455 020) | 8 651 553 | - | (4 884 755) | - | **(12 688 222)** | 56 10 |
| | **1 131 587 167** | **103 003 800** | **(50 591 127)** | **-** | **-** | **5 644 648** | **1 189 644 488** | **(605 381 407)** | **13 295 340** | **-** | **(27 585 378)** | **(66 513)** | **(619 737 958)** | **569 90** |
| **Agricultural/Biological assets** | | | | | | | | | | | | | | |
| **Intangible assets** | | | | | | | | | | | | | | |
| Computers - software & programming | 1 617 886 | 657 326 | - | - | - | - | **2 275 212** | (199 947) | - | - | (113 366) | - | **(313 313)** | 1 96 |
| Other | 645 664 | - | - | - | - | - | **645 664** | - | - | - | - | - | - | 64 |
| | **2 263 550** | **657 326** | **-** | **-** | **-** | **-** | **2 920 876** | **(199 947)** | **-** | **-** | **(113 366)** | **-** | **(313 313)** | **2 60** |
| **Investment properties** | | | | | | | | | | | | | | |
| Investment property | 344 816 649 | - | (14 719 766) | - | 13 203 876 | - | **343 300 759** | - | - | - | - | - | - | 343 30 |
| | **344 816 649** | **-** | **(14 719 766)** | **-** | **13 203 876** | **-** | **343 300 759** | **-** | **-** | **-** | **-** | **-** | **-** | **343 30** |
| **Total** | | | | | | | | | | | | | | |
| Land and buildings | 72 227 960 | - | - | - | - | - | **72 227 960** | (36 857 779) | - | - | (2 038 095) | - | **(38 895 874)** | 33 33 |
| Infrastructure | 923 864 178 | 43 126 040 | (6 238 035) | - | - | - | **960 752 183** | (511 050 736) | 4 435 734 | - | (18 637 635) | (66 513) | **(525 319 150)** | 435 43 |

## Appendix B

June 2016

## Analysis of property, plant and equipment as at 30 June 2016

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Provision adjustment | Closing Balance | Opening Balance | Derecognition - Acc depr | Reclassify | Depreciation | Impairment loss | Closing Balance | Carryi valu |
| Community Assets | 74 738 714 | 7 220 915 | (271 555) | - | - | **5 644 648** | **87 332 722** | (41 017 872) | 208 053 | - | (2 024 893) | - | **(42 834 712)** | 44 49 |
| Heritage assets | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 53 |
| Other assets | 80 217 385 | 52 656 845 | (44 081 537) | - | - | - | **88 792 673** | (16 455 020) | 8 651 553 | - | (4 884 755) | - | **(12 688 222)** | 56 10 |
| Intangible assets | 2 263 550 | 657 326 | - | - | - | - | **2 920 876** | (199 947) | - | - | (113 366) | - | **(313 313)** | 2 60 |
| Investment properties | 344 816 649 | - | (14 719 766) | - | 13 203 876 | - | **343 300 759** | - | - | - | - | - | - | 343 30 |
| | **1 478 667 366** | **103 661 126** | **(65 310 893)** | **-** | **13 203 876** | **5 644 648** | **1 535 866 123** | **(605 581 354)** | **13 295 340** | **-** | **(27 698 744)** | **(66 513)** | **(620 051 271)** | **915 81** |

# Appendix B

## Analysis of property, plant and equipment as at 30 June 2015

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance Rand | Additions Rand | Derecognition Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Derecognition - Accum depr Rand | Derecognition - impairment Rand | Depreciation Rand | Transfers Rand | Closing Balance Rand | Carryl valu Ran |
| **Land and buildings** | | | | | | | | | | | | | | |
| Housing (Inc land) | 21 819 971 | - | - | - | - | - | **21 819 971** | (15 930 188) | - | - | (390 784) | - | **(16 320 972)** | 5 49 |
| Operational buildings | 49 237 233 | 464 900 | (170 500) | - | - | - | **49 531 633** | (18 897 693) | 4 334 | - | (1 639 066) | - | **(20 532 425)** | 28 99 |
| Roads and stormwater | 876 356 | - | - | - | - | - | **876 356** | - | - | - | (4 382) | - | **(4 382)** | 87 |
| | **71 933 560** | **464 900** | **(170 500)** | **-** | **-** | **-** | **72 227 960** | **(34 827 881)** | **4 334** | **-** | **(2 034 232)** | **-** | **(36 857 779)** | **35 37** |
| **Infrastructure** | | | | | | | | | | | | | | |
| Electricity network | ~~121 084 184~~ | ~~-~~ | ~~(156 255)~~ | ~~-~~ | ~~-~~ | ~~-~~ | **~~120 927 929~~** | ~~(89 984 154)~~ | ~~98 394~~ | ~~-~~ | ~~(2 924 296)~~ | ~~(2 310)~~ | **~~(72 729 276)~~** | ~~48 19~~ |
| Roads and stormwater network | 360 898 910 | 6 166 505 | (889 361) | - | - | - | **366 176 054** | (156 967 784) | 469 002 | 126 618 | (7 036 202) | - | **(163 408 366)** | 202 76 |
| Sanitation network | 189 464 992 | 346 135 | (68 126) | - | - | - | **189 743 001** | (121 685 882) | 53 845 | - | (2 714 848) | - | **(124 346 885)** | 65 39 |
| Water supply network | 246 970 660 | 388 895 | (342 362) | - | - | - | **247 017 193** | (145 526 312) | 288 496 | - | (5 328 392) | - | **(150 566 208)** | 96 45 |
| | **918 368 746** | **6 901 535** | **(1 456 104)** | **-** | **-** | **-** | **923 864 177** | **(494 081 129)** | **909 734** | **126 618** | **(18 003 648)** | **(2 310)** | **(511 050 735)** | **412 81** |
| **Community Assets** | | | | | | | | | | | | | | |
| Parks & gardens | 61 346 793 | 3 019 989 | (711 202) | - | - | - | **63 655 580** | (32 823 946) | (510 993) | - | (1 646 024) | - | **(34 980 963)** | 28 67 |
| ~~Recreational facilities~~ | ~~23 232 390~~ | ~~-~~ | ~~(12 149 256)~~ | ~~-~~ | ~~-~~ | ~~-~~ | **~~11 883 134~~** | ~~(16 299 551)~~ | ~~-~~ | ~~11 169 671~~ | ~~(907 029)~~ | ~~-~~ | **~~(6 036 909)~~** | ~~5 84~~ |
| | **84 579 183** | **3 019 989** | **(12 860 458)** | **-** | **-** | **-** | **74 738 714** | **(49 123 497)** | **(510 993)** | **11 169 671** | **(2 553 053)** | **-** | **(41 017 872)** | **33 72** |

## Appendix B

June 2016

### Analysis of property, plant and equipment as at 30 June 2015

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Other changes, movements | Closing Balance | Opening Balance | Derecognition - Accum depr | Derecognition - impairment | Depreciation | Transfers | Closing Balance | Carryi valu |
| **Heritage assets** | | | | | | | | | | | | | | |
| Buildings | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 53 |
| | **538 950** | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 53 |
| **Specialised vehicles** | | | | | | | | | | | | | | |
| **Other assets** | | | | | | | | | | | | | | |
| General vehicles | 9 595 000 | - | (9 595 000) | - | - | - | - | (7 658 570) | 7 796 312 | - | (138 742) | - | - | |
| Plant & equipment | 1 075 402 | 55 745 | (267 176) | - | - | - | **863 971** | (734 432) | 207 467 | - | (143 707) | - | **(670 672)** | 19 |
| Furniture & Fittings | 3 538 721 | 536 353 | (308 419) | - | (4 793) | - | **3 761 862** | (2 651 019) | 272 466 | - | (425 482) | 4 313 | **(2 799 722)** | 96 |
| Office Equipment | 3 987 826 | 11 588 609 | (2 264 894) | - | 1 243 | - | **13 312 784** | (2 704 879) | 1 945 299 | - | (4 350 932) | (147 450) | **(5 257 962)** | 8 05 |
| Emergency Equipment | 93 699 | - | (855) | - | - | - | **92 844** | (58 708) | 770 | - | (10 156) | - | **(68 094)** | 2 |
| Work in progress | 10 498 604 | 39 294 042 | - | (7 546 742) | - | - | **42 185 904** | - | - | - | - | - | - | 42 18 |
| | **28 789 252** | **51 414 749** | **(12 436 344)** | **(7 546 742)** | **(3 550)** | - | **60 217 365** | **(13 807 608)** | **10 224 314** | - | **(5 070 019)** | **(143 137)** | **(8 796 450)** | **51 42** |

## Appendix B

June 2016

### Analysis of property, plant and equipment as at 30 June 2015

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Other changes, movements | Closing Balance | Opening Balance | Derecognition - Accum depr | Derecognition - impairment | Depreciation | Transfers | Closing Balance | Carryi valu |
| **Total property plant and equipment** | | | | | | | | | | | | | | |
| Land and buildings | 71 933 560 | 464 900 | (170 500) | - | - | - | **72 227 960** | (34 827 881) | 4 334 | - | (2 034 232 | - | **(36 857 779)** | 35 370 181 |
| Infrastructure | 918 368 746 | 6 901 535 | (1 406 104) | - | - | - | **923 864 177** | (494 081 129) | 909 734 | 126 618 | (18 003 648 | (2 310 | **(511 050 735)** | 412 813 442 |
| Community Assets | 84 579 183 | 3 019 989 | (12 860 458) | - | - | - | **74 738 714** | (49 123 497) | (510 993) | 11 169 671 | (2 553 053 | - | **(41 017 872)** | 33 720 842 |
| Heritage assets | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 538 950 |
| Other assets | 28 789 252 | 51 414 749 | (12 436 344) | (7 546 742) | (3 550 | - | **60 217 365** | (13 807 608) | 10 224 314 | - | (5 070 019 | (143 137 | **(8 796 450)** | 51 420 915 |
| | **1 104 209 691** | **61 801 173** | **(26 873 406)** | **(7 546 742)** | **(3 550** | - | **1 131 587 166** | **(591 840 115)** | **10 627 389** | **11 296 289** | **(27 660 952** | **(145 447** | **(597 722 836)** | **533 864 330** |
| **Agricultural/Biological assets** | | | | | | | | | | | | | | |
| **Intangible assets** | | | | | | | | | | | | | | |
| Computers - software & programming | ~~1 539 576~~ | ~~78 308~~ | | | | - | ~~1 617 884~~ | (133 439) | | | (66 508 | - | (199 947) | 1 417 936 |
| Other | 645 664 | - | - | - | - | - | **645 664** | - | - | - | - | - | - | 645 664 |
| | ~~2 185 240~~ | ~~78 308~~ | | | | - | ~~2 263 550~~ | (133 439) | | | (66 508 | - | (199 947) | 2 063 601 |
| **Investment properties** | | | | | | | | | | | | | | |
| Investment property | 173 368 943 | - | - | - | 171 447 701 | - | **344 816 645** | - | - | - | - | - | - | 344 816 645 |
| | **173 368 943** | - | - | - | 171 447 701 | - | **344 816 645** | - | - | - | - | - | - | **344 816 645** |
| **Total** | | | | | | | | | | | | | | |

## Appendix B

June 2016

## Analysis of property, plant and equipment as at 30 June 2015

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Derecognition | Transfers | Revaluations | Other changes, movements | Closing Balance | Opening Balance | Derecognition - Accum depr | Derecognition - impairment | Depreciation | Transfers | Closing Balance | Carryi valu |
| Land and buildings | 71 933 560 | 464 900 | (170 500) | - | - | - | **72 227 960** | (34 827 881) | 4 334 | - | (2 034 232 | - | **(36 857 779)** | 35 370 181 |
| Infrastructure | 918 368 746 | 6 901 535 | (1 406 104) | - | - | - | **923 864 177** | (494 081 129) | 909 734 | 126 618 | (18 003 648 | (2 310 | **(511 050 735)** | 412 813 442 |
| Community Assets | 84 579 183 | 3 019 989 | (12 860 458) | - | - | - | **74 738 714** | (49 123 497) | (510 993) | 11 169 671 | (2 553 053 | - | **(41 017 872)** | 33 720 842 |
| Heritage assets | 538 950 | - | - | - | - | - | **538 950** | - | - | - | - | - | - | 538 950 |
| Other assets | 28 789 252 | 51 414 749 | (12 436 344) | (7 546 742) | (3 550 | - | **60 217 365** | (13 807 608) | 10 224 314 | - | (5 070 019 | (143 137 | **(8 796 450)** | 51 420 915 |
| Intangible assets | 2 185 242 | 78 308 | - | - | - | - | **2 263 550** | (133 439) | - | - | (66 508 | - | **(199 947)** | 2 063 603 |
| Investment properties | 173 368 943 | - | - | - | 171 447 706 | - | **344 816 649** | - | - | - | - | - | - | 344 816 649 |
| | **1 279 763 876** | **61 879 481** | **(26 873 406)** | **(7 546 742)** | **171 444 156** | - | **1 478 667 361** | **(591 973 554)** | **10 627 385** | **11 296 289** | **(27 727 460** | **(145 447** | **(597 922 783)** | **880 744 582** |

# Appendix C
June 2016

## Segmental analysis of property, plant and equipment as at 30 June 2016

| | Cost/Revaluation | | | | | | | Accumulated Depreciation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance Rand | Additions Rand | Derecognition Rand | Transfers Rand | Tranfers Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Derecognition Rand | Reclassify Rand | Depreciation Rand | Impairment deficit Rand | Closing Balance Rand | Carryl valu Ran |
| **Municipality** | | | | | | | | | | | | | | |
| Land and buildings | 72 227 96( | - | - | - | - | - | 72 227 96( | (36 857 779 | - | - | (2 038 095 | - | **(38 895 874** | 33 332 08( |
| Comm. & Social / Libraries and archives | 63 655 58( | 7 220 91! | (271 555 | - | - | 5 644 62 | 76 249 56( | (34 980 963 | 208 05: | - | (1 781 553 | - | **(36 554 463** | 39 695 10( |
| Sport and Recreation | 11 083 13< | - | - | - | - | - | 11 083 13< | (6 036 909 | - | - | (243 34( | - | **(6 280 249** | 4 802 88! |
| Electricity / Electricity Distribution | 120 927 93( | 517 50! | - | - | - | - | 121 445 43! | (72 729 277 | - | - | (2 922 47! | - | **(75 651 752** | 45 793 68; |
| Road Transport / Road | 366 176 05< | 17 630 36; | (6 017 885 | - | - | - | 377 788 53( | (163 408 366 | 4 246 96; | - | (7 384 43; | - | **(166 545 832** | 211 242 70< |
| Waste Water Management / Sewerage | 189 743 00' | - | - | - | - | - | 189 743 00' | (124 346 885 | - | - | (2 754 56; | - | **(127 101 447** | 62 641 55< |
| Water / Water Distribution | 247 017 19; | 24 978 16< | (220 150 | - | - | - | 271 775 20; | (150 586 208 | 188 76; | - | (5 576 16! | (66 513 | **(156 020 119** | 115 755 08! |
| Other | 60 217 36; | 77 902 17! | (967 296 | - | (43 126 04( | - | 94 026 20( | (8 796 447 | 865 01! | - | (8 036 20( | - | **(15 967 628** | 78 058 57! |
| | **1 131 048 21!** | **128 249 13<** | **(7 476 886** | **-** | **(43 126 040** | **5 644 62** | **1 214 339 05;** | **(597 722 834** | **5 508 80(** | **-** | **(30 736 823** | **(66 513** | **(623 017 364** | **591 321 68!** |
| **Municipal Owned Entities** | | | | | | | | | | | | | | |
| **Total** | | | | | | | | | | | | | | |
| Municipality | 1 131 048 21! | 128 249 13< | (7 476 886 | - | (43 126 04( | 5 644 62 | 1 214 339 05; | (597 722 834 | 5 508 80( | - | (30 736 823 | (66 513 | (623 017 364 | 591 321 68! |
| | **1 131 048 21!** | **128 249 13<** | **(7 476 886** | **-** | **(43 126 040** | **5 644 62** | **1 214 339 05;** | **(597 722 834** | **5 508 80(** | **-** | **(30 736 823** | **(66 513** | **(623 017 364** | **591 321 68!** |

## Appendix D
June 2016

### Segmental Statement of Financial Performance for the year ended

| Prior Year | | | | Current Year | | |
|---|---|---|---|---|---|---|
| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
| | | | **Municipality** | | | |
| - | 13 661 615 | (13 661 615) | Executive & Council/Mayor and Council | - | 17 318 310 | (17 318 310) |
| 116 014 159 | 92 749 688 | 23 264 471 | Finance & Admin/Finance | 120 225 136 | 111 550 755 | 8 674 381 |
| 197 229 | 6 901 611 | (6 704 382) | Planning and Development/Economic Development/Plan | 195 815 | 9 644 043 | (9 448 228) |
| 1 684 978 | 9 109 266 | (7 424 288) | Comm. & Social/Libraries and archives | 337 586 | 11 260 281 | (10 922 695) |
| 7 766 043 | 10 038 552 | (2 272 509) | Waste Water Management/Sewerage | 8 109 841 | 11 893 178 | (3 783 337) |
| 24 700 872 | 11 070 790 | 13 630 082 | Road Transport/Roads | 26 130 098 | 9 843 074 | 16 287 024 |
| 30 554 886 | 24 477 750 | 6 077 136 | Water/Water Distribution | 49 248 602 | 24 051 971 | 25 196 631 |
| 95 030 834 | 148 853 492 | (53 822 658) | Other/Air Transport | 111 873 107 | 158 181 335 | (46 308 228) |
| **275 949 001** | **316 862 764** | **(40 913 763)** | | **316 120 185** | **353 742 947** | **(37 622 762)** |
| | | | **Municipal Owned Entities** | | | |
| | | | **Other charges** | | | |
| 275 949 001 | 316 862 764 | (40 913 763) | Municipality | 316 120 185 | 353 742 947 | (37 622 762) |
| **275 949 001** | **316 862 764** | **(40 913 763)** | **Total** | **316 120 185** | **353 742 947** | **(37 622 762)** |

**Appendix F**
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**
June 2016

| Name of Grants | Name of | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for del | Did your | Reason for noncompliance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | | Yes/ No | |
| Equitable share | National Treasury | - | 26 428 | 21 143 | 15 857 | - | - | - | - | - | - | - | - | - | - | - | | Yes | |
| MIG | National Treasury | - | 8 170 | 9 667 | 44 152 | - | - | 9 270 | 7 596 | 2 063 | 8 626 | - | - | - | - | - | | Yes | |
| FMG | National Treasury | - | 1 600 | - | - | - | - | - | 564 | 24 | 1 012 | - | - | - | - | - | | Yes | |
| MSIG | National Treasury | - | 930 | - | - | - | - | - | 492 | - | 438 | - | - | - | - | - | | Yes | |
| EPWP | National Treasury | - | 433 | 325 | 325 | - | - | - | 1 040 | 43 | - | - | - | - | - | - | | Yes | |
| MWIG | National Treasury | - | 2 500 | 5 000 | 2 500 | - | - | - | 5 071 | 2 598 | 2 331 | - | - | - | - | - | | Yes | |
| INEP | National Treasury | - | 2 000 | - | - | - | - | 170 | 616 | - | 1 214 | - | - | - | - | - | | Yes | |
| | | - | 42 061 | 36 135 | 62 834 | - | - | 9 440 | 15 379 | 4 728 | 13 621 | - | - | - | - | - | | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# Appendix G1
# Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

| | 2016/2015 | | | | | | | | | | | | | | 2015/2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| **Revenue - Standard** | | | | | | | | | | | | | | | |
| **Governance and administration** | 158 123 406 | (16 514 300) | 141 609 106 | - | | 141 609 106 | 121 462 885 | | (20 146 221) | 86% | 77% | | | | 117 253 459 |
| Budget and treasury office | 155 848 641 | (16 514 300) | 139 334 341 | | | 139 334 341 | 119 225 136 | | (20 109 212) | 86% | 77% | | | | 116 014 159 |
| Corporate services | 2 274 758 | - | 2 274 758 | - | | 2 274 758 | 1 237 749 | | (1 037 009) | 54% | 54% | | | | 1 239 300 |
| **Community and public safety** | 22 805 059 | 2 114 107 | 24 919 166 | - | | 24 919 166 | 7 130 798 | | (17 788 368) | 29% | 31% | | | | 9 406 708 |
| Community and social services | 538 457 | 114 107 | 652 564 | - | | 652 564 | 337 586 | | (314 978) | 52% | 63% | | | | 1 684 978 |
| Public safety | 22 266 602 | 2 000 000 | 24 266 602 | - | | 24 266 602 | 6 793 212 | | (17 473 390) | 28% | 31% | | | | 7 721 730 |
| **Economic and environmental services** | 24 389 526 | 39 018 000 | 63 407 526 | - | | 63 407 526 | 26 325 913 | | (37 081 613) | 42% | 108% | | | | 24 898 101 |
| Planning and development | 333 410 | - | 333 410 | - | | 333 410 | 195 815 | | (137 595) | 59% | 59% | | | | 197 229 |
| Road transport | 24 056 116 | 39 018 000 | 63 074 116 | - | | 63 074 116 | 26 130 098 | | (36 944 018) | 41% | 109% | | | | 24 700 872 |
| **Trading services** | 168 601 540 | 6 371 773 | 174 973 313 | - | | 174 973 313 | 161 200 585 | | (13 772 724) | 92% | 96% | | | | 124 390 518 |
| Electricity | 110 662 174 | 861 773 | 111 523 947 | - | | 111 523 947 | 103 842 146 | | (7 681 801) | 93% | 94% | | | | 86 069 805 |
| Water | 49 330 291 | 3 500 000 | 52 830 291 | - | | 52 830 291 | 49 248 602 | | (3 581 689) | 93% | 100% | | | | 30 554 886 |
| Waste management | 8 609 075 | 2 010 000 | 10 619 075 | - | | 10 619 075 | 8 109 841 | | (2 509 234) | 76% | 94% | | | | 7 765 824 |
| **Total Revenue - Standard** | 373 919 531 | 30 989 580 | 404 909 111 | - | | 404 909 111 | 316 120 185 | | (88 788 926) | 78% | 85% | | | | 275 948 783 |

## Appendix G1

## Budgeted Financial Performance (revenue and expenditure by standard classification)

## for the year ended 30 June 2016

| | 2016/2015 | | | | | | | | | | | | | 2015/2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| **Expenditure - Standard** | | | | | | | | | | | | | | | |
| **Governance and administration** | **177 223 001** | **23 292 813** | **200 515 814** | - | - | **200 515 814** | **191 037 422** | - | **(9 478 392)** | **95%** | **108%** | - | - | - | **168 112 325** |
| Executive and council | 21 068 436 | - | 21 068 436 | - | - | 21 068 436 | 17 318 310 | - | (3 750 126) | 82% | 82% | - | - | - | 13 661 615 |
| Budget and treasury office | 97 746 311 | 14 174 335 | 111 920 646 | - | - | 111 920 646 | 111 550 755 | - | (369 891) | 100% | 114% | - | - | - | 92 749 688 |
| Corporate services | 58 408 254 | 9 118 478 | 67 526 732 | - | - | 67 526 732 | 62 168 357 | - | (5 358 375) | 92% | 106% | - | - | - | 61 701 022 |
| **Community and public safety** | **34 925 266** | **(6 682 071)** | **28 243 195** | - | - | **28 243 195** | **21 765 566** | - | **(6 477 629)** | **77%** | **62%** | - | - | - | **18 145 529** |
| Community and social services | 14 482 061 | (782 576) | 13 699 485 | - | - | 13 699 485 | 11 260 281 | - | (2 439 204) | 82% | 78% | - | - | - | 9 109 266 |
| Public safety | 20 443 205 | (5 899 495) | 14 543 710 | - | - | 14 543 710 | 10 505 285 | - | (4 038 425) | 72% | 51% | - | - | - | 9 036 263 |
| **Economic and environmental services** | **26 258 851** | **(2 277 369)** | **23 981 482** | - | - | **23 981 482** | **19 487 117** | - | **(4 494 365)** | **81%** | **74%** | - | - | - | **17 972 401** |
| Planning and development | 11 110 665 | 227 857 | 11 338 522 | - | - | 11 338 522 | 9 644 043 | - | (1 694 479) | 85% | 87% | - | - | - | 6 901 611 |
| Road transport | 15 148 186 | (2 505 226) | 12 642 960 | - | - | 12 642 960 | 9 843 074 | - | (2 799 886) | 78% | 65% | - | - | - | 11 070 790 |
| **Trading services** | **127 818 895** | **11 317 713** | **139 136 608** | - | - | **139 136 608** | **121 452 842** | - | **(17 683 766)** | **87%** | **95%** | - | - | - | **112 632 291** |
| Electricity | 88 267 960 | 13 268 580 | 101 536 540 | - | - | 101 536 540 | 85 507 690 | - | (16 028 850) | 84% | 97% | - | - | - | 78 116 207 |
| Water | 27 679 959 | (1 999 725) | 25 680 234 | - | - | 25 680 234 | 24 051 971 | - | (1 628 263) | 94% | 87% | - | - | - | 24 477 532 |
| Waste water management | - | - | - | - | - | - | 64 686 | - | 64 686 | DIV/0% | DIV/0% | - | - | - | 53 704 |
| Waste management | 11 870 976 | 48 858 | 11 919 834 | - | - | 11 919 834 | 11 828 495 | - | (91 339) | 99% | 100% | - | - | - | 9 984 848 |
| **Total Expenditure - Standard** | **366 226 013** | **25 651 086** | **391 877 099** | - | - | **391 877 099** | **353 742 947** | - | **(38 134 152)** | **90%** | **97%** | - | - | - | **316 862 546** |
| **Surplus/(Deficit) for the year** | **7 693 518** | **5 338 494** | **13 032 012** | - | - | **13 032 012** | **(37 622 762)** | | **(50 654 774)** | **(289)%** | **(489)%** | | | | **(40 913 763)** |

# Appendix G3
# Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

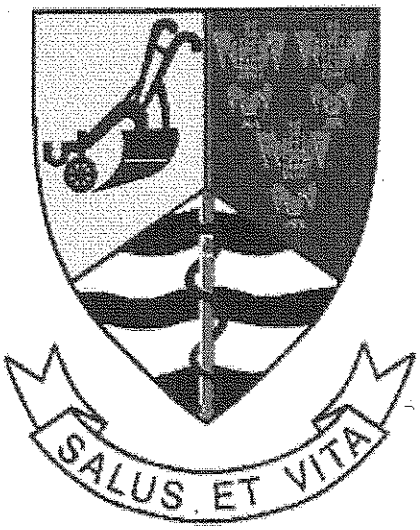
| | 2016/2015 | | | | | | | | | | | | | | 2015/2014 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | R A Oc |
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | |
| **Revenue By Source** | | | | | | | | | | | | | | | |
| Property rates | 59 959 110 | (808 000) | 59 151 110 | - | | 59 151 110 | 46 336 732 | | (12 814 378) | 78% | 77% | | | | |
| Property rates - penalties & collection charges | - | - | - | - | | - | - | | - | DIV/0% | DIV/0% | | | | 5 |
| Service charges - electricity revenue | 105 368 142 | 636 276 | 106 004 418 | - | | 106 004 418 | 103 326 621 | | (2 677 797) | 97% | 98% | | | | |
| Service charges - water revenue | 23 479 094 | 5 000 000 | 28 479 094 | - | | 28 479 094 | 22 624 734 | | (5 854 360) | 79% | 96% | | | | 8 |
| Service charges - sanitation revenue | 10 710 279 | (1 500 000) | 9 210 279 | - | | 9 210 279 | 9 464 684 | | 254 405 | 103% | 88% | | | | 1 |
| Service charges - refuse revenue | 6 974 822 | 2 000 000 | 8 974 822 | - | | 8 974 822 | 6 171 908 | | (2 802 914) | 69% | 88% | | | | |
| Service charges - other | 4 000 000 | (3 500 000) | 500 000 | - | | 500 000 | 416 926 | | (83 074) | 83% | 10% | | | | |
| Rental of facilities and equipment | 2 089 451 | 14 107 | 2 103 558 | - | | 2 103 558 | 1 106 503 | | (997 055) | 53% | 53% | | | | |
| Interest earned - external investments | 4 000 000 | (3 500 000) | 500 000 | - | | 500 000 | 940 360 | | 440 360 | 188% | 24% | | | | |
| Interest earned - outstanding debtors | 10 332 960 | (4 053 690) | 6 279 270 | - | | 6 279 270 | 5 294 784 | | (984 486) | 84% | 51% | | | | |
| Dividends received | - | - | - | - | | - | - | | - | DIV/0% | DIV/0% | | | | |
| Fines | 11 638 780 | | 11 638 780 | - | | 11 638 780 | 3 028 800 | | (8 609 980) | 26% | 26% | | | | |
| Licences and permits | 10 000 000 | 2 000 000 | 12 000 000 | - | | 12 000 000 | 3 201 147 | | (8 798 853) | 27% | 32% | | | | |
| Agency services | - | - | - | - | | - | - | | - | DIV/0% | DIV/0% | | | | |
| Transfers recognised | 102 223 200 | 39 018 000 | 141 241 200 | - | | 141 241 200 | 104 252 391 | | (36 988 809) | 74% | 102% | | | | 8 |
| Other revenue | 23 143 692 | (4 317 113) | 18 826 579 | - | | 18 826 579 | 9 960 595 | | (8 865 984) | 53% | 43% | | | | |
| Gains on disposal of PPE | - | - | - | - | | - | - | | - | DIV/0% | DIV/0% | | | | |
| Total Revenue (excluding capital transfers and contributions) | **373 919 530** | **30 989 680** | **404 909 110** | - | | **404 909 110** | **316 120 185** | | **(88 788 925)** | **78%** | **85%** | | | | 27 |
| **Expenditure By Type** | | | | | | | | | | | | | | | |
| Employee related costs | 108 702 978 | (1 870 931) | 106 832 047 | - | (90 631) | 106 741 416 | 103 691 637 | - | (3 049 779) | 97% | 95% | - | - | - | 8 |
| Remuneration of councillors | 6 269 088 | - | 6 269 088 | - | 90 631 | 6 359 719 | 6 325 883 | - | (33 836) | 99% | 101% | - | - | - | |
| Debt impairment | 27 711 953 | 5 000 000 | 32 711 953 | | (1 167 289) | 31 544 664 | 29 176 475 | - | (2 368 189) | 92% | 105% | - | - | - | 3 |
| Depreciation & asset impairment | 29 884 589 | - | 29 884 589 | | 1 167 289 | 31 051 878 | 30 808 519 | - | (243 359) | 99% | 103% | - | - | - | 2 |
| Finance charges | 2 097 139 | 4 408 082 | 6 505 221 | - | - | 6 505 221 | 6 495 816 | - | (9 405) | 100% | 310% | - | - | - | |
| Bulk purchases | 82 369 045 | 13 000 000 | 95 369 045 | - | (2 500 000) | 92 869 045 | 78 914 997 | - | (13 954 048) | 85% | 96% | - | - | - | 7 |
| Other materials | 24 413 214 | (2 065 962) | 22 347 252 | - | - | 22 347 252 | 12 128 655 | - | (10 218 597) | 54% | 50% | - | - | - | 1 |
| Contracted services | 36 486 372 | (7 057 523) | 29 428 849 | - | 2 500 000 | 31 928 849 | 30 004 739 | - | (1 924 110) | 94% | 82% | - | - | - | 2 |
| Fair value adjustments | - | - | - | - | - | - | - | - | - | DIV/0% | DIV/0% | - | - | - | |
| Other expenditure | 48 291 634 | 14 237 420 | 62 529 054 | - | - | 62 529 054 | 61 914 701 | - | (614 353) | 99% | 128% | - | - | - | 5 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | DIV/0% | DIV/0% | - | - | - | |
| Capital expenditure | - | - | - | - | - | - | - | - | - | DIV/0% | DIV/0% | - | - | - | |
| Total Expenditure | **386 226 012** | **25 651 086** | **391 877 098** | - | - | **391 877 098** | **389 461 422** | - | **(32 415 676)** | **99%** | **98%** | - | - | - | 33 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Surplus/(Deficit)** | **7 693 518** | **5 338 494** | **13 032 012** | - | **13 032 012** | **(43 341 237)** | **(56 373 249)** | **(333)%** | **(563)%** | **(5** |
| Fair value adjustments | - | - | - | - | - | ~~18 283 875~~ | ~~18 283 875~~ | ~~DIV/0%~~ | ~~DIV/0%~~ | |
| Actuarial Gain / (Loss) | - | - | - | - | - | (7 485 400) | (7 485 400) | DIV/0% | DIV/0% | 1 |
| | - | - | - | - | - | - | - | DIV/0% | DIV/0% | |
| **Surplus/(Deficit) after capital transfers & contributions** | **7 693 518** | **5 338 494** | **13 032 012** | - | **13 032 012** | **(37 622 762)** | **(50 654 774)** | **(289)%** | **(489)%** | **(4(** |
| Taxation | - | - | - | - | - | - | - | DIV/0% | DIV/0% | |
| **Surplus/(Deficit) after taxation** | **7 693 518** | **5 338 494** | **13 032 012** | - | **13 032 012** | **(37 622 762)** | **(50 654 774)** | **(289)%** | **(489)%** | **(4(** |
| Attributable to minorities | - | - | - | - | - | - | - | DIV/0% | DIV/0% | - |
| **Surplus/(Deficit) attributable to municipality** | **7 693 518** | **5 338 494** | **13 032 012** | - | **13 032 012** | **(37 622 762)** | **(50 654 774)** | **(289)%** | **(489)%** | **(4(** |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | DIV/0% | DIV/0% | |
| **Surplus/(Deficit) for the year** | **7 693 518** | **5 338 494** | **13 032 012** | - | **13 032 012** | **(37 622 762)** | **(50 654 774)** | **(289)%** | **(489)%** | **(4(** |

# OVERSIGHT REPORT

# For

# 2015/2016 FINANCIAL YEAR




# BELA-BELA LOCAL MUNICIPALITY

**MC—/03/2017**

# OVERSIGHT REPORT ON THE ANNUAL REPORT FOR THE 2015/2016 FINANCIAL YEAR PREPARED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF BELA-BELA LOCAL MUNICIPALITY

**REPORT OF THE CHAIRPERSON OF MPAC**

| | |
|---|---|
| 1. | **INTRODUCTION:** |
| 1.1. | *In terms of Local Government: Municipal Finance Management Act (MFMA) every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.* |
| 1.2. | *The purpose of an annual report is—*<br>a) *to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*<br>b) *to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*<br>c) *to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.* |
| 1.3. | The Annual Report is a key instrument of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of Organizational Financial and non-Financial performance in respect of the previous financial year, in this instance 2015/2016. The adoption of an Annual Report is a legislated requirement in terms of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA). |
| 2. | **PURPOSE OF THE REPORT:** |
| 2.1. | To inform Council about the work of the Municipal Public Accounts Committee (MPAC) on probing of the 2015/16 Annual Report and to make recommendations to Council as required in terms of Section 129(1) of the *Local Government: Municipal Finance Management Act*,2003 (Act 56 of 2003). |
| 3. | **BACKGROUND**: |
| 3.1. | During the Council meeting of 27 January 2017, the Mayor tabled the Annual Report for the 2015/2016 financial year as prescribed by Section 127 (2) of the *Local Government: Municipal Finance Management Act*,2003 (Act 56 of 2003). In dealing with the tabled Annual report, Council resolved *inter alia*:<br>***1) THAT** the 2015/16 Draft Annual Report be noted.*<br>***2) THAT** the 2015/16 Draft Annual Report be tabled to Council as required by Section 127 (2) of the Local Government Municipal Finance Management Act. No 56 of 2003.*<br>***3) THAT** tabling of the 2015/16 Draft Annual Report by the Mayor in terms of Section 127(2) be approved for publication in terms of Section 127 (5) (a)(i) of the Act.*<br>***4) THAT** it be further noted that an Oversight Report in terms of Section 129 of the Act will be submitted to Council for adoption at the end of March 2017.* |
| 3.2. | The Final 2015/16 Annual Report is attached herewith as **APPENDIX A pages ... to ...** for reference ease. |

| | |
|---|---|
| 4. | **DISCUSSIONS:** |
| 4.1. | During **August 2016**, the Bela-Bela Local Municipal Council resolved to establish a Municipal Public Accounts Committee (MPAC) in terms of the provisions of the *Local Government: Municipal Structures Act,*1998 (Act 117 of 1998) and the *Local Government: Municipal Finance Management Act,*2003 (Act 56 of 2003) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council. In terms of SALGA's Practical Guide on MPACs (2012: 10-14) the terms of reference for the MPAC include the interrogation of the following financial aspects addressed in the Municipal Finance Management:<br>i. Unforeseen and unavoidable expenditure;<br>ii. Unauthorised, irregular or fruitless and wasteful expenditure;<br>iii. The quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality/ SDBIP;<br>iv. Monthly budget statements;<br>v. Mid-year budget and performance assessment;<br>vi. Mid-year budget and performance assessment of municipal entities– currently not applicable to Bela-Bela Municipality;<br>vii. Disclosures concerning councillors, directors and officials;<br>viii. Submission and auditing of annual financial statements;<br>ix. Submission of the annual report;<br>x. Oversight report on the annual report;<br>xi. Issues raised by the Auditor-General in audit reports;<br>xii. Audit Committee;<br>xiii. Disciplinary action instituted in terms of the MFMA<br><br>The MPAC interrogate the following aspects addressed in the Municipal Systems Act:<br>xiv. Review of the IDP post elections;\<br>xv. Annual review of the IDP;<br>xvi. Performance Management Plan;4<br>xvii. Monitoring that the annual budget is informed by the IDP;<br>xviii. Monitoring that all declaration of interest forms are completed by councillors on an annual basis. |
| 4.2. | Bela-Bela Local Municipality's MPAC is constituted by the following:<br>1) Cllr L Modimola (Chairperson)<br>2) Cllr D Senosha<br>3) Cllr Z Moeletsi<br>4) Cllr MJ Makhubela |
| 4.3. | Immediately after the Annual Report was tabled in Council, the Municipal Manager in accordance with Section 21 A of the *Local Government Municipal Systems Act,* 2000 (Act 32 of 2000) made the Annual Report public. The following are the mechanisms which were followed to ensure that the public viewing of the Annual Report 2015/2016 was extensively advertised. |

| Date | Activity |
|---|---|
| 03 February 2017 | Public notice in the **Bela-Bela BEAT** inviting public comments/inputs and representations on the 2015/16 Draft Annual Report. |
| 07 February 2015 | Public notice on Municipal Website inviting public comments/inputs and representations on the 2015/16 Draft Annual Report. |

| | | |
|---|---|---|
| | | |
| 4.4. | An advertisement was placed in the **Bela-Bela BEAT** Newspaper and on Bela-Bela Municipality's website on 03 February 2017, inviting members of the public to submit written comments or representations in connection with the Draft Annual Report for the 2015/2016 financial year. At the closing date (13 March 2017) for written public comments or representations, there was no submission was received. | |
| 4.5. | Schedule of MPAC and other Committees on Probing of the Annual Report and other incidental matters: | |
| | **Details and/or Order of Business** | **Date (s)** |
| | 1st seating of MPAC to approve program for probing the annual report | 02 March 2017 |
| | Consideration and probing of Chapter 1,2 and 3 which includes:<br>• Annual performance report<br>• Service delivery report | 08 March 2017 |
| | Consideration and probing of Chapter 4,5 and 3 which includes:<br>• Auditor General Report and Action plan<br>• Financial statements<br>• Unathorised,fruitless and wasteful and irregular expenditures<br>• Consolidation and signing-off of the MPAC questionnaire on 2015/2016 Annual Report. | 13 March 2017 |
| | Consolidation of Public comments by Management for MPAC consideration | 13 March 2017 |
| | Performance Assessment Committee seats to review the Performance for the 2015/16 Financial Year and submits its recommendations for inclusion in the Oversight Report. | 17 March 2017 |
| | Consideration of responses from Municipal Manager and Public comments | 22 March 2017 |
| 4.6. | During its seating on **15 February 2017,** the Performance Audit Committee considered the Draft Annual Report for the Municipality and subsequently made the following recommendation to that effect:<br>1) **THAT** the 2015/2016 Annual Report be approved without reservations<br>2) **THAT** performance assessment be conducted for section 56 Managers and Municipal Manager.<br><br>The minutes of the Performance Audit Committee on 2015/16 Draft Annual Report is attached herewith as **APPENDIX B pages... to ...** for reference ease. | |
| 4.7. | Subsequently the Performance Assessment Committee was convened on **17 March 2017** to review the Performance of Senior Managers for the Financial Year under review so as to enable the incorporation of their recommendations in the Oversight Report. Upon verifying the Performance Reports of the Municipal Manager , Manager: Planning and Economic Development and Manager: Technical Services respectively. | |

| | |
|---|---|
| | The Report of the Performance Assessment Committee is attached herewith as **APPENDIX C Pages ... to ...** for reference ease. |
| 4.8. | The minutes of all MPAC meetings dealing with the Annual Report for the 2015/2016 Financial Year capture the deliberations in detail are attached as **APPENDIX D pages ... to ...** for reference ease. |
| 4.9. | After evaluation of the content of the Annual Report and taking into consideration Management responses and deliberations at the MPAC meetings referred to above, the MPAC believes the 2015/2016 Draft Annual Report reflects a substantial and positive improvement in Bela-Bela Local Municipality's annual planning, budgeting and reporting Processes. MPAC acknowledges a significant improvement over the previous years' Annual report. |
| 4.10. | The Annual Report complies with the requirements of the *Local Government: Municipal Finance Management Act*, 2003 (Act 56 of 2003) and with National Treasury (NT) guidelines for annual reports. The MPAC notes specifically that the information required to be included by the *Local Government: Municipal Finance Management Act*, 2003 (Act 56 of 2003) is included. More specifically, the 2015/2016 Annual Report contains *inter alia*:<br>• the annual financial statements;<br>• Auditor-General's audit report;<br>• the annual performance report of the Municipality and<br>• Recommendations of the Municipality's Audit Committee. |
| 4.11. | In terms of Section 129(1) the *Local Government: Municipal Finance Management Act*, 2003 (Act 56 of 2003) it is stipulated that the Council of a Municipality must consider the annual report of the Municipality by no later than two months from the date on which the annual report was tabled in Council in terms of Section 127, adopt an oversight report containing the Council's comments on the annual report, which must include a statement whether the Council-<br><br>a) has approved the annual report with or without reservations;<br>b) has rejected the annual report; or<br>c) has referred the annual report back for revision of those components that can be revised. |
| 4.12. | As Chairperson of the MPAC I would like to thank the MPAC Committee Members, Sub-Committee Members, the Executive Committee and Mayor, the Municipal Manager and Management Team as well as the various contributors to the Annual Report 2015/2016 for their diligence and constructive commitment during the oversight period. |
| 4.13. | The MPAC is satisfied that the 2015/2016 Annual Report provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof. |
| **RECOMMENDATIONS OF MPAC:** | |
| In accordance with Section 129(1) of the MFMA it is **RECOMMENDED** to Council:- | |
| 1. | **THAT** Council, having fully considered the Draft Annual Report of Bela-Bela Local Municipality for the 2015/2016 Financial Year **APPROVE** the oversight report **WITHOUT ANY RESERVATIONS** |
| 2. | **THAT** the 2015/2016 Final Annual Report be approved |

| | |
|---|---|
| 3. | **THAT** the 2015/2016 Annual Performance Reviews for Senior Managers be approved |
| 4. | **THAT** the following recommendations on the Irregular and fruitless and wasteful expenditure be approved as follows as per Auditor General Audit report:<br><br>1. **THAT** Fruitless and Wasteful Expenditure of **R618 070 (2014/2015) and R857 890.95 for 2015/2016** as approved by Business Executive of Auditor General in Audit Report for financial year of 2015/2016 be approved/condoned<br>2. **THAT** Irregular Expenditure of **R682 816** 2015/2016 be approved/ condoned<br>3. **THAT** Council take note that municipality have contract Mmalerepo Investment and the payment to this contract were being regarded as Irregular expenditure due to the fact that one of the members of this company is in service of the state. There was a final retention balance of 446 446 which were paid to the said Company. We recommend that the amount be written-off as part of irregular expenditure. |
| 5. | **THAT** the oversight report be made public in accordance with Section 129(3) of the *Local Government: Municipal Finance Management Act*, 2003 (Act 56 of 2003). |
| 6. | **THAT** the oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the *Local Government: Municipal Finance Management Act*,2003(Act 56 of 2003). |

# MINUTES

## BELA-BELA LOCAL MUNICIPALITY

**MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON THURSDAY, 02ND March 2017 AT 08H00 IN COMMITTEE ROOM, BELA-BELA LOCAL MUNICIPALITY.**

## 1. OPENING AND WELCOME

The Chairperson (Cllr Modimola) opened the meeting by welcoming everybody present.

## 2. APPLICATION FOR LEAVE OF ABSENCE

| NAME | PRESENT | LOA | ABSENT |
|---|---|---|---|
| Cllr Modimola | X | | |
| Cllr Senosha | | X | |
| Cllr Moeletsi | X | | |
| Cllr Makhubela | X | | |
| Mr T.D Magagane | x | | |

## 3. MOTIONS OF SYMPATHY AND CONGRADULATIONS

None

## 4. MINUTES OF PREVIOUS MEETING

## 5. MATTERS DEFFERED FROM PREVIOUS MEETINGS

None

## 6. ADOPTION OF THE PROGRAM FOR PROBING 2015/2016 ANNUAL REPORT

**Resolution of the committee**

THAT the proposed program is approved with the following changes:

1. Meetings for 07 March 2017 be changed 08 March 2017
2. Meeting for 09 March 2017 be changed to 13 March 2017

## 7. Closure

The Chairperson thanked everybody present and officially closed the meeting.

.....

**CLLR L MODIMOLA**
**MPAC CHAIRPERSON**

# MINUTES

## BELA-BELA LOCAL MUNICIPALITY

**MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON WEDNESDAY, 08 March 2017 AT 09H00 IN AUDITORIUM ROOM, BELA-BELA LOCAL MUNICIPALITY.**

## 1. OPENING AND WELCOME

The Chairperson (Cllr Modimola) opened the meeting by welcoming everybody present.

## 2. APPLICATION FOR LEAVE OF ABSENCE

| NAME | PRESENT | LOA | ABSENT |
|---|---|---|---|
| Cllr Modimola | X | | |
| Cllr Senosha | X | | |
| Cllr Moeletsi | | X | |
| Cllr Makhubela | X | | |
| Mr T.D Magagane | x | | |

## 3. MOTIONS OF SYMPATHY AND CONGRADULATIONS

None

## 4. MINUTES OF PREVIOUS MEETING

Adopted

## 5. MATTERS DEFFERED FROM PREVIOUS MEETINGS

None

## 6. PROBING 2015/2016 ANNUAL REPORT

**6.1** Chapter 1 – page 11 – The committee is concerned about inadequate details of the total 300 houses built in Rapotwane and Masakahane.

**Resolution of the committee**

THAT the following questions should be posed to management:

1. What is the exact number of houses provided to Rapotwane and Masakhane respectively and were the houses completed.
2. What are measures put in place to address unauthorised, fruitless, wasteful and irregular expenditures.
3. The committee will study the report further and the next week meeting (13 March 2017) must start at 08H00

## 7. Closure

The Chairperson thanked everybody present and officially closed the meeting.

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**CLLR L MODIMOLA**
**MPAC CHAIRPERSON**

# MINUTES

## BELA-BELA LOCAL MUNICIPALITY

**MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON MONDAY, 13 March 2017 AT 08H00 IN COMMITTEE BOARDROOM ROOM, BELA-BELA LOCAL MUNICIPALITY.**

## 1. OPENING AND WELCOME

The Chairperson (Cllr Modimola) opened the meeting by welcoming everybody present.

## 2. APPLICATION FOR LEAVE OF ABSENCE

| NAME | PRESENT | LOA | ABSENT |
|---|---|---|---|
| Cllr Modimola | X | | |
| Cllr Senosha | X | | |
| Cllr Moeletsi | | X | |
| Cllr Makhubela | X | | |
| Mr T.D Magagane | x | | |

## 3. MOTIONS OF SYMPATHY AND CONGRADULATIONS

None

## 4. MINUTES OF PREVIOUS MEETING

Adopted with the following corrections:

- The word **"Rapotwane"** be changed to **"Rapotokwane"**
- The word **"Masakahane"** be changed to **"Masakhane"**

## 5. MATTERS DEFFERED FROM PREVIOUS MEETINGS

None

## 6. PROBING 2015/2016 ANNUAL REPORT

**6.1** Chapter 1 – page 11 – The committee is concerned about inadequate details of the total 300 houses built in Rapotwane and Masakahane.

**Resolution of the committee**

THAT the following questions should be posed to management:

1. What measures put in place to address the issue of vacant stands
2. What are measures put in place to address issue of unused Mayoral house
3. Why municipal lapa not maintained and what is future plans for the facility
4. Where did you install four water procured as stipulated in page 188
5. How much was paid for consultant in CCTV camera CBD project ?
6. Why access control system is ineffective?
7. Why R609 920 was spent on Revenue enhancement strategy whereas the budget is R200 000 with no indication of adjustment budget.
8. What is the progress in terms resolving Auditor General finding-Creditors not paid within 30 days as stipulated AG action plan
9. Which steps were taken to curb the illegal occupation and connection (water and electricity ) at municipal properties e.g Municipal building next to Albert Luthuli Primary School.

**7. Closure**

The Chairperson thanked everybody present and officially closed the meeting.

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**CLLR L MODIMOLA**
**MPAC CHAIRPERSON**

# MINUTES

## BELA-BELA LOCAL MUNICIPALITY

**MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON MONDAY, 22 March 2017 AT 08H00 IN COMMITTEE BOARDROOM ROOM, BELA-BELA LOCAL MUNICIPALITY.**

## 1. OPENING AND WELCOME

The Chairperson (Cllr Modimola) opened the meeting by welcoming everybody present.

## 2. APPLICATION FOR LEAVE OF ABSENCE

| NAME | PRESENT | LOA | ABSENT |
|---|---|---|---|
| Cllr Modimola | X | | |
| Cllr Senosha | X | | |
| Cllr Moeletsi | | X | |
| Cllr Makhubela | X | | |
| Mr T.D Magagane | x | | |

## 3. MOTIONS OF SYMPATHY AND CONGRADULATIONS

None

## 4. MINUTES OF PREVIOUS MEETING

Adopted without corrections

## 5. MATTERS DEFFERED FROM PREVIOUS MEETINGS

None

## 6. CONSIDERATION OF PUBLIC COMMENTS ON 2015/2016 ANNUAL REPORT

- It was confirmed by Mr Magagane that there were no public comments received on the Annual Report

## 7. CONSIDERATION OF RESPONSES FROM MANAGEMENT ON 2015/2016 ANNUAL REPORT QUESTIONNAIRE

- The committee have considered the responses made by management on the Annual report questionnaire.

**Resolution of the committee**

- **THAT The following Recommendations be made to Council on 2015/2016 Annual Report:**
- **THAT** Council, having fully considered the Draft Annual Report of Bela-Bela Local Municipality for the 2015/2016 Financial Year **approve** the Oversight report **without any reservations.**
- **THAT** payment of performance bonus according to performance assessment report be approved
- **THAT** Fruitless and Wasteful Expenditure of **R857 891** for financial year of 2015/2016 be approved/condoned
- **THAT** Irregular Expenditure of **R2 421 263** (2015/2016 and 2016/2017 financial years) be approved/ condoned

## 7. Closure

The Chairperson thanked everybody present and officially closed the meeting.

.....
**CLLR L MODIMOLA**
**MPAC CHAIRPERSON**

# Bela-Bela Local Municipality

Chris Hani Drive, Bela-Bela, Limpopo Private Bag X1609 Bela-Bela 0480
Tel: 014 736 8000 Fax: 014 736 3288
Website: www.belabela.gov.za

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

## ATTENDANCE REGISTER

DATE: 02 March 2017
Time: ~~08H00~~ 08H00
Venue: Committee room

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

| | Surname & Initials | Position | Signature |
|---|---|---|---|
| 1. | Cllr Modimola | Chairperson | |
| 2. | Cll Senosha | Member | Apology |
| 3. | Cllr Moeletsi | Member | Apology. |
| 4. | Cllr Makhubela | Member | Makhubela |
| 5. | Mr Magagane | MPAC Coordinator | |
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| 7. | | | |
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| 9. | | | |
| 10. | | | |
| 11. | | | |
| 12. | | | |

# Bela-Bela Local Municipality

Chris Hani Drive, Bela-Bela, Limpopo Private Bag X1609 Bela-Bela 0480
Tel: 014 736 8000 Fax: 014 736 3288
Website: www.belabela.gov.za

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

## ATTENDANCE REGISTER

**DATE: 08 March 2017**
**Time: 09H00**
**Venue: Committee room**

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING**

| | Surname & Initials | Position | Signature |
|---|---|---|---|
| 1. | Cllr Modimola | Chairperson | |
| 2. | Cllr Senosha | Member | |
| 3. | Cllr Moeletsi | Member | Apology |
| 4. | Cllr Makhubela | Member | |
| 5. | Mr Magagane | MPAC Coordinator | |
| 6. | | | |
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| 11. | | | |
| 12. | | | |

# Bela-Bela Local Municipality

Chris Hani Drive, Bela-Bela, Limpopo Private Bag X1609 Bela-Bela 0480
Tel: 014 736 8000 Fax: 014 736 3288
Website: www.belabela.gov.za


## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

## ATTENDANCE REGISTER

**DATE: 13 March 2017**
**Time: 08H00**
**Venue: Committee room**

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING**

| | Surname & Initials | Position | Signature |
|---|---|---|---|
| 1. | Cllr Modimola | Chairperson | |
| 2. | Cllr Senosha | Member | |
| 3. | Cllr Moeletsi | Member | Apology |
| 4. | Cllr Makhubela | Member | |
| 5. | Mr Magagane | MPAC Coordinator | |
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# Bela-Bela Local Municipality

Chris Hani Drive, Bela-Bela, Limpopo Private Bag X1609 Bela-Bela
0480
Tel: 014 736 8000 Fax: 014 736 3288
Website: www.belabela.gov.za

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

## ATTENDANCE REGISTER

DATE: 22 March 2017
Time: 08H00
Venue: Committee room

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

| | Surname & Initials | Position | Signature |
|---|---|---|---|
| 1. | Cllr Modimola | Chairperson | |
| 2. | Cllr Senosha | Member | |
| 3. | Cllr Moeletsi | Member | Apology |
| 4. | Cllr Makhubela | Member | |
| 5. | Mr Magagane | MPAC Coordinator | |
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|---|---|---|---|---|---|---|---|
| TSHETLHO MZ | 382.96 | 22 | 8 425.16 | 382.96 | 24 | 9 191.08 | 765.92 |
| MATJILA PH | 570.49 | 35 | 19 967.09 | 570.49 | 37 | 21 108.06 | 1 140.98 |
| | | | | | | | 5 500.28 |

**Internal control deficiency**

**Financial and performance management**

Management did not adequately review the calculations for leave provisions to ensure that the accrual is based on leave outstanding at year end. Leave balances per the system were not reviewed to ensure that they are correct

**Recommendation**

Management must review the leave balance on the system and ensure that they are correctly updated on the system. Management must ensure that leave days balances used for the leave accrual is correct.

**Management response**

Management disagrees with the audit finding.

We use Pay day system for calculation of leave days. When we closed the current financial year on payday, the system automatically added 2 additional days on the system for July, however we excluded the additional 2 days which relate to July when we did the calculation for leave, therefore no misstatement was done on leave provision.

Letter confirmation from Pay day is available for inspection.

Name: Mr. K Maposa
Position: Acting CFO
Date: 07 November 2016

**Auditor's conclusion**

Management response is acknowledged however, further to this finding it was noted that the amount expensed for the leave provision is incorrect. Management incorrectly classified the leave provision as basic salaries and the leave paid out during the year as leave provision expense. The following journal was processed to correct the misclassification:

| | |
|---|---|
| Leave provision change (DR) | 840 091.94 |
| Basic salaries (CR) | 840 091.94 |

**Procurement and contract management**

**10. EX.1. Procurement: Procurement of services not fair, competitive and equitable**

**Audit finding**

In terms of section 112 of MFMA Supply chain management policy to comply with prescribed framework.—(1) The supply chain management policy of a municipality or municipal entity must be

fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management.
Municipal Supply Chain management regulations (MSCMR) paragraph 27 (1) requires that the bid specification committee must compile the specifications for each procurement of goods or services by the municipality.
(2) Specifications – must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

Contrary to the above requirement it was identified that the specification for training for management development program was based on courses offered by the University of Pretoria. This has resulted in the unfair disqualification of other universities as the municipality did not evaluate other bids and it was stated in the minutes of the evaluation committee meeting that the courses offered are not in line with the required programs as per the specification.

Wits University and North West University were disqualified because they did not quote according to the specification. This however, incorrect as our review indicates that description of courses quoted is similar to the required courses. It is unfair to expect other universities to describe the courses similarly (word-for-word) with the competitor. If the municipality was not sure, the right thing for the municipality to do would have been review the university's prospectus to ensure that the courses quoted cover the specification of the municipality.

The table below describes what was quoted by each university against what was specified by the municipality. It should be noted that management's specification is similar (word-for-word) to the University of Pretoria.

| | **University of Pretoria** | **WITS** | **North West University** |
|---|---|---|---|
| **Specifications by management** | **Management Development Program** | **Senior Leaders Development** | **Advanced Management Program** |
| Team Building | Team Building | Personal and Team Effective | Formulation Strategy |
| Organisational Behaviour and leadership | Organisational Behaviour and leadership | Issues in leadership | Strategic Management Project |
| Human Resources | Human Resources | Action Learning Project | Strategic Financial Support |
| General Management | General Management | Principles of Strategic Management | Strategic Marketing Support |
| Marketing Management and Economics | Marketing Management and Economics | Principles of Accounting and Finance | Strategic Innovation and Entrepreneurship |
| Business Simulation | Business Simulation | Principles of HR Management | Strategic Action Plans and Projects |
| Management accounting | Management accounting | Principles of Economics | |
| Project Management | Project Management | Principles of Operations Management | |
| Operations Management | Operations Management | | |

| **Name of Supplier** | **Amount quoted** |
|---|---|
| University of Pretoria | 435 000.00 |
| WITS | 488 000.00 |
| North West University | 275 000.00 |

The above may result in irregular expenditure of R435 000 being incurred.

**Internal control deficiency**

There is a lack of oversight responsibility from the bid specification committee to ensure compliance with PPR and MSCMR and to ensure that the specification is drafted in an unbiased manner

**Recommendation**

Management should draft specifications that are not biased. Amount of R435 000 incurred on this contract should be disclosed as irregular expenditure.

**Management response**

Management disagree with the audit finding

Based on the specification as tabled by auditor on the table above. Both Wits and University of North West did not provide all required specification as per Municipality request.

| | University of Pretoria | WITS | North West University |
|---|---|---|---|
| **Specifications by management** | **Management Development Program** | **Senior Leaders Development** | **Advanced Management Program** |
| Team Building | Team Building | Personal and Team Effective | Formulation Strategy |
| Organisational Behaviour and leadership | Organisational Behaviour and leadership | Issues in leadership | Strategic Management Project |
| Human Resources | Human Resources | Action Learning Project | Strategic Financial Support |
| General Management | General Management | Principles of Strategic Management | Strategic Marketing Support |
| Marketing Management and Economics | Marketing Management and Economics | Principles of Accounting and Finance | Strategic Innovation and Entrepreneurship |
| Business Simulation | Business Simulation | Principles of HR Management | Strategic Action Plans and Projects |
| Management accounting | Management accounting | Principles of Economics | NOT PROVIDED |
| Project Management | Project Management | Principles of Operations Management | NOT PROVIDED |
| Operations Management | Operations Management | NOT PROVIDED | NOT PROVIDED |

It is evident from the table above that WITS did not provide for the Operation management module while North West University did not provide Management accounting, Project Management and Operations Management.

Name: K Maposa
Position: Acting CFO
Date: 13 October 2016

**Auditor's conclusion**

Management's response is acknowledged, however, the finding is not resolved. The specification was biased. No university was going to meet the specifications as they were drafted based on the university of Pretoria. As indicated in the finding above, if the municipality was unsure of the services offered by the other universities, the best option would have been to contact the university

or check the prospectus from their respective websites. This procurement process was not fair and equitable and should be disclosed as irregular expenditure. The finding is not resolved.

### 11. EX.6. Procurement: Tax Clearance certificate not valid

#### Audit finding

In terms of supply chain management regulation 13 a supply chain management policy must state that the municipality may not consider a written quotation or bid unless the provider who submitted the quotation or bid -

b) has authorised the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order;

In terms of supply chain management regulation 43 the supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make any award above R15 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order

Contrary to the above requirement it was identified the following Tax Clearance certificate of the bidder was not valid/ not attached:

| Name of Supplier | Payment number | Amount | Reason Tax Clearance not Valid |
|---|---|---|---|
| UNIVERSITY OF PRETORIA | EF001085-0004 | 435 000.00 | The Tax clearance submitted by the bidder was approved on 8 May 2015 by SARS and the bid evaluation committee to evaluate the tender met on 27 March 2015. |
| A.T.K.V. - KLEIN-KARIBA | EF001105-0002 | 51 828.00 | The tax clearance that the supplier submitted Expired on 13 August 2015, and the tender was advertised on 14 August 2015 and evaluated on 1 September 2015. |
| NETSHISAULU HOLDINGS | EF001136-0050. | 183 500.00 | Not attached |
| | | 670 328.00 | |

This constitutes irregular expenditure of R670 328

#### Internal control deficiency

There is a lack of oversight responsibility from the bid evaluation committee to ensure that only suppliers with valid tax clearance certificates and other required documentation are evaluated.

#### Recommendation

Bid evaluation committee should disqualify suppliers who do not have valid tax clearance certificate.
Irregular expenditure of R670 328 should be disclosed in the AFS

#### Management response

Management disagree with audit finding. Explanation for disagreement is details bellow

| Name of Supplier | Payment number | Amount | Reason Tax Clearance not Valid | Management respond |
|---|---|---|---|---|
| UNIVERSITY OF PRETORIA | EF001085-0004 | 435 000.00 | The Tax clearance submitted by the bidder was approved on 8 May 2015 by SARS and the bid evaluation committee to evaluate the tender met on 27 March 2015. | The University of Pretoria tax matters were in good standing during the tender evaluation and awarding stage in line with regulation Supply chain management regulation 43.<br><br>Attached is the tax clearance certificate from 21 May 2014 and Expired 21 May 2015. |
| A.T.K.V. - KLEIN-KARIBA | EF001105-0002 | 51 828.00 | The tax clearance that the supplier submitted Expired on 13 August 2015, and the tender was advertised on 14 August 2015 and evaluated on 1 September 2015. | The award was made on the 3rd of September 2015 when KLEIN-KARIBA Tax matters were in order as evident on the attached tax clearance certificate and the purchase order.<br><br>Tax clearance approved 02 September 2015 and expired on 01 September 2016<br><br>There is an error in the typing of date on the evaluation report. The correct evaluation date was 03 September 2015. The advertisement was closing on 01 September 2016 and it would be impractical for the evaluation to be completed on the same day therefore this is an obvious error. |
| NETSHISAULU HOLDINGS | EF001136-0050 | 183 500.00 | Not attached | Valid tax clearance is available for submission to |

| | | | | |
|---|---|---|---|---|
| | | | | Auditors.<br><br>Upon request by AG, valid tax clearance, BEE certificate and declaration of interest was filed on separate file. |
| | | 670 328.00 | | |

Name: K Maposa
Position: Acting cfo
Date: 13 October 2016

**Auditor's conclusion**

University of Pretoria:

1. When a bidder submits a tender they have to submit all the documents required. If university of Pretoria did not submit the tax clearance when the tender was evaluated it had to be disqualified. Evaluating a tender on 27 March 2015 with a certificate that is dated on 8 may is unfair practice. The requirement is that at the time of submission and at the time of evaluation there must be a valid tax clearance certificate, this was not the case for this supplier.

   A.T.K.V. - KLEIN-KARIBA –

2. Management stated that the bid closed on 1 September 2016, but it is not clear from the response how the supplier submitted a certificate dated 2 September when the bid closed on 1 September.

NETSHISAULU HOLDINGS- the finding is resolved. The internal control deficiency will however be reported in the management report as record keeping is an issue

**12. EX.7. Procurement: BBBEE certificate of the winning bidder not valid**

**Audit finding**

Preferential Procurement regulation paragraph 10 (2) states that Tenderers other than Exempted Micro-Enterprises (EMEs) must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

It was identified that the following winning suppliers did not submit / submitted invalid BBBEE certificates, however points were awarded to them for BBBEE:

| Name of Supplier | Payment number | Amount | Reason BBBEE certificate not Valid |
|---|---|---|---|

| | | | |
|---|---|---|---|
| POPELA MAAKE ATTORNEYS | EF001202-0006 | 112 800.00 | The points where awarded for BBBEE however the certificate had already expired. The bid was advertised on 15 May 2015 and the certificate expired on 29 April 2015 |
| KGAKILOE TRADING AND PROJECTS | EF001146-0020 | 142 000.00 | The winning bidder submitted a BBBEE certificate that was issued on 28 September 2015, however the quotations was evaluated on 10 September 2015 and the BBBEE points were awarded to the bidder |
| NETSHISAULE HOLDINGS (PTY) LTD | EF001136-0050 | 183 500.00 | Not attached |
| UNIVERSITY OF PRETORIA | EF001085-0004 | 435 000.00 | Not attached |
| | | 873 300.00 | |

This constitutes irregular expenditure of R 873 300.

**Internal control deficiency**
There is a lack of oversight responsibility from the bid evaluation committee to ensure that only suppliers with valid BBBEE certificates are awarded BBBEE points.

**Recommendation**
Management should ensure that only suppliers with valid BBBEE certificates are awarded the BBBEE points.
Irregular expenditure of R873 300 should be disclosed on the AFS.

**Management response**

Management disagrees with audit finding:

| Name of Supplier | Payment number | Amount | Reason BBBEE certificate not Valid | Management comment |
|---|---|---|---|---|
| POPELA MAAKE ATTORNEYS | EF001202-0006 | 112 800.00 | The points where awarded for BBBEE however the certificate had already expired. The bid was advertised on 15 May 2015 and the certificate expired on 29 April 2015 | Based on the attached BEE certificate, the expiry date is 29 April 2016 and not 29 April 2015 as stated by Auditor. |
| KGAKILOE TRADING AND PROJECTS | EF001146-0020 | 142 000.00 | The winning bidder submitted a BBBEE certificate that was issued on 28 September 2015, however the quotations was evaluated on 10 September 2015 and the BBBEE points were awarded to the bidder | Valid BEE certificate was attached on the tender file. The expired BEE certificate as stated by Auditor relate to Tebmo Trading and not Kgakiloe Trading and project<br><br>Khakiloe Trading BEE certificate expire on 15 July 2016 |
| NETSHISAULE HOLDINGS (PTY) LTD | EF001136-0050 | 183 500.00 | Not attached | BBBEE certificate attached |
| UNIVERSITY OF | EF001085-0004 | 435 000.00 | Not attached | BBBEE certificate attached |

| | | | | |
|---|---|---|---|---|
| PRETORIA | | | | |
| | | 873 300.00 | | |

Name: Mr. K Maposa
Position: Acting CFO
Date: 13 October 2016

**Auditor's conclusion**
Management comment is noted and the finding is resolved. The internal control deficiency will however be reported in the management report as record keeping is an issue.

### 13. EX.8: Procurement: Deviation not obtained/ obtained late

**Audit finding**

Supply Chain management regulations 12 (1) states that A supply chain management policy must, subject to regulation 11(2), provide for the procurement of goods and services by way of -
(c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included);

Supply Chain management regulations 17 states that A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written pricequotations, which must include conditions stating -
(a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;
(b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14(l)(b) and (c);-
(c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer;

Supply Chain management regulations 36 (2) states The accounting officer must record the reasons for any deviations in terms of sub regulation (l)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

Contrary to the above requirements it was identified that a deviation was not obtained/ obtained late for the following transactions:

| Name of Supplier | Payment number | Amount | Comment |
|---|---|---|---|
| AKANYA DEVELOPMENT SOLUTIONS | EF001216-0001 | 9 371.92 | An advert was placed on the notice board of the municipality but only one supplier responded to the advert. No deviation was obtained for the |

| | | | |
|---|---|---|---|
| | | | transaction |
| ANNICO ELECTRICAL CC | EF001043-0002 | 15 212.00 | The reason for the deviation was obtained however this was done after the services was rendered. The training commenced on 2 July 2015 and the confirmation by the supplier was received on 19 June 2015, however the deviation was sent to the MM on 2 July 2015. This deviation was also not disclosed in the AFS |
| | | 21<br>4 583.92 | |

The above resulted in irregular expenditure being incurred by the municipality

**Internal control deficiency**

There is a lack of oversight responsibility from the bid evaluation committee to ensure that a deviation is approved where 3 quotations could not be obtained.

**Recommendation**

Management should ensure that a deviation is approved where 3 quotations could not be obtained Irregular expenditure of R214 583.92 should be disclosed on the AFS

**Management response**

**Akanya Development Solutions**
Management disagrees with the audit finding.

Supply Chain management regulations *17(1)(c)* states that *A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.* It should be noted that the Municipality has satisfied the requirements of regulation 18(a) and 17(1)(c) in procuring the services. Reasons why it was not possible to obtain three quotations were documented on the attached register. Procurement of goods and services through regulation 17 does not constitute a regulation 36 deviation.

**Annico Electrical CC**

Management takes note of the finding raised however it should be noted that there are no legislated requirements with regards to the timing of deviations approval. Therefore we do not agree with the classification of the transaction as irregular expenditure. We would like to request office of the Auditor General to allow the amendments of financial statements to include Annico Electrical CC, R15 212.00 deviation.

Name: Mr. K Maposa
Position: Acting Chief Financial Officer (CFO)
Date: 14 October 2016

**Auditor's conclusion**

Management's response is acknowledged, however it should be noted that the SCM regulation requires management to obtain the 3 quotations, not receive. If 3 quotations are not obtained the transaction should be a deviation and disclosed.

**Annico Electrical CC**

Management should note that SCM regulation requires that goods and services to the value of above R10 000 but below R30 000 should be procured through obtaining of quotations. Quotations should be obtained before orders are placed with the supplier, the timing of the deviation can therefore not happen after the placing of an order and receiving of the services. A deviation of R15 212 will be disclosed by management.

**14. Ex.15: Procurement: Designated Sector**

**Audit finding**

Preferential Procurement Regulation 9(1) states that an organ of state must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

It was identified that the municipality advertised a tender for office furniture. Part of the officer furniture requested by the municipality requires a minimum threshold for local production, however this was not included in the specification.
Melamine office desk, Melamine / Paper foil office desk with drawers, and steel shelf require local content. Total of the furniture that requires local content is R20 884

| Name of Supplier | Amount paid | Payment number |
|---|---|---|
| BIDWEST WALTONS (PTY)LTD | 285 069.54 | EF001181-0005 |

The above may result in irregular expenditure of R 20 884

**Internal control deficiency**

There is a lack of oversight responsibility from the bid specification committee to ensure compliance with PPR.

**Recommendation**

Management to ensure that when advertising a tender with designated sector it stipulates minimum thresholds for local production
The irregular expenditure must be disclosed as such in the AFS.

**Management response**

Management disagree with the audit finding

*The Minister of Department of Trade and Industry designated sector instructions* has designated Melamine office desk with drawers, Melamine / Paper foil office desk with drawers, Steel stationery cupboard, Wood drawer(s) filing cabinet and other items to use local production and content for furniture content.
The Municipality has procured the following items:

- Steel shelf – Is normal stationary cupboards which have steel dividers.
- Melamine Oak furniture items – This is a colour of different furniture items (EG: Credenzas, Drawers, etc have Melamine Oak colour)

The above items do not meet the requirements of designated sector that require local production and content.
Name: Mr. K Maposa
Position: Acting CFO
Date: 14 October 2016

**Auditor's conclusion**

Audit evidence obtained and reviewed and we still concluded that the finding is valid. DBE approved the request for adjustment and the irregular expenditure has been adjusted in the AFS.

**15. EX.42: Procurement: Bid evaluated excluding VAT**

**Audit finding**

Section 112 (1) of MFMA states that The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management.

Preferential Procurement Regulations defines rand value as follows-
"rand value" means the total estimated value of a contract in South African currency, calculated at the time of tender invitations, and includes all applicable taxes and excise duties;

It was identified that during the evaluation of the following quotations, the municipality used the amount excluding VAT as the quotation price. However all the other bidders were not registered for VAT, except the winning bidder, when adding VAT to the winning bidder's quotation amount it is not the lowest amount, therefore the bidder doesn't have the highest points.

Calculated points by the municipality:

| BIDDER | PRICE TENDERED EXC VAT | LOWEST PRICE | POINTS | BBEEE LEVEL | BBBEE POINT | TOTAL POINTS |
|---|---|---|---|---|---|---|

| | | | | | S | |
|---|---|---|---|---|---|---|
| SITHULA TRADING | 153 600.00 | 153 600.00 | 80.00 | 3 | 16 | 96 |
| MAKHANTSI TRADING | 167 000.00 | 153 600.00 | 73.02 | 3 | 16 | 89 |

Recalculated points:

| BIDDER | PRICE TENDERED INC VAT | LOWEST PRICE | POINTS | BBEEE LEVEL | BBBEE POINTS | TOTAL POINTS |
|---|---|---|---|---|---|---|
| SITHULA TRADING (INC VAT) | 175 104.00 | 167 000.00 | 76.12 | 3 | 16 | 92 |
| MAKHANTSI TRADING | 167 000.00 | 167 000.00 | 80.00 | 3 | 16 | 96 |

**Internal control deficiency**

There is a lack of oversight responsibility from the Divisional Manager: SCM to ensure that all the quotations received are evaluated using the total amount of the quotation

**Recommendation**

Management should ensure that all the quotations received are evaluated the total amount of the quotation

**Management response**

Management agrees with the audit finding.
VAT was erroneously excluded during the evaluation stage of the bid. Committee's reports will be reviewed to ensure compliance with the supply chain management regulations and non-occurrence of the error in future. We would like to request office of the auditor general to allow us to adjust the Financial Statements to include the above irregular expenditure of R8 104 (175 104.00 – 167 000).

Name: Maposa K
Position: Acting CFO
Date: 08 November 2016

**Auditor's conclusion**

Management response is noted, the whole amount awarded is irregular.

## Irregular expenditure

### 16. EX.22: Procurement: Completeness of irregular expenditure

**Audit finding**

In terms of section 122(1)(a) of the MFMA, "every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue,

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Bela-Bela local municipality
Private Bag X1609
Bela-Bela
0480

Date: 12 October 2016

Reference: 02564REG 15-16

Communication 02 of 2015-16

Dear Mr. Maluleka

**Communication of audit finding for the regularity audit of Bela-Bela Local Municipality for the year to end 30 June 2016**

## Background

1. In performing the audit of **Procurement and contract management** the matters detailed in the annexure came to our attention.
2. We have recorded the internal control deficiency that gave rise to the non-compliance and our recommendation for correcting the misstatement for your consideration.

## Required

3. You are requested to indicate your agreement with the facts stated in these findings. Should you disagree with the findings, please provide documentary evidence to the contrary within Three (3) days of receipt hereof as agreed with the Municipality Manager in the engagement letter.
4. Should you agree with the factual correctness of the findings, you are requested to examine the population of the procurement processes to understand the cause of the non-compliance in order to make appropriate adjustments to the irregular expenditure and non-compliance disclosures reflected in the financial statements. Your response is required within Three (3) days from the date of this communication as agreed in the engagement letter.
5. Please also indicate in your response whether you agree with the identified internal control deficiency. Should you disagree, please indicate what you believe the actual cause of the non-compliance is.
6. If the non-compliance are as a result of information not having been presented as requested, the missing documentation should be supplied within three (3) days from the date hereof, failing which it will not be taken into consideration in finalising the audit.
7. Should you choose not to examine the population and not to correct any, or to correct only some of the non-compliance, kindly communicate your reasons for this.
8. The recommendations made by the audit team are subject to change after due consideration of the management comments received as well as subsequent interventions by the manager.
9. Please note that findings on uncorrected misstatements will be included in the management report together with the comments submitted by you and that no further opportunity will be given to address the misstatement during the audit process.

Yours sincerely

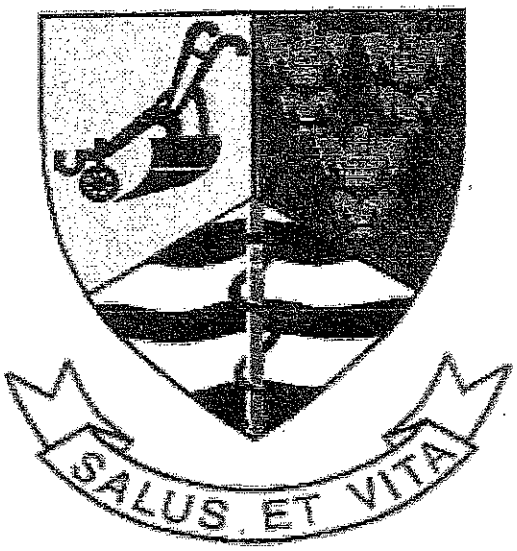
Balekane Motlana
Senior Manager: Limpopo Business Unit

Enquiries: Charlotte Segage
Telephone: (015) 283 9348
Email: CharlotteS@agsa.co.za

**Acknowledgement of receipt by management:**

Received by _____ Date _____

# BELA-BELA LOCAL MUNICIPALITY




## 2015-2016 ANNUAL INDIVIDUAL PERFORMANCE REVIEWS REPORT FOR SECTION 54/56 MANAGERS

## REPORT ON THE 2015/2016 ANNUAL PERFORMANCE REVIEWS FOR SECTION 56 MANAGERS OF BELA-BELA LOCAL MUNICIPALITY

### A. Executive Summary

The purpose of this report is to give feedback regarding the 2015/2016 Annual individual performance reviews for Section 54/56 Managers of Bela-Bela Local Municipality (BBLM). The 2015/2016 annual individual performance reviews were successfully conducted on the 19th of October 2015. Before detailing of the assessment processes and the outcome thereto, it should be noted that during the entire Financial Year under review, i.e. 2015/2016 the Municipality had only three (3) permanently appointed Senior Managers which were the Municipal Manager, the Manager for Planning & Economic Development and the Manager for Technical Services respectively. The positions of the Manager Corporate Services, Manager Community and Social Services and the Chief Financial Officer were vacant. It is in this regard that only the Municipal Manager and other two(2) Managers were assessed.

### B. Notification and Schedule of Reviews

The Municipality had formally notified the candidates and the Panel members in advance of its intention to conduct the 2015/2016 Annual Individual Performance Reviews. The invitation outlined the date, time, venue and Panel members to conduct the performance evaluation. Below is the full detail of schedule followed during the session.

| No | INCUMBENT | DATE | TIME | VENUE | PANEL MEMBERS | OUTCOME |
|---|---|---|---|---|---|---|
| 1 | Mr P Raputsoa | 17 January 2017 | 09:00 – 10:00 | Municipal Committee Room | • Municipal Manager – MM Maluleka (**Chairperson**)<br>• BBLM Member of Executive Committee – Cllr MJ Ngobeni<br>• Municipal Manager: Ephraim Mogale Local Municipality- Ms M Mathebela<br>• Audit Committee Chairperson –SAB Ngobeni | Assessment successfully concluded. |
| | Mr FR Ntekele | 17 January 2017 | 10:00 – 11:00 | Municipal Committee Room | • Municipal Manager – MM Maluleka (**Chairperson**)<br>• BBLM Member of Executive Committee – Cllr MJ Ngobeni<br>• Municipal Manager: Ephraim Mogale Local Municipality- Ms M Mathebela<br>• Audit Committee Chairperson –SAB Ngobeni | Assessment successfully concluded. |
| 2 | Mr MM Maluleka | 17 January 2017 | 11:00 – 12:00 | Municipal Committee Room | • Mayor – Cllr MJ Ngobeni (**Chairperson**)<br>• Executive Mayor: Waterberg- Cllr SM Mataboge<br>• Municipal Manager: Ephraim Mogale Local Municipality- Ms M Mathebela<br>• Audit Committee Chairperson -SAB Ngobeni<br>• Ward Committee Member – Mr Pheto Mohale | Assessment successfully concluded. |

## C. Proceedings and Attendance of Panel Members and Candidates

The session was held at BBLM in the Municipal Committee Room as indicated in the above schedule. The reviews were conducted using the assessment panel as prescribed in the Local Government Municipal Performance Regulations for Municipal Managers and Mangers Directly Accountable to Municipal Mangers, 2006. The reviews were conducted on both components which are KPA's (80%) and Core Competencies Ratings (20%) using their respective assessment ratings of 1-5 Scores and 1- 4 Scores respectively.

For the reviews of the Municipal Manager the session was chaired by the Mayor, whilst for the Manager Planning & Economic Development and the Manager Technical Services the session was chaired by the Municipal Manager with Divisional Manager for Performance Management Systems (PMS) providing Secretariat Support for both sessions. Panel members' duly attended the sessions as outlined herein. Prior to the Assessment proceedings all candidates were informed about the process to be followed and allowed to present their performance information with the portfolio of evidence to the Assessment Committee. The assessments proceeded with no challenges.

## D. Overall Performance Report

The table below presents the overall performance of the Municipal Manager, the Manager for Planning and Economic Development and Manager for Technical Services as per Key Performance Areas (KPA's) and CCR's . The Formula to calculate the scores is as follows:

Total KPA's = [KPA's Weighted Score/100%) x80%]
Total CCR's = [CCRs weighted Score/100%) x20%]
Total Weighted Score = [KPA's+CCR's]
Total Weighted Score converted to %= [Total weighted Score/3) x100%

| Departments/Units | | KPAs[1] | | | | | | KPI's Assessed | KPI's Total Score | CCR Assessed | CCR's Total Averaged Scores | Weighted Tot Score | | Final Total Score | Total % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Department | Position | 1 | 2 | 3 | 4 | 5 | 6 | | | | | KPAs | CC | | |
| | | | | | | | | | | | | x0.8 | x0.2 | | |
| **Manager Planning & Economic Development** | | | | | | | | | | | | | | | |
| 1. P Raputsoa | Manager Planning & Economic Development | 4 | 11 | 4 | 1 | 20 | 15 | 55 | 5.21 | 12 | 4 | 4.20 | 0.80 | 5.00 | 166.67% |
| 2. FR Ntekele | Manager: Technical Services | 31 | 1 | 9 | | 1 | 0 | 42 | 4.93 | 12 | 5.2 | 3.944 | 1.04 | 4.984 | 166.13% |
| **Municipal Manager** | | | | | | | | | | | | | | | |
| 2. MM Maluleka | Municipal Manager | 2 | 12 | 15 | 13 | 8 | 10 | 60 | 4.68 | 12 | 4 | 4.15 | 0.80 | 4.95 | 165.00% |

[1] KPA 1: Municipal Transformation & Institutional Transformation; KPA 2: Basic Service Delivery; KPA 3: Local Economic Development; KPA 4: Municipal Financial Viability and Management; KPA 5: Good Governance and Public Participation; KPA 6: Spatial Rationale

## E. Analysis of Performance

A total number of 2 Managers were targeted for the 2015/2016 Annual Performance Assessments. The two (2) Managers were assessed yielding an overall assessment turn-up of 100%.

The overall assessment results are as summarised below:

| Performance Description | Number of Officials | % |
|---|---|---|
| Not Assessed | 0 | 0% |
| | | |
| Not Fully Effective Performance | 0 | 0% |
| Fully Effective Performance | 0 | 0% |
| Above Expectation Performance | 0 | 0% |
| Outstanding Performance | 2 | 100% |

Total scores of each assessed candidate demonstrates different assessment outcomes whereby by both the Municipal Manager and the Manager Planning & Economic Development scores indicated that the performance is above expectation. Both of the assessed candidates performed above expectations.

Based on the scores above, it can be generally deduced that the performance of the managers and of the municipality is acceptable. In terms of Sub-Regulation 32 (1) of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, the evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable behaviour. Sub-Regulation 32 (2) further indicate that a performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

Therefore, based on the above mentioned regulation, the outcome of the assessment indicated in section D warrant payment of bonuses of 13% to the Municipal Manager, 13% to the Manager for Planning and Economic Development and 13% to the Manager: Technical Services. However, more emphasis should be placed on complying with the provisions of Sub-Regulation 8 (1) (2) (3) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

## F. Recommendations of the Assessment Committee

During the performance review session the Assessment Committee appreciated the performance of the Senior Managers assessed and recommended that the performance reviews should be conducted on quarterly basis as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

Furthermore, the Assessment Committee agreed and confirmed the scores of the Mayor with regard to the performance of the Municipal Manager and that of the Municipal Manager with regard to the Performance of the Manager Planning & Economic Development and the Manager: Technical Services.