



2014-2015

“NW393”

**DRAFT
ANNUAL
REPORT**

Volume I

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Contents

REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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

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

MFMA Implementation Unit, National Treasury

July 2012

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

a. Vision:

The Mamusa Local Municipality together with the community strive to create a balanced integrated and sustainable environment through socio-economic upliftment, the promotion of opportunities, growth and job creation and the improvement of access to affordable infrastructure and social services to be shared by all in a healthy and safe environment.

In its vision, Mamusa seeks to establish a municipality that is prosperous and built on the combined key elements of mining with beneficiation, maize production and food processing. A town that works with its resources in a sustainable way and attracts visitors who are interested in the natural environment while exploiting its strength geographically as a hub for agriculture.

The strategic objectives that will assist us to realise our vision are;

1. Building better communities
2. Enhance financial sustainability
3. Accelerate an inclusive environment
4. Plan for the future
5. Establish effective and efficient services
6. Enhanced, effective, accountable and clean institutional management and corporate governance
7. Develop a learning organisation

In these objectives, we are hoping to achieve these strategic outcomes: shared values; financial liquidity; good credit rating; employment and growth in the GDP; investment; liveable; integrated communities; pay services; good governance and human capital.

Mamusa Local Municipality seeks to align itself with the National Development Plan 2030; Provincial Employment Growth and Development Plan in terms of planning, development and management of provincial infrastructure.

b. Key Policy Developments:

The municipality have compiled and implemented the valuation roll, identified and corrected under-valued-properties.

It is our legal obligation as Council to ensure firmer and prudent financial management practices that are in line with National Treasury Regulations, and also to comply with all the provisions of the Municipal Finance Management Act (MFMA), Act 56 of 2003. We therefore approved financial management policies that enabled us to be cautious about the kind of financial decisions we make and their implications. Our indigent Policy, for example, allows us to provide the required services to deserving consumers within the prescripts of the law.

Chapter 1

Local Economic Development in Mamusa is largely driven through a Local Economic Development Strategy (LEDS). The strategy's economic development thrusts centers around: attracting new investment in Mamusa, diversification of the economy into a balanced assortment of economic sectors, tourism development as a means of growing the local economy and creating jobs, and rural development.

c. Key Service Delivery Improvements:

In Mamusa, we continue to strive for service delivery excellence as encapsulated in our strategic objectives. Over the last five years, we have managed to provide highest levels of access to basic services such as sanitation, water and electricity. The municipality is currently the Water Services Provider and the Dr. R.S. Mompoti District Municipality is the Water Services Authority.

Our water, electricity and sanitation provision is at near 85%, except the informal settlements which needs to be formalise. In addressing the informal settlements, the municipality has managed to complete Extension 8 township establishment and Extension 9.

Infrastructure development continues to receive exceptional attention. We are mindful of the fact that good infrastructure is the basis for economic growth. Special attention is paid to our roads and storm water infrastructure. In the past financial year we have paved or gravelled roads and furthermore, we are currently paving roads in the proper Ipelegeng. It is important to note that the municipality is facing a big challenge in replacing old Asbestos pipelines in Ipelegeng which requires a huge budget.

We are also doing reasonably well in the area of growing the economy and thus creating job opportunities. We are particularly focusing on SMME development and preferential procurement. We are aware that SMMEs are central to growing the economy and boosting the campaign around job creation. We have facilitated the establishment of cooperatives and SMME's in the last year.

However it is also worthy to note some critical challenges which needs our immediate intervention. We observed limitations in the areas of credit control (slow revenue collection); financial constraints; loss of electricity through illegal connections and water losses; non-compliance with legislation and policies; under expenditure; maintenance issues and unemployment.

A report from the Auditor-General highlights emphasis in the areas of asset management; plants and equipment; compliance with GRAP amongst others and as a result of those challenges, the municipality obtained a disclaimer.

We have completed some of the budgeted projects for 2014/2015 financial year and these are;

- Construction of Various Roads in Ipelegeng is 100% complete
- Construction of Molatswaneng Community Hall still in construction we are anticipate completion to be September 2015
- Construction of Ward 5 Community Hall is 100% complete
- Molatswaneng Sports Ground Phase 2 is 100% complete
- Ipelegeng Sports Ground Phase 2 is 100% complete
- Erection of 7 High Mast Lights 100% complete
- Construction of Road leading to Graveyard & Ablution Block is 100% complete

Chapter 1

d. Public Participation:

Public participation is an institutionalized function in our municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The development of ward-based planning and related establishment of ward committee system have elevated community participation to higher level in terms in terms of legal provision and institutionalization of the process. Mamusa Local Municipality, through the office of the Mayor, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the municipality is providing stipends or sitting allowance for each member. Ward committees are functioning pretty well in all 8 wards.

Reports are received monthly and follow-ups made where necessary. Stakeholder forums with business community have also been established. Inputs are regularly solicited from these constituencies on a constant basis. Meetings are held as the needs dictates. Otherwise, maximum participation takes place during annual IDP reviews and the tabling of annual budget.

e. Future Actions:

Establish Mamusa Compliance Committee to ensure compliance to the MFMA and the other related legislations.

f. Agreements / Partnerships: Announcements on special partnerships initiated.

In addressing some of the service delivery constraints and challenges, the municipality have partnered with the Dr. R.S. Mompati District Municipality in terms of water and sanitation provision. Other provincial departments have signed Memorandum of Understanding with the municipality.

g. Conclusion:

I would like to commend all of us for striving beyond the challenge-maintaining a heightened sense of community and respect for civility and open dialogue in the beginning of this term.

We do not always agree. We are here to resolve differences and make the best decisions on behalf of all our communities. Our diversity reflects that of our town. Our diversity is our strength.

(Signed by :) _____

Mayor

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This report is compiled and tabled in terms of Section 127(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003, which requires that the performance report of the municipality and of any municipal entity under the municipality's sole or shared control be tabled at the Municipal Council by the Mayor, after which the Municipal Manager must make the report public and invite the local community to submit representations in respect of issues raised in the report. Section 121(2) of the Municipal Finance Management Act, Act 56 of 2003, read with circular 11 and circular 63, both of MFMA, gives the purpose of the Annual Report as follows;

- ✓ To provide a report on performance against the budget of the municipality or the municipal entity for that financial year;
- ✓ To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates; and
- ✓ To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

It is for that reason that this report will endeavour to cover the broad view of the Mamusa Municipal Area with information such as the socio-economic profile of the area and the achievements gained in delivering services to the community, as well as developmental and institutional aspects, including financial performance. The report also covers governance and public participation undertaken by the municipality to ensure involvement of the communities of the Mamusa local Municipality in planning as well as in the delivery of services that meet their needs in the period under review.

The purpose of the report is to reflect on the work carried out in the 2014 to 2015 period and to provide feedback on performance against targets to various stakeholders including the community, government departments and other interested parties. The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period. We hereby present an account of our work over this period as directed by these various stakeholders through the Integrated Development Plan (IDPs).

In the period under review, the Mamusa Local Municipality ensured alignment and contribution to the National, Provincial and Local Government Key Priority Areas in all its service delivery programmes.

Chapter 1

Financial Position

The collection rate of Mamusa Local Municipality has improved from 47% in 2013/14 to 54% in 2014/15 financial year, this is attributed to among others:

- Updated Valuation Roll
- “Operation Duela” for better services initiative

However the municipality still experience challenges of non-payment for services by communities particularly in Ipelegeng which impacts negatively on service delivery.

The Eskom account also remains a challenge to the municipal financial stability, but it is important to highlight/announce that it has been reduced drastically and the intention is to settle the debt by the end of the financial year 2015/2016 and there is no doubt with the efforts put in place that the financial stability will be achieved.

The aging infrastructure also poses a challenge among others and more efforts and immediate initiatives are needed for the improvement of such.

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Mamusa Local Municipality is committed to its constitutional mandate to provide basic services to the community and to improve access to municipal services where needs have been identified by the communities. The Municipal basic services include the following; Water; Sanitation, Electricity; Refuse removal; Local Economic Development; Roads and Storm Water drainage.

WATER.

With the population of 60 355 and 15 223 households, the municipality provides 97% of its households with access to basic water and 13 750 households or 92% with access to free basic water.

ELECTRICITY

75% of households are provided with access to basic electricity and 76.46% of households are provided with access to free basic electricity.

SANITATION

69.46% of households are provided with access to basic sanitation and 69% is provided with access to free basic sanitation.

Chapter 1

RUFUSE REMOVAL

77% of households are provided with access to basic refuse removal and 8319 households are provided with access to free basic refuse removal.

LOCAL ECONOMIC DEVELOPMENT

The municipality has on the period under review established LED unit with the appointment of LED Manager.

ROADS AND STORM WATER DRAINAGE

- Glaudina Roads and Storm water drainage project is 100% complete; and
- Molatswaneng Roads and Storm water drainage project is 100% complete

These projects also included paving of roads.

POPULATION

According to STATS. SA CENSUS 2011 report, Mamusa has a population of 60 355 and Sex Ratio consist of 29 941 males and 30 414 females. The population has 55 195 of Black Africans. The Mamusa Local Municipality has seen the least growth rate of all study areas with 2.2%.

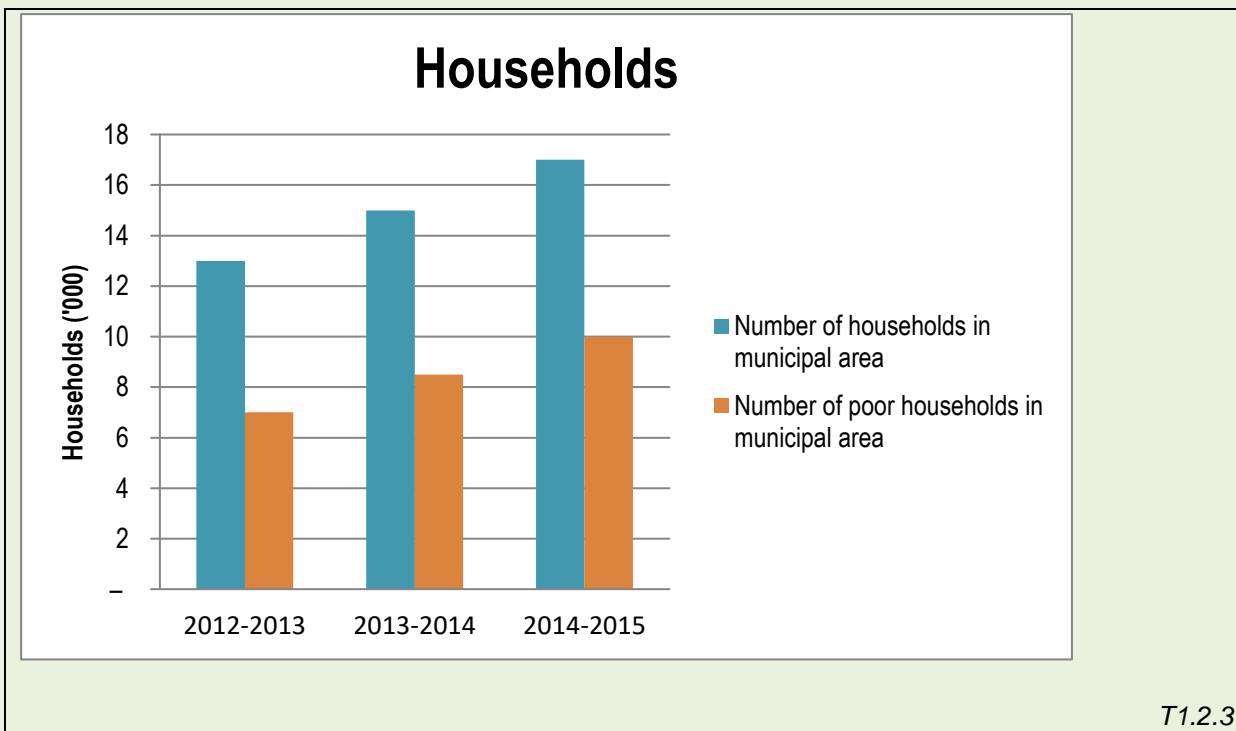
17918 of the Population aged 5-24 years are attending school and only 6759 are not attending. The total number of employed population aged between 15 and 64 years is 10739 and unemployed population is 5835. The unemployment rate of Mamusa Local Municipality as per Census 2011 stands at 35, 2%.

T 1.2.1

Population Details									
Age	2012/13			2013/14			2014/15		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	2348	2370	4718	2723	2806	5529	4132	3927	8059
Age: 5 - 9	2775	2775	5550	2825	2719	5544	3847	3755	7602
Age: 10 - 19	5528	5719	11247	5908	6334	12242	6355	5820	12175
Age: 20 - 29	3307	3661	6968	4116	4360	8476	5103	5479	10582
Age: 30 - 39	2453	2537	4990	2821	3073	5894	3605	3734	7339
Age: 40 - 49	1823	1811	3634	2223	2297	4520	2676	2884	5560
Age: 50 - 59	1167	1236	2403	1408	1417	2825	2198	2327	4525
Age: 60 - 69	812	926	1738	813	1050	1863	1255	1296	2551
Age: 70+	531	666	1197	587	886	1473	770	1192	1962
			42445			48366			60355

Source: Statistics SA

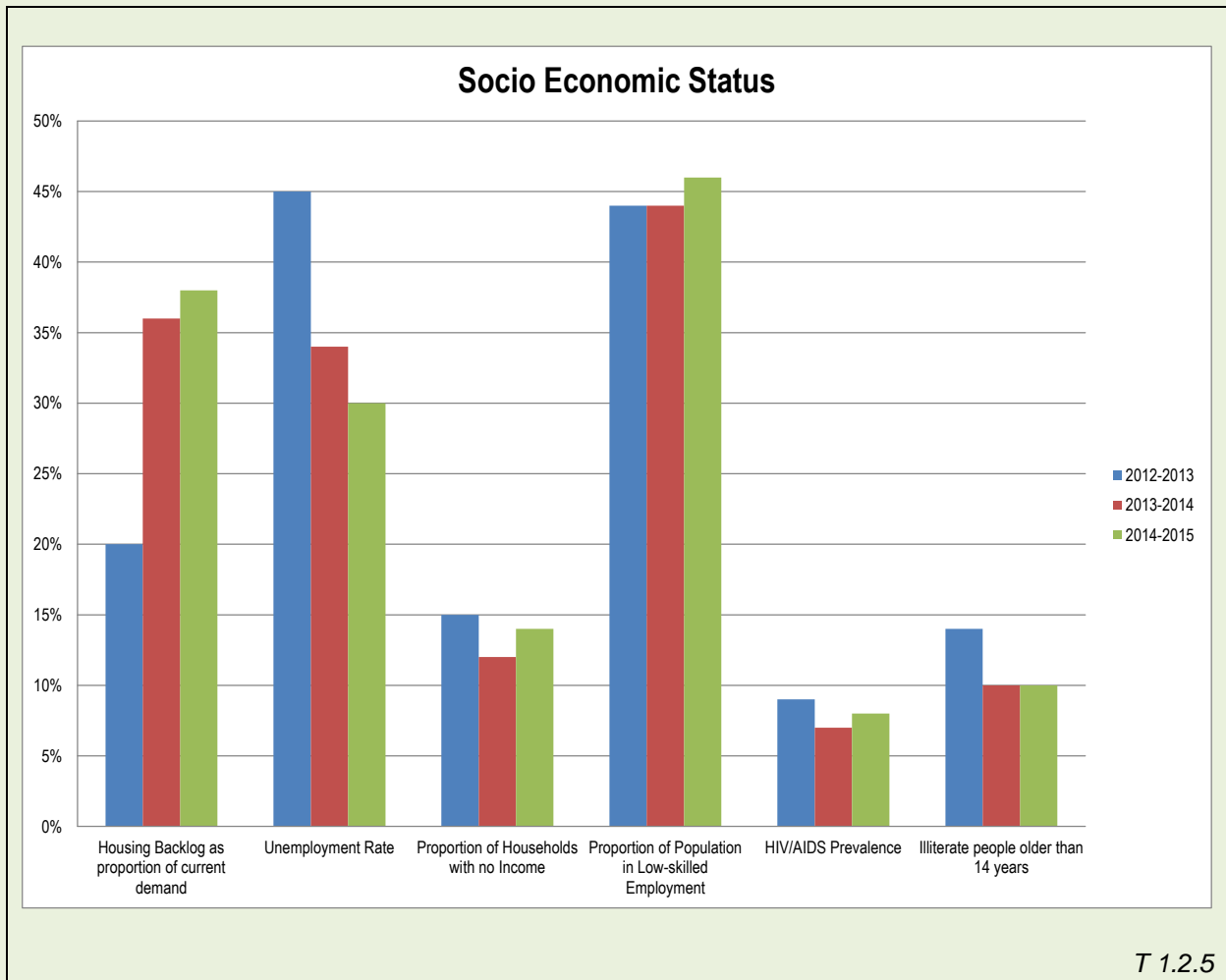
Chapter 1



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2012-2013	20%	45%	15%	44%	9%	14%
2013-2014	36%	34%	12%	44%	7%	10%
2014-2015	38%	30%	14%	46%	8%	10%

T 1.2.4

Chapter 1



Chapter 1

Overview of Neighbourhoods within 'Name of Municipality'		
Settlement Type	Households	Population
Towns		
Sub-Total	0	0
Townships		
Sub-Total	0	0
Rural settlements		
Sub-Total	0	0
Informal settlements		
Sub-Total	0	0
Total	0	0
		<i>T 1.2.6</i>

Natural Resources	
Major Natural Resource	Relevance to Community
Alluvial Diamonds	Job creation, mineral beneficiation
Land	Housing ,Agriculture, grazing
Labour force	That could become involved in construction, retail trade, Small, Medium, Micro enterprises
Wentzel Dam	Source of household water supply to the community
	<i>T 1.2.7</i>

Chapter 1

COMMENT ON BACKGROUND DATA:

Mamusa Local Municipality has conducted its own SWOT analysis which are as follows;

1. Economic Diversification in the municipality
 - Tourism opportunities
 - Small mining related Opportunities
 - Job Creation Opportunities
 - Agricultural Development Opportunities
2. Strategic Private Partnership (Small mining, Business)
3. Availability of Land for development through partnerships with land owners

Challenges / threats;

1. Poverty / unemployment impacting negatively on available resources
2. Inadequate resources to deal with increasing demands (Financial constraints, unfunded mandates, insufficient tax base)
3. Non-payment culture for municipal services in communities
4. Vandalism of infrastructure
5. Infrastructure backlogs including ageing infrastructure
6. Electricity tariff escalation
7. Low level of literacy
8. Land of available land for developments
9. Inability to attract investors
10. Urban migration

T 1.2.8

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

ACHIEVEMENTS

- Number of billed households in the municipality
- Number of registered indigent Households
- Number of indigent households with access to Free Basic water
- Number of indigent households with access to Free Basic Sanitation
- Number of indigent households with access to Free Basic refuse Removal
- Number of indigent households with access to Free Basic Electricity
- 100% usage of Conditional Grants

Water is provided to informal settlements in the form of communal Jojo tanks which is filled up on a weekly basis. In other arrears communal standpipes are provided.

CHALLENGES

- The provision of free basic electricity in Ipelegeng where ESKOM is the supplier
- Fraudulent consumers claiming indigent status
- Consumers who are possibly indigent and not coming forward to disclose their status
- Inadequate knowledge about municipal governance by some members of the public
- Inability by some members of the public to utilize IDP/Budget consultations to influence development agenda in their respective Wards.

The main challenge is the drying-up of Wentzeldam

Delete Directive note once comment is completed - Provide a brief introduction to basic service delivery achievements and challenges including a brief specific comment on service delivery to indigents.

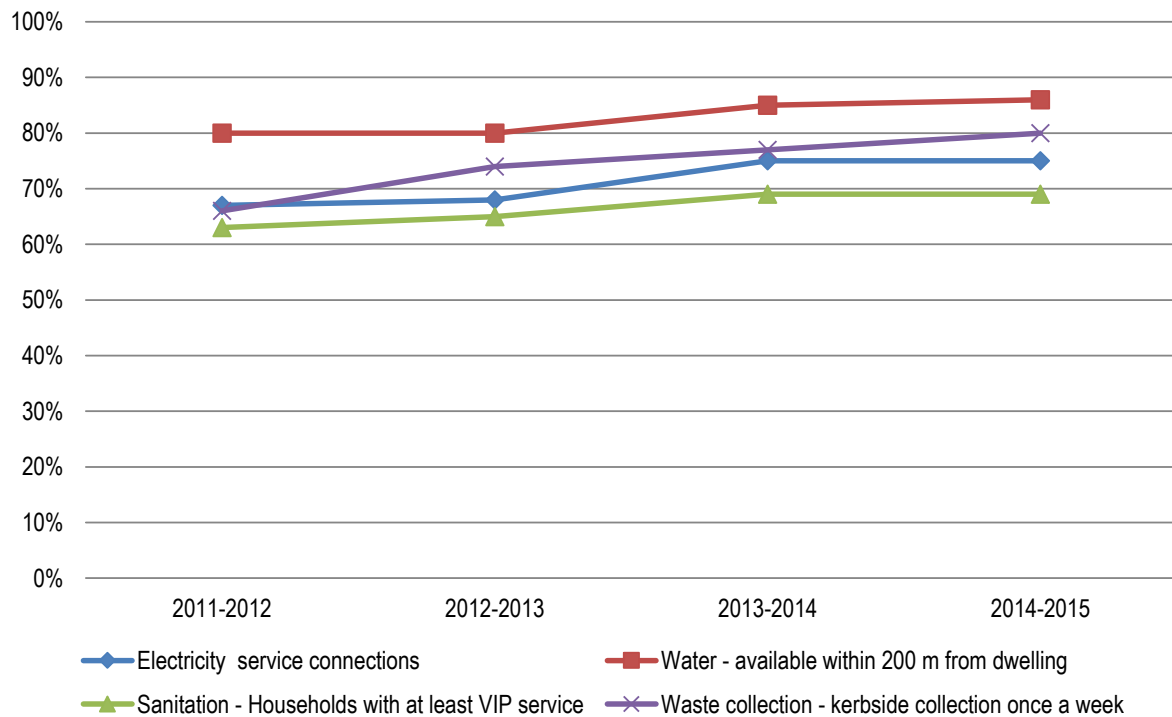
T 1.3.1

Proportion of Households with minimum level of Basic services

	2011-2012	2012-2013	2013-2014	2014-2015
Electricity service connections	67%	68%	75%	75%
Water - available within 200 m from dwelling	80%	80%	85%	86%
Sanitation - Households with at least VIP service	63%	65%	69%	69%
Waste collection - kerbside collection once a week	66%	74%	77%	80%

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

As compared to the previous year 2014/2015 there is an increase in the number of households provided with basic services. However the percentage growth of households with the different basic services doesn't vary much from one year to another as can be deduced from the graphs. This is due to the fact that the growth in the number of formal households is proportional to the growth in the population of informal households, and as fraction of the total population does not differ significantly from year to year.

- Some consumers are possibly indigent but are not coming forward to disclose their status

T 1.3.3

Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The financial year under review was a difficult period for the municipality in that the recovery of debtors deteriorated a bit and the cash flow throughout the period was under pressure. Although the municipality has arrear creditors, the municipality was still able to cover its short term commitments, except that of the bulk supplier of electricity. This is evident from the liquidity ratios included in Chapter 5.

The challenges with regards to the recovery of debtors necessitated that the municipality put in place a strategy to address the deterioration of debtors. This was done in terms of a Revenue Enhancement Strategy and “Operation Duela” campaign. One of the pillars of the Strategy amongst others, is the improvement of Credit Control.

Although the municipality could not maintain the healthy cash flow situation, management is certain that the municipality would still be able to operate into the foreseeable future and as a result the going concern assumption would not be affected.

T 1.4.1

Financial Overview: 2014-2015			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	55360000	65860000	TB
Taxes, Levies and tariffs	66249000	66009000	TB
Other	14143000	14589000	TB
Sub Total	135752000	146458000	TB
Less: Expenditure	145895000	148149000	TB
Net Total*	-10143000	-1691000	TB
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	42%
Repairs & Maintenance	5%
Finance Charges & Impairment	17%
	T 1.4.3

Chapter 1

COMMENT ON OPERATING RATIOS:

Employee costs represent 42% of total expenditure. The percentage went down during the adjustment budget and it was 34.7%. Repairs and maintenance is 5% of the council budget according to cash-flow at hand. The repairs and maintenance is still below the norm of 8% as per circular 71 of the MFMA.

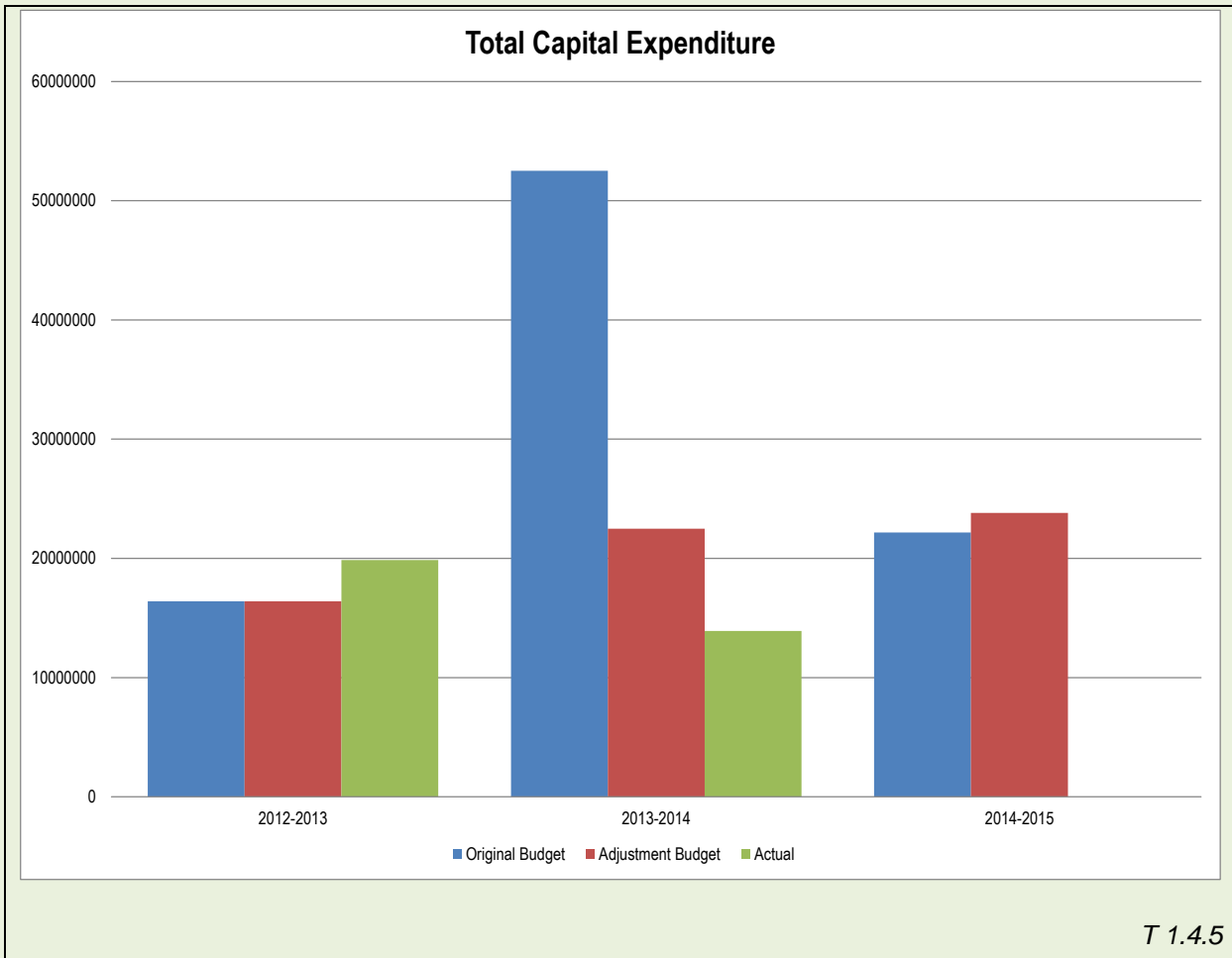
The withholding of grants by National treasury affected municipality's ESKOM account hence finance charges on interest is high.

T 1.4.3

Total Capital Expenditure: 2012-2013 to 2014-2015

Total Capital Expenditure: 2012-2013 to 2014-2015			
			R'000
Detail	2012-2013	2013-2014	2014-2015
Original Budget	16401100	52514000	22170000
Adjustment Budget	16401100	22496000	23814000
Actual	19863885	13905091	TB
			T 1.4.4

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

Delete Directive note once comment is completed – Explain variations between Actual and the Original and Adjustment Budgets.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organizational structure was amended and approved by Council on 29 May 2015.

Mamusa Local Municipality at the end of the 2014/15 financial year had an approved complement of 294 post, which 180 were filled. A total of 114 vacancies have not been filled, primarily due to budget. The vacant posts represent a vacancy rate of 39 %.

Chapter 1

In order to capacitate critical areas within the municipality, the following positions were filled during the financial year;

- Supply Chain Officer
- Communication Officer
- Manager Expenditure
- Manager Community Services
- Chief Traffic Services

Delete Directive note once comment is completed – Provide an overview of key Organisational Development issues based on information contained in Chapter 4.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2014-2015 (CURRENT YEAR)

Awaiting 2014-2015 Financial Year AG's Report

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

For the previous financial year (2013/2014) the Mamusa Local Municipality received a disclaimer. The basis for this opinion is that the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion on the financial viability or rectitude of this municipality.

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

Delete Directive note once comment is completed – State the type of opinion given (disclaimer; adverse opinion; qualified opinion; unqualified opinion with 'other matters'; and an unqualified opinion) and briefly explain the issues leading to that opinion. In terms of a disclaimer you must state that 'the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality'. If opinion is unqualified, briefly explain the key steps taken to accomplish and maintain (where appropriate) this important achievement. Note that the full audit report should be contained in chapter 6 of the Annual Report.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	

Chapter 1

3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2014-2015 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 audits 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
<i>T 1.7.1</i>		

COMMENT ON THE ANNUAL REPORT PROCESS:

The effectiveness, efficiency and economic financial management of the municipality can help change municipal areas to be the choice place for residence and work. This is the vision that is strived for by our political leadership.

The communities must be involved as much as possible in the spending priorities for the areas they live in. It is important for the councillors and ward committees to report to ward meetings about the budget plans and consult the communities on programmes and projects that are going to affect them.

IMPORTANCE OF MEETING ANNUAL REPORT DEADLINES

The importance of achieving annual report deadlines will enable the municipality to provide:

- Records or evidence of municipal activities during the year under review.
- Report on municipal performance against the budget for the year under review.

Chapter 1

- And to account to the local communities for the decisions made by the municipality during the year under review.

ALIGNMENT OF IDP/BUDGET / PERFORMANCE MANAGEMENT

IDP forms the basis on which the annual budget is based and it must be compatible with the national and provincial government development plans. Processes for IDP, Budget and performance management must be flawlessly assimilated. The IDP fulfils the planning stage and Performance Management fulfils the management of implementation, monitoring and evaluation of the IDP.

Municipal performance is inherently interrelated to that of the employees. If the employees do not perform, the municipality will not achieve its purpose.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

Mamusa Local Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. In terms of Section 12 Notice the Municipality is the Category C Municipality which operates within the Plenary System combined with the Participatory Ward System, and Mamusa Local Municipality has 08 Wards. Governance at Mamusa Local Municipality is composed of both the Political and Administrative Governance. In addition to this there is Intergovernmental Relations; Public Participation and Accountability.

The Political wing of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. The Administration wing is responsible for Corporate Governance and Administration of the affairs of the Municipality as prescribed by various legislative frameworks and as contained in the IDP. Cooperative Government and Inter-governmental Relations pertains to the interaction, support by various Sector Department and State Institutions. Public participation is realized through engaging communities in the affairs of the Municipality (road shows, public meetings etc.).

The political and administrative components of Council maintain a sound working relationship by ensuring respect for procedures and protocols. The Municipal Council as a legal entity relates to the other spheres of government and organized local government bodies through the Intergovernmental Policy Framework. Communities as an interest group in municipal affairs participates through public participation mechanisms and processes in the decision making systems of Council.

This includes interaction with stakeholders in shaping the performance of the municipality so as to enhance a healthy relationship and minimize conflict.

T 2.0.1

Chapter 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, and led by the Mayor. On the other side the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 of the Municipal Systems Act as amended.

The Municipal Manager is the head of Administration. In order to realize the Constitutional mandate of the Municipality these two components, including the Community have to work together.

Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Mamusa Local Municipality is a category C and a plenary type system of municipality. The Mayor, who is also a Speaker of Council, is supported by 7 Section 79 committees' chairpersons who are responsible for heading their respective portfolio committees. The Municipality has 8 Ward Councillors and 7 Proportional Representative Councillors.

The Mayor is the Political head of the municipality and the Municipal Manager as the head of Administration reports to the Mayor. The Administration comprises of four Departments headed by Directors appointed in terms of Section 56 of the Municipal Systems Act.

Political governance ensures regular communication with the community at large by means of IDP and Budget consultation meetings. This ensures that the community participates in identifying needs and in making inputs on the performance of the Municipality.

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

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

T 2.1.1

Chapter 2

POLITICAL STRUCTURE

	<p>MAYOR / SPEAKER</p> <p>Cllr. K.A. Motswana</p>	<p>Introduction</p> <p>The mayor is elected by Council to coordinate the work of Council. He is the political head of Council. The Mayor performs functions and duties as set out in the legal framework for municipalities. He also performs duties as delegated to him by Council.</p> <p>Functions</p> <p>The duties of the mayor amongst other are as follows;</p> <ol style="list-style-type: none"> 1. Reviews the performance of the municipality in order to improve; <ol style="list-style-type: none"> i. The economy, efficiency and effectiveness of the municipality ii. The efficiency of credit control and revenue and debt collection services iii. The implementation of the municipality's bylaws iv. monitors the management of the municipality's administration in accordance with the policy directions of the municipal council (output monitoring)
	<p>SECTION 79 COMMITTEE</p> <p>FINANCE</p> <p>Cllr T.M. Sepato</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to the Finance Department</p>
	<p>SECTION 79 COMMITTEE</p> <p>TECHNICAL SERVICES</p> <p>Cllr. M.O. Stephens</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to Technical Services Department</p>

Chapter 2

	<p>SECTION 79 COMMITTEE</p> <p>COMMUNITY SERVICES</p> <p>Cllr. G.G. Mosebetsi</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to Community Services department</p>
	<p>SECTION 79 COMMITTEE</p> <p>CORPORATE SERVICES</p> <p>Cllr. M.Y. Moyake</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to Corporate Services Department</p>
	<p>SECTION 79 COMMITTEE</p> <p>LED AND PLANNING</p> <p>Cllr. N.G. Masilo</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to LED and Planning</p>

Chapter 2

COUNCILLORS

The Council comprises of (8) eight Ward Councillors and (7) Proportional Representative (PR) Councillors, who were allocated different responsibilities within the overall functions of Mamusa Local Municipality.

The political parties are represented as follows:

- 12 African National Congress (ANC)
- 2 Democratic Alliance (DA)
- 1 Congress of the People (COPE)

The following Councillors are the Mamusa Local Municipality's representatives to the Dr. Ruth Segomotsi Mompati District Municipality.

- Cllr. L.D. Motlapele
- Cllr. C.P. Herbst

Ward Councillors have to balance the expectations of their respective Wards and their political parties. The Ward Councillor is the Chairperson of the relevant ward committee and is responsible for convening the constituency meeting to elect ward committee members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality, and for ensuring the ward committee does what the municipality expects in regard to reporting procedures. The Ward Councillors should be fully involved in all community activities in which the ward committee is engaged and communicate the activities and meeting schedules to the PR Councillors.

Proportional Representation means, where voters vote for a political party and not an individual candidate within a party. The Ballot Paper just shows the political parties. The party gets the same share of the number of councillors as the share of total PR votes it received. The party decides which members are to fill those councillors positions. A PR Councillor is allocated to a ward and provides support to the Ward Councillor in things that relate to the ward or the ward committee. A PR councillor handles queries and complaints in consultation with the Ward Councillor, assists in the resolving of disputes and in making referrals, helps with implementation of projects, support the Ward Councillor without replacing the Ward Councillor, and attends ward committee meetings, constituency meetings and special meetings.

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

Appendix A contains a full list of Councillors (including committee allocations and attendance of council meetings).

Appendix B sets out committees and committees' terms of reference.

T 2.1.2

Chapter 2

POLITICAL DECISION-TAKING

As Plenary type municipality, all matters for consideration by Council must be considered by the Portfolio Committees for recommendation to Council.

Matters serving before council can vary from compliance related matters to issues to be added to the Integrated Development Plan (IDP) or reports from committees assisting Council in the execution of its task e.g. Audit Committee and the Municipal Public Accounts Committee (MPAC).

The Standing Rules and Orders of council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council;

- Approval of Budget
- The imposition of rates and taxes, levies and duties
- The passing of By-Laws
- The raising of loans

Other matters are delegated to the mayor in terms of Section 59 of the Municipal Systems Act. The Mayor must report to Council on the execution of duties delegated to him. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the mayor who is also the speaker exercise a casting vote in addition to that of him being a Councillor.

Before a Council passes a resolution on any of the following it shall first require the Mayor to play his and submit a report and recommendation to the full sitting of Council.

- The passing of By-Laws
- The approval of budgets
- The imposition of rates
- The raising of loans
- The approval of the IDP and any amendments or reviews of this plan
- The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

Council resolutions implemented against the number of decisions taken is 100%.

Delete Directive note once comment is completed – Explain how political decisions are taken and provide the percentage of Council Resolutions implemented against the number of decisions taken. List those not implemented and indicate why not.

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager, who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended, the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with legislation and policies pertaining to Local Government.

In terms of section 56 of the Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise and competencies to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets, as well as the discharge of liabilities of the municipality, including proper and diligent compliance with the Municipal Finance Management Act, 56 of 2003. Senior managers or Directors who report directly to the Municipal Manager are delegated such functions as the Municipal Manager may delegate to them and are responsible for all those matters delegated to them, including financial management as well as discipline and capacitating of officials within their areas of responsibility, together with compliance with all legislation governing Local Government, its policies and by-laws.

The Municipal Manager and Directors form the Senior Management core and all directors are accountable to the Municipal Manager for the strategic management and oversight of their departments. All budget expenditure in each directorate is managed by the relevant director in order to ensure that service delivery matters are handled speedily.

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the Municipality are such that it seeks to respond to both National and Local Government priorities of:

- Municipal Institutional Development and Transformation
- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability
- Public Participation
- Good Governance

Chapter 2

As head of the administration, the Municipal Manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's Performance Management System, and is responsive to the needs of the local community to participate in the municipality. The Municipal Manager manages commination between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into four directorates;

- Finance
- Corporate Services
- Community Services
- Technical Services

2.2.1

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
<p>MUNICIPAL MANAGER MR. R.R. GINCANE</p>	<p>As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended and any other relevant duties as may be delegated from time to time to the Municipal Manager by the Mayor and Council. The Municipal Manager is also responsible for duties outlined under sections 60 to 75 of the Municipal Finance Management Act.</p>
<p>CHIEF FINANCIAL OFFICER MS. S. MINI</p>	<p>The Chief Financial Officer is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, supply chain management, credit control management, investment and banking, treasury management and risk management.</p>
<p>DIRECTOR:CORPORATE SERVICES MR. M. OAGILE</p>	<p>This Director is responsible for establishing and maintaining structures, within the parameters of legality and good governance that will provide administration that is appropriately relevant, timeous and effective for the execution of tasks and that will be transparent as well as provide an environment that is conducive to stimulating public participation within co-operative governance.</p>

Chapter 2

DIRECTOR: TECHNICAL SERVICES MR. T. MARUMOLE	This Director is responsible for providing water, roads, storm-water drainage, sanitation and electricity through well-established and well-maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments.
ACTING DIRECTOR: COMMUNITY SERVICES (VACANT)	This Director is responsible for providing refuse removal, law enforcement (Traffic), library services, parks, cemeteries and recreational facilities.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Promoting intergovernmental relations (IGR) helps to make everyone aware that there is one seamless government working together to serve the people. It builds teamwork within the various spheres of government and between government and its agencies as well as other partners in development.

The IGR activities include:

- Planning and Budgeting
- Consultations and meetings as well as information sharing sessions
- Dispute resolutions
- Reporting
- Monitoring

Service Delivery is the core function of the municipality. Cooperative governance is but on the arrangement entered into by spheres of government to fast track service delivery within the Constitutional mandate thereof:

- Mayor's Forum
- Municipal Manager's Forum
- Chief Financial Officer's Forum

The above is established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

Inter-governmental Relations framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the municipality complies with the provisions of the Act.

T 2.3.0

Chapter 2

2.2 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

National Treasury: Provides support for the preparation of annual financial statements, annual reports, SDBIP

Department of Water Affairs: Provide support for water services development plan

COGTA: Providing continuous support in IDP training, LGTAS, development of National Key Performance indicators for local government

Department of Environmental Affairs: Provides support for all environmental issues and tourism

Department of Minerals and Energy: Providing support on broad based socio-economic empowerment charter for South African Mining (Social Labour Plans).

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Mamusa Local Municipality participates in the following Provincial intergovernmental Structures;

- Premier's Coordinating Council
- PMS Forum
- HR Practitioners' Forum
- SALGA Working Groups
- IDP Forums
- Records Management Forum

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Currently Council does not make use of any service provider(s) that render(s) a municipal service on behalf of Council and therefore no performance can be reported.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Mamusa Local Municipality participate in the following District intergovernmental Structures:

- District PMS Forum
- District IDP Forum
- District CFO Forum
- District Municipal Managers Forum
- District Mayors Forum

T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an institutionalised function in our municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction.

The evolution of ward based planning and the related establishments of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mamusa local Municipality, through the office of the Mayor, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the municipality is providing stipends for each member. Ward committees are functioning pretty well in all 08 wards. Reports are received monthly and follow-ups made where necessary. Stakeholder forums with business community have also been established.

Inputs are regularly solicited these constituencies on a constant basis. Meetings are held as the need dictates. Otherwise, maximum participation takes place during annual IDP reviews and the tabling of annual budget.

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or that of the Audit Committee.

MPAC will undertake and manage similar functions and responsibilities for municipalities, as undertaken by the Standing Committee on Public Accounts in the National and Provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipalities or municipal entities, the MPAC will have the right to call upon the accounting officer of the municipality or the chairperson of the municipal entity's board of directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting officer of a municipality or municipal entity.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearings, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

T 2.4.0

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality has good intentions to enhance communication and good practices of community engagements which are employed by the municipality to promote closer interactions with the people. Community engagements and participation is part of a bigger plan of the municipality and there is dedicated staff that is responsible for those community engagements together with councillors to promote participatory democracy and bringing government closer to the people. A brief example of public communication and participatory initiatives employed by our municipality are provided below;

1. Public Communication and Participatory Initiatives

- At the beginning of the financial year the municipality approves the IDP/Budget process plan
- The office of the Mayor embarks on IDP/Budget Public Participation process – focus is on the Community Register of needs and account for the priorities and commitments made in the previous financial year
- The office of the Mayor liaises with other stakeholder formations on the IDP/Budgetary processes – establishment of IDP Forum – Representative Forum etc.

2. Planning for the Public Meetings

- There is designated staff in the office of the Mayor to support and coordinate activities at the Ward level
- All meetings are held after normal working hours and over weekends unless so determined by extraordinary circumstances
- Our Service Delivery Budget Implementation Plan (SDBIP) target is to improve the audience by more than 60%
- Community Structures which often participate in the process are political parties, NGO's, CBO's, government departments, Structures and interest parties
- Efficiency and Effectiveness of the Forums is enhanced through improved coordination, planning, mobilization, support, report and feedback

3. Municipal Website

- The municipality has developed a Website in line with the provisions of Section 75 of the MFMA. All reports' components are complied with.

T 2.4.1

Chapter 2

WARD COMMITTEES

Ward committees are made up members of a particular ward who are chosen by residents of the ward to advise the ward councilor. Their function is to raise issues of concern about the local ward to the ward councilor and to make sure ward residents have a say in decisions, planning and projects that the council or municipality undertakes which have an impact on the ward.

The major issues that the ward committee has dealt with during the year are:

Service delivery related issues such as drain blockages, indigent registration, inputs on IDP process, housing related issues.

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community Based Planning (Ward 4)	4-Sep-14	1	3	145	Yes	
Community Based Planning (Ward 8)	23-Oct-14	6	5	156	Yes	
IDP Rep Forum (Ipelegeng Community Hall)	27-Oct-14	6	9	62	Yes	
Community Based Planning (Ward 1)	3-Nov-14	7	4	341	Yes	
Community Based Planning (Ward 3)	4-Nov-14	6	5	238	Yes	
Community Based Planning (Ward 6)	5-Nov-14	6	7	199	Yes	
Community Based Planning (Ward 6)	5-Nov-14	6	7	205	Yes	
IDP Rep Forum (Ipelegeng Community Hall)	10-Dec-14	9	9	114	Yes	
Community Based Planning (Ward 2)	19-Jan-15	6	8	134	Yes	
Community Based Planning (Ward 7)	22-Jan-15	10	7	196	Yes	
IDP Steering Committee (Municipal Boardroom)	27-Mar-15	5	7	0	Yes	
IDP/Budget Mayoral Road show (Glaudina Community Hall) Ward 1	21-Apr-15	7	4	250	Yes	
IDP/Budget Mayoral Road show (Ipelegeng Community Hall) Ward 2 and 7	21-Apr-15	7	4	250	Yes	
IDP/Budget Mayoral Road show (Mamusa Primary School) Ward 4 and 6	22-Apr-15	7	6	303	Yes	
IDP/Budget Mayoral Road show (Reabetswe Secondary School) Ward 5 and 8	23-Apr-15	6	5	236	Yes	
IDP/Budget Stakeholders Consultative Meeting (Municipal Town Hall)	24-Apr-15	6	5	46	Yes	
IDP/Budget Mayoral Road show - Business Consultative (Mamusa Restaurant)	5-May-15	12	8	28	Yes	
IDP/Budget Mayoral Road show - Business Consultative (Ward 3)	5-May-15	6	9	285	Yes	
2015/2016 Budget and IDP adoption	29-May-15	13	15	363	Yes	

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Benefits are: Dissemination of information, community participation in the development of municipal plans, IDP inputs, being aware of the concerns of our residents, providing clarity on issues and accountability of the municipality to its residents; Minimizing voter apathy amongst our residents and Inculcating the concept of responsible residents

T 2.4.3.1

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

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 57 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
* Section 26 Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery.

In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government compliments each other. This is done for the purpose of best practice and service delivery.

T 2.6.0

Chapter 2

2.6 RISK MANAGEMENT

RISK MANAGEMENT

BACKGROUND

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act 56 of 2003) stipulates that the Accounting Officer (Municipal Manager) of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

ROLE OF RISK MANAGEMENT

Risk management forms a critical part of any institution's strategic management. It is the process whereby an institution methodically and intuitively addresses the risks attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio activities. Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally as good practice to both the public and private sectors.

TOP 5 INHERENT RISKS

Below is an overview of the five most significant risks in terms of inherent risk exposure For detailed risks per goal, reference should be made to the detailed attached risk register.

Risk Number	Inherent Risk Exposure	Residual Risk Exposure	Risk Name
1.	20	16	MIGRATION OF STAFF
2.	25	16.3	INADEQUATE REVENUE COLLECTION (MORE ACCOUNTS THAN REALITY)
3.	25	20	INFLATING OF PRIZES BY SERVICE PROVIDERS
4.	25	22.5	FAILURE TO MAINTAIN IT ENVIRONMENT
5.	20	16	POOR LEAVE MANAGEMENT

According to the above ratings, risks **1 to 5** are currently not being controlled at an acceptable level. This may mean that controls in place to mitigate the risks are inadequate. Mitigating actions should be implemented timeously.

T 2.6.1

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

In terms of the Municipal Systems Act (MSA) Act 32 of 2000 Section 83 (c), if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

Mamusa Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

- Fraud Prevention Hotline administered by the Office of the Premier.
- Presidential Hotline on Fraud Prevention and Corruption, and Service delivery matters.
- Risk Management Policy.
- Internal Audit Unit (Shared Service) reviews the effectiveness of the systems of internal control, governance and risk management on a continuous basis.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit forms part of the Finance Directorate under the leadership of the Chief Financial Officer. During the adoption of the 2014-15 budget, the Supply Chain Management Policy was adopted, which was formulated in terms of section 111 of the MFMA and the Supply Chain Regulations, 2005.

Supply Chain Management aims to support the strategic decision-making of the municipality, thereby ensuring effective and efficient service delivery to its internal and external clients, and it also aims to ensure that purchasing and procurement of goods and services are done according to prescribed legislation and the Mamusa Local Municipality's Supply Chain Management Policy.

T 2.8.1

Chapter 2

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

*Note: See MSA section 13. T 2.9.1

COMMENT ON BY-LAWS:

No public participation was conducted'

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Delete Directive note once comment is completed - Indicate the nature of the public participation that was conducted and on how the new by-laws will be enforced.

T 2.9.1.1

Chapter 2

2.10 WEBSITES

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

T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

We are to ensure that all the MFMA section 75 are met on regular basis. The MFMA calendar will be used as a guide to ensure that all the compliance matters are adhered to. The municipality will establish a Mamusa Compliance Committee to ensure compliance to the MFMA and the other related legislations. Posting of legislative information is a bit sluggish due to the late submission. A compliance committee that has been established will look into those issues. The objective is to effect information sharing and to ensure timely communication to relevant groups or communities.

The responsibilities of the committee constitutes of the following:

Office of the Municipal Manager:

Ensures project management of all the strategic plans, documents and programmes with regards to the municipal website;

Corporate services:

Ensures that all council resolutions are directed to Communications for posting on the website;

Finance Unit:

Ensures MFMA compliance on preparation of reports and directs reports to Communications for posting on the website;

Performance Management Unit:

In collaboration with Office of the MM ensures that other business units direct performance information to Communications for posting on the website;

Chapter 2

IDP Unit:

Ensures compliance on the preparation of the IDP and directs the IDP to Communications for posting on the website;

Supply Chain Management:

Ensure that all contracts related to capital projects are directed to Communications for posting on the website

IT:

Assist Communications on issues of documents size, security and non- interruption on the functionality of the municipal website; and

Communications-

Post documents on the website;

Ensures easy navigation and user friendliness of the website;

Ensures that only relevant and up-to-date information is maintained on the website with the assistance of other units;

A number of computers have been installed in libraries for free internet access to communities around Mamusa.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The purpose of survey is to inform action. Mamusa Local Municipality acknowledges the fact that, there has not been any research done in the past financial year. The municipality therefore, moves from the premise that survey is very vital to decision making. It is therefore incumbent of municipality to conduct at least one major survey a year. The newly established Communication Unit commits to one major survey a year. Focus areas of survey will be: customer satisfaction, external and internal stakeholders and other related issues. Directorates will be advised to conduct its surveys, supported by Communications Unit.

T 2.11.1

Chapter 2

Satisfaction Surveys Undertaken during: 2013-2014 and 2014-2015				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	n/a	n/a	0	0%
(a) Municipality	n/a	n/a	0	0%
(b) Municipal Service Delivery	n/a	n/a	0	0%
(c) Mayor	n/a	n/a	0	0%
Satisfaction with:	n/a	n/a	0	0%
(a) Refuse Collection	n/a	n/a	0	0%
(b) Road Maintenance	n/a	n/a	0	0%
(c) Electricity Supply	n/a	n/a	0	0%
(d) Water Supply	n/a	n/a	0	0%
(e) Information supplied by municipality to the public	n/a	n/a	0	0%
(f) Opportunities for consultation on municipal affairs	n/a	n/a	0	0%
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

There has not been any research done in the past financial year

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

There has not been any research done in the past financial year

T 2.11.2.2

Chapter 3

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

INTRODUCTION

Infrastructure Directorate:

In our quest to improve service delivery, economic development and job opportunities for all, Mamusa Local Municipality embarked on the following:

1. Constructed two 800sqm community hall in Molatswaneng and Ward 5.
2. Due to the request from the community, and as part of alleviating crime, the municipality has installed 7 high mast lights in the following areas: Molatswaneng – 3 mast, Ward 8 – 3 mast and 1 mast in Ward 6.
3. A construction of various roads in Ipelegeng which is 1, 8 km paved.
4. A construction of Rev. Vilakazi, Mphuru, Bagaetsho and Morebudi Streets which are 1, 1km long.
5. Upgrading of two sport ground in Ipelegeng and Molatswaneng respectively.
6. Installation of an 11Kv cable in Swartz Street.
7. Part of the maintenance programme is to rehabilitate road; municipality has upgraded eroded tar to paving in two streets in town to a total of 385 meters.
8. Replacement of conventional electricity meters with pre-paid meters in the Municipality's area of supply.
9. Replacement of 300m asbestos water reticulation pipes which was on the middle of the road with the UPvc pipes on the side of the road
10. Patching of potholes with asphalt
11. Regular maintenance of the street and high mast lights

According to Statistics of South Africa, in 2011, 85% of our households had access to water through pipe-water inside the yard and community stands. Municipality is currently in a process of implementation of augmentation of bulk water supply project whose purpose is to observe basic rights of the community, rights to access to clean water, creation of job opportunities and transferring of skills.

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

Basics services within the local municipality fall under the infrastructure directorate. The basic services provided are Electricity, Water and Sanitation, Roads and Storm water management.

The functions of the electricity department are to implement electrification projects, upgrading of dilapidated electricity infrastructure network, reduction of electricity losses and improve quality of supply. The challenges faced by the electricity section are copper theft, vandalism of the infrastructure, by-passing of meters, insufficient budget and insufficient manpower. Priorities for the electrical section include minimizing electricity losses, as well as reducing copper theft and regular maintenance of the existing infrastructure.

The objective of the Water and Sanitation function are to provide affordable, efficient, effective and on-going water and sanitation services which are sustainable. Priorities for this function include water provision for informal settlement, ensuring that the quality of potable water provided to the Mamusa Local Municipality residents is of an acceptable standard, reduction of water losses, implementation of water conservation and water and sanitation infrastructure. Challenges faced in rendering this services are ageing water and sewer infrastructure, increasing demand for water by rapid development of new settlements, drying of the dam and water levels of boreholes dropping, and insufficient budget for capital projects.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

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

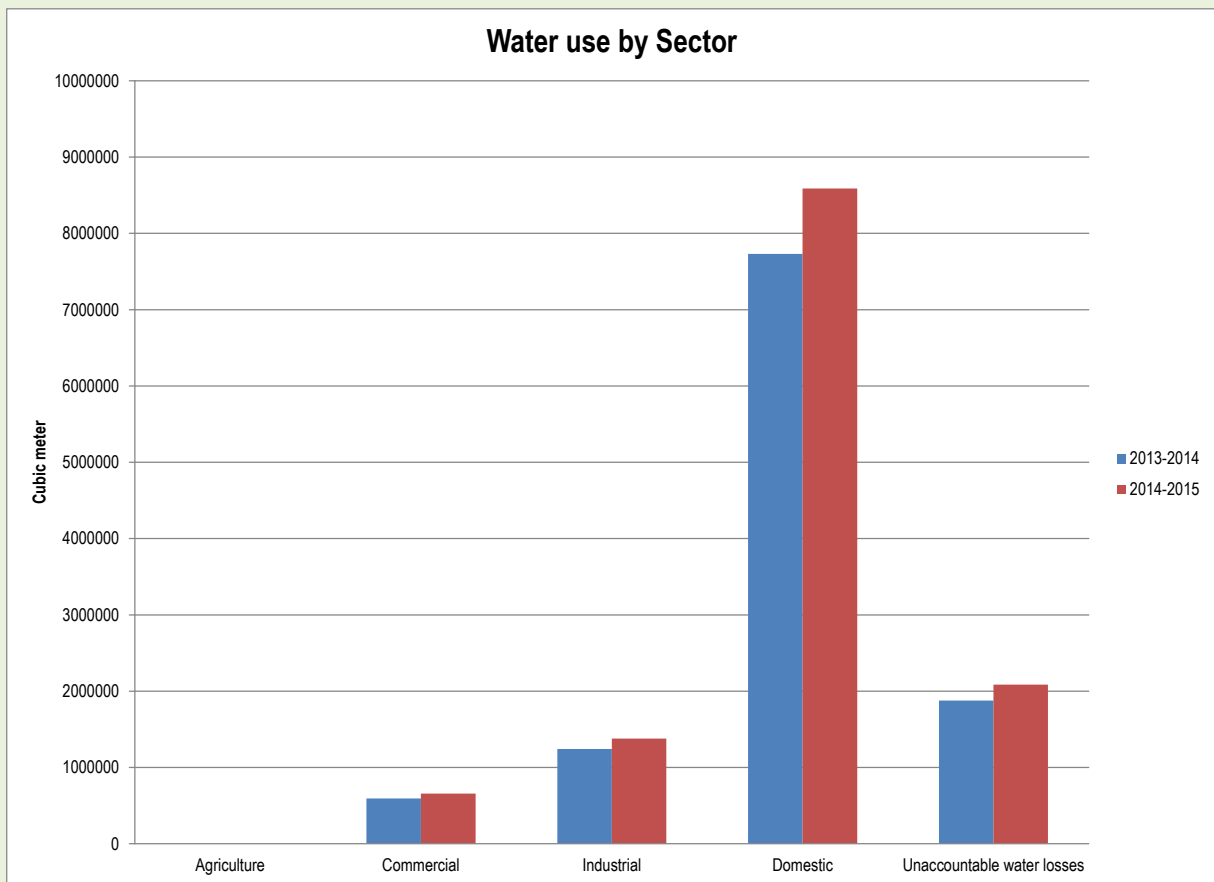
The constitution of the Republic of South Africa assigns the responsibility of ensuring access to water services to Local Government. Furthermore the Water Services Act entrust the local municipality with provision of affordable, efficient, effective on-going water services which is sustainable.

The Water and Sanitation Department within the Mamusa Local Municipality is tasked and responsible for portable drinking water distribution, wastewater collection and treatment, water quality management, water and sewer infrastructure maintenance and upgrade as well as water conservation and demand management.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Commercial	Industrial	Domestic	Unaccountable water losses
2013-2014	0	593156	1241859	7729582	1877185
2014-2015	0	659062	1379843	8588424	2085761
					T 3.1.2

Chapter 3



T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

In the current year the highest volume of water use was by households, followed by water use by industrial users. This trend is not to that of the preceding year as we had water shortage due drying of our dam. Water distribution to the users is: 3, 301, 060kl/d combined yield a years for both purified water and boreholes. The water metered consumption for a year for the Mamusa Local Municipality area is: 1, 799, 789 kl/d

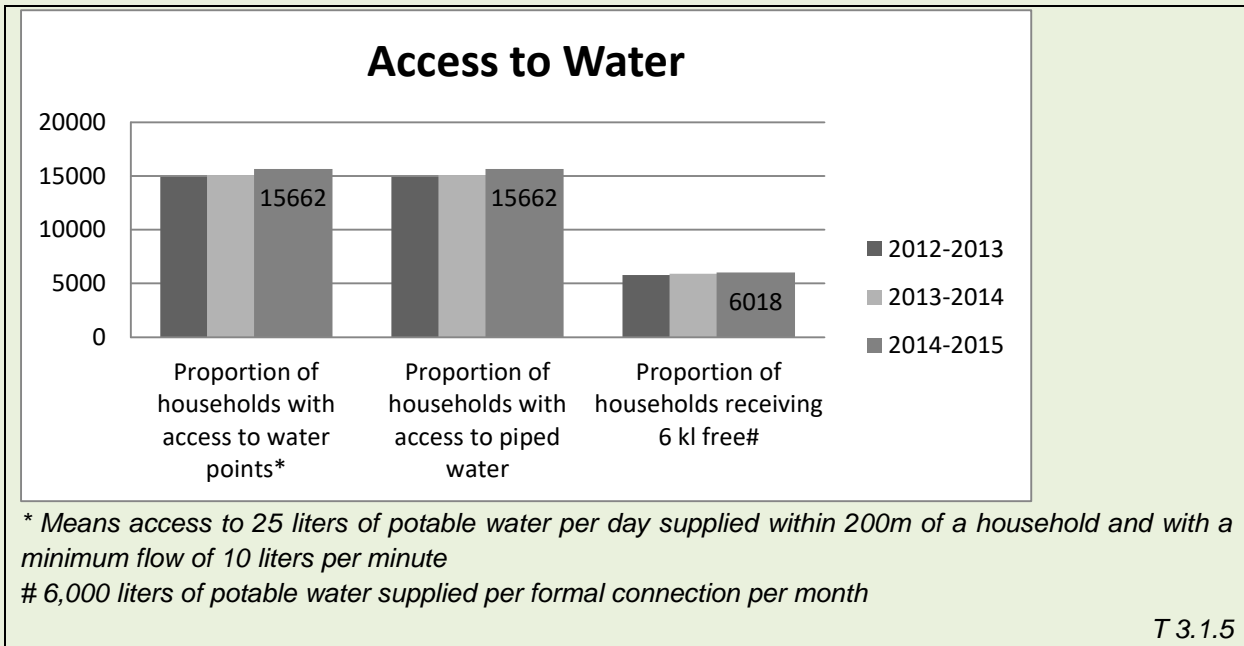
T 3.1.2.2

Chapter 3

Water Service Delivery Levels				
Description	Households			
	2011-2012	2012-2013	2013-2014	2014-2015
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	3299	3499	3699	4299
Piped water inside yard (but not in dwelling)	8008	8108	8208	8508
Using public tap (within 200m from dwelling)	2816	2736	2656	2416
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	14123	14343	14563	15223
<i>Minimum Service Level and Above Percentage</i>	96%	96%	96%	97%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling)	0	0	0	0
No water supply	589	559	529	439
<i>Below Minimum Service Level sub-total</i>	589	559	529	439
<i>Below Minimum Service Level Percentage</i>	4%	4%	4%	3%
Total number of households*	14712	14902	15092	15662
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	2011-2012	2012-2013	2013-2014	2014-2015		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	14712	14902	15092	15662	15662	15662
Households below minimum service level	589	559	529	439	439	439
Proportion of households below minimum service level	4%	4%	4%	3%	3%	3%
Informal Settlements						
Total households	1869	1869	2666	1520	1520	1520
Households below minimum service level	589	559	529	439	439	439
Proportion of households below minimum service level	32%	30%	20%	29%	29%	29%
						T 3.1.4

Chapter 3



Chapter 3

Water Service Policy Objectives Taken From IDP						
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Replacement of Asbestos pipelines	Asbestos water pipelines Replaced		Not Achieved		Replacement of Asbestos water pipelines by June 2015	300 m replaced
Provision of water to indigent households	Number of kl of water provided to indigent households		Unlimited supply of water		6 kl of water provided to indigent households by June 2015	6 kl of water provided to indigent households per month
Service Level Agreements	Water and sanitation SLA signed with DM)		No signed SLA between the LM and DM		Water and sanitation SLA signed with DM by 31 march 2015	SLA's signed

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

Chapter 3

Employees: Water Services					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	3	4	3	1	25%
7 - 9	1	1	1	0	0%
10 - 12	9	9	9	0	0%
13 - 15	11	18	11	7	39%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	24	33	24	9	27%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T3.1.7

Financial Performance 2014-2015: Water Services					
					R'000
Details	2013-2014	2014-2015			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	8514754	12874170	12874170	0	#DIV/0!
Expenditure:					
Employees	2806412	5276562	3100758	0	#DIV/0!
Repairs and Maintenance	1297641	1521928	2373751	0	#DIV/0!
Other	446697	0	132333	0	#DIV/0!
Total Operational Expenditure	4550750	6798490	5606842	0	#DIV/0!
Net Operational Expenditure	-3964004	-6075680	-7267328	0	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.1.8

Chapter 3

Capital Expenditure 2014-2015: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

During the 2014/15 financial year the department managed to provide water services above minimum service level of 97% of households and sanitation above minimum service level of 69, 46% of the total households. The department has also increased access to basic water services to informal settlements within the jurisdiction of the municipality.

BLUE DROP CERTIFICATION

During the 2014/15 financial year, blue drop assessment cycle the municipality is awaiting the results.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

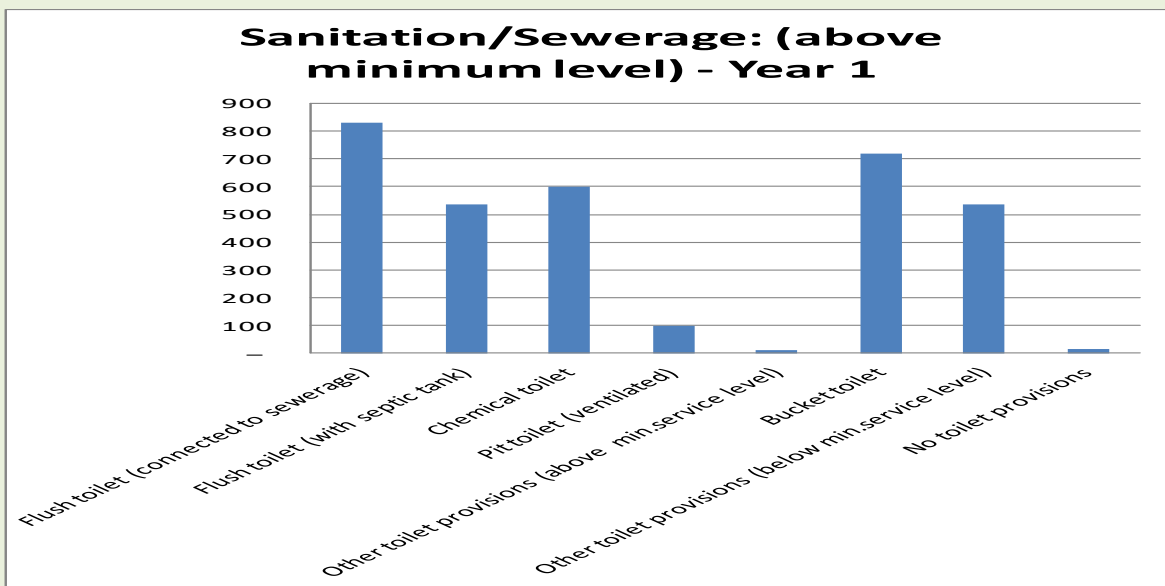
The Mamusa Local Municipality policies provide for waterborne (full) sanitation services to all formal settlements. However the policies are not explicit on the level of sanitation service to be provided in informal settlements.

The municipality is currently providing sanitation services (VIP toilets) in Amalia/Molatswaneng; Gludina; Migdol and Nooitgedacht. Farmers/Agricultural Holdings are responsible for providing their own sanitation services. This is due to the fact that the Municipality's bulk infrastructure does not reach the above mentioned areas.

In the 2012/13 financial year the municipality achieved 11% in terms of Green drop certification. No improvement achieved for the financial year under review.

T 3.2.1

Chapter 3

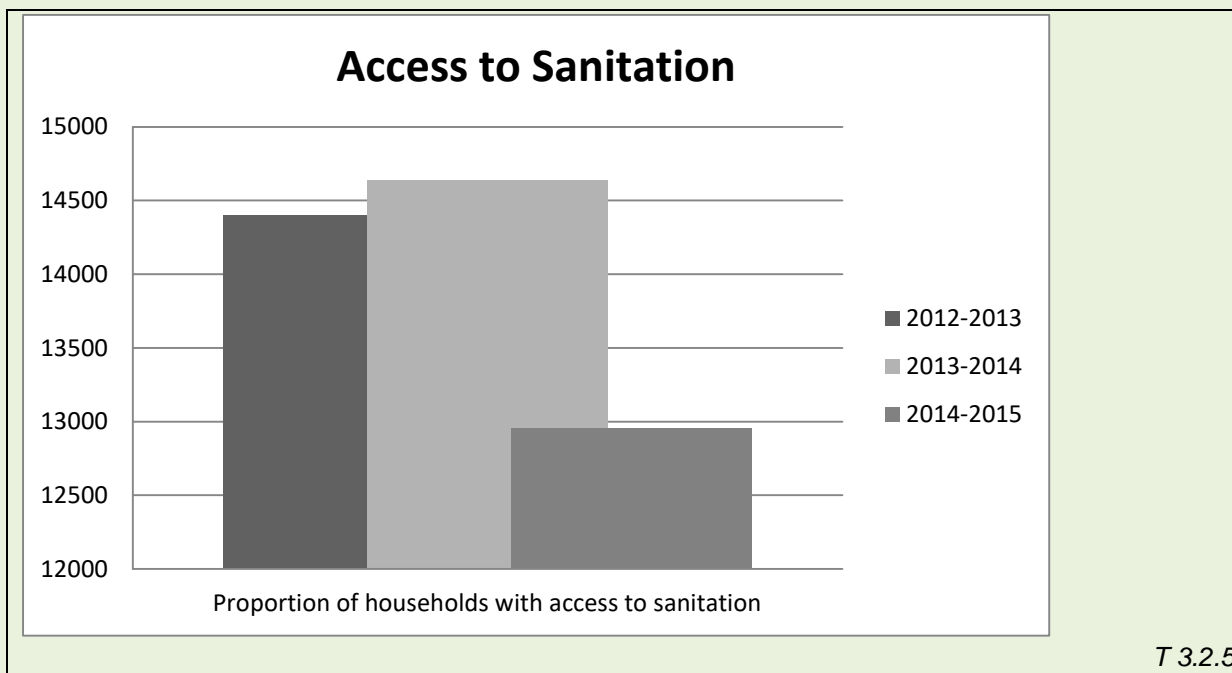


T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	2011-2012 Outcome No.	2012-2013 Outcome No.	2013-2014 Outcome No.	2014-2015 Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	9594	9794	9994	10594
Flush toilet (with septic tank)	9	11	12	12
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	3175	3375	1653	1654
Other toilet provisions (above min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	12778	13180	11659	12260
<i>Minimum Service Level and Above Percentage</i>	87.72%	86.90%	89.91%	93.67%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	78	68	58	28
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions	1550	1400	1250	800
<i>Below Minimum Service Level sub-total</i>	1789	1986	1308	828
<i>Below Minimum Service Level Percentage</i>	12.28%	13.10%	10.09%	6.33%
Total households	14567	15166	12967	13088
*Total number of households including informal settlements				T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	2011-2012	2012-2013	2013-2014	2014-2015		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
				No.	No.	No.
Formal Settlements						
Total households	14397	14637	12955	13076	13076	13076
level	7980	8400	9200	9780	9780	9780
Proportion of households below minimum service level	55%	57%	71%	75%	75%	75%
Informal Settlements						
Total households	1869	1869	2666	1520	1520	1520
Households ts below minimum service	1628	1468	1308	828	828	828
Proportion of households ts below minimum service level	87%	79%	49%	54%	54%	54%
						T 3.2.4



Chapter 3

Waste Water (Sanitation) Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year	
Service Indicators		(iii)	(iv)	(v)	(vi)	(vii)
(i)	(ii)					
Service Objective xxx						
Provision of VIP toilets	Number of Households provided with VIP's in Amalia, Migdol and Gaudina		Households in Molatswaneng, Migdol and Gaudina are still without sanitation facilities)		780 Households provided with VIP's in Amalia, Migdol and Gaudina) by 31 march 2015	220 Households provided with VIP's
Total bucket eradication in Ipelegeng	Number of buckets replaced with waterborne sanitation in Ipelegeng		220 households in Ipelegeng still on bucket system.		220 households provided with waterborne by 30 June 2015	Not Achieved
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the</i></p>						

Chapter 3

Employees: Sanitation Services					
Job Level	2013/14		2014/15		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	7	7	7	7	100%
13 - 15	12	12	12	12	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	21	21	21	19	90%

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

T 3.2.7

Financial Performance 2014-2015: Sanitation Services					
Details	R'000				
	2013-2014		2014-2015		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9231263	9326236	9338614	0	#DIV/0!
Expenditure:					
Employees	5239280	4499198	5420944	0	#DIV/0!
Repairs and Maintenance	1261977	1036551	2096702	0	#DIV/0!
Other	246955	0	44606	0	#DIV/0!
Total Operational Expenditure	6748212	5535749	7562252	0	#DIV/0!
Net Operational Expenditure	-2483051	-3790487	-1776362	0	#DIV/0!

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

T 3.2.8

Chapter 3

Capital Expenditure 2014-2015: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The priority projects the municipality identified for implementation during 2014/15 financial year were:

Augmentation of bulk sanitation for Ipelegeng Ext. 4 & 5
Commissioning of the New Waste Water Treatment Works

The projects were deferred to 2015/16 for implementation due to budgetary constraints.

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

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

MAIN OBJECTIVE: The Electricity Section within directive infrastructure is responsible for the provision of quality and sustainable electrical services to all customers within the Mamusa Local Municipality electrical distribution area. Mamusa Local Municipality is supplied with electricity by Eskom via 1 main substation on the 11Kv networks.

FORMAL HOUSES: Mamusa Local Municipality supplies electricity to approximately 1,500 domestic consumers in the Schweizer Reneke town; neighbouring farms; SABC tower; industrials and Charon. All formal houses are connected to grid. The only backlog within the Mamusa Local Municipality electrical distribution is to do lot of refurbishment on our aged network.

Chapter 3

THE ELECTRICAL DEPARTMENT OF MAMUSA LOCAL MUNICIPALITY IS GUIDED BY THE FOLLOWING ACT/STANDARD.

Electrical Regulation Act. 4 of 2006.
Eskom Standards.
National Energy Regulator Regulations.
Electrical By-Laws.
Municipal Finance Act.
Occupational Health and Safety Act. (Act. 85 of 1993)

The Electrical Section is sub-divided into the following functional sub-units namely: Planning Office; Operational Services test department and metering section.

CHALLENGES 2014/15

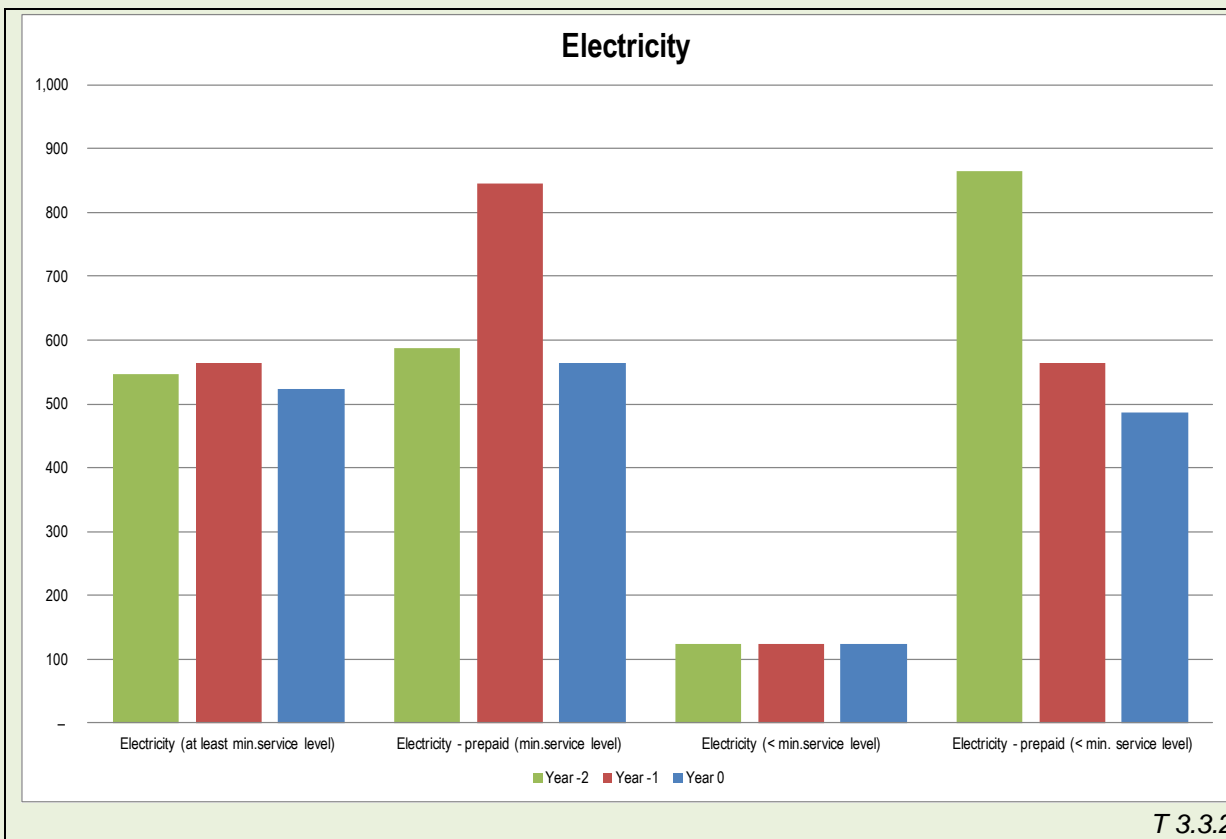
Ageing infrastructure;
Non-compliance of NERSA requirements in terms of license agreement;
High electrical losses;
Abnormal loads – damaging poles;
Vandalism of electrical assets and networks;
Weather (severe winds and lightning) – Damaging poles;
Theft of copper and transformers.

MAJOR ACHIEVEMENTS 2014/15

Successful implementation of preventative maintenance programs;
Successful implementation of pre-paid meter installations;
Successful installation of 7 high mast lights in various wards;
Reducing backlogs on street and high mast lights complaints; and
Successful installation of 11Kv cable in Swartz Street

T 3.3.1

Chapter 3



Electricity Service Delivery Levels				
Description	Households			
	2011-2012 Actual No.	2012-2013 Actual No.	2013-2014 Actual No.	2014-2015 Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	1000	1010	1020	1029
Electricity - prepaid (min.service level)	1000	1010	1020	1029
<i>Minimum Service Level and Above sub-total</i>	2000	2020	2040	2058
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	100%
Energy: (below minimum level)				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	0.0%
Total number of households	2000	2020	2040	2058

T 3.3.3

Chapter 3

Households - Electricity Service Delivery Levels below the minimum						
Description	2011-2012	2012-2013	2013-2014	2014-2015		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	1000	1010	1020	1029	1029	1029
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	1869	1869	2666	1520	1520	1520
Households ts below minimum service level	0	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%	0%
						T 3.3.4

Chapter 3

Electricity Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Reduce unaccounted for electricity consumption. (Increase revenue)	Completion of Electricity meters replacement project		860 electricity meters replaced		To replace 640 electricity meters by June 2015	900 meters replaced
To provide community lighting in various wards	Number of high mast lights installed in Glandina, Molatswaneng and Ward 8		11 high mast lights erected in various wards		Seven high mast lights installed in Glandina (1), Molatswaneng (3) and Ward 8 (3) by 30 September 2014	Seven Mast Lights - Erected
Reduce unaccounted for electricity consumption. (Increase revenue)	Number of reports on maintenance of electricity supply network Source funding		Aged electricity network which requires lot of refurbishment		4 reports on maintenance of electricity supply network Source funding sourced by 30 June 2015	Received R2 million from DoE for Electricity bulk infrastructure
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>						

Chapter 3

Employees: Electricity Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	1	1	1	1	100%
7 - 9	0	0	0	0	0%
10 - 12	5	5	5	5	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	7	7	7	7	100%

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

T 3.3.6

Financial Performance 2014-2015: Electricity Services					
Details	R'000				
	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	24232329	28759841	28785486	0	#DIV/0!
Expenditure:					
Employees	1423260	2116822	1193231	0	#DIV/0!
Repairs and Maintenance	3182994	3000000	3029417	0	#DIV/0!
Other	22234142	28203000	29354590	0	#DIV/0!
Total Operational Expenditure	26840396	33319822	33577238	0	#DIV/0!
Net Operational Expenditure	2680867	4559981	4791752	0	#DIV/0!

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

T 3.3.7

Chapter 3

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Only three project were funded and completed in the 2014/15 financial year. The only variance is on the implementation of pre-paid meters installation project, wherein it had to rolled-over to the next financial year due to supply and delivery of meters by Suppliers.

- Project 1:** Installation of new 7 high mast lights - Project Estimates: R 2, 028, 891.96
- Project 2:** Installation of pre-paid meters - Project Estimates: R980, 0443.89
- Project 3:** Installation of 11Kv cable in Swart Street – Project Estimates: R 450, 784.12

Agreements with Eskom: Yes, to settle the outstanding balance owed to Eskom

T 3.3.9

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

The Municipality as per its mandate in section 152 of the constitution of the Republic of South Africa, 1996 has to provide a safe and healthy environment.

In terms of the powers and functions the solid waste management is the responsibility is the responsibility of the District Municipality. The landfill site falls directly under Dr. Ruth Segomotsi Mompati. It should also be noted that there is no Service Level Agreement for the function despite the continued attempt by the municipality to have one signed.

The municipality is consistently providing the refuse removal service to 14695 households in all wards except on the rural areas and farms. The removal of the refuse in business premises is going on unhindered. The municipality is also making sure that the town is cleaned by street sweepers on daily basis. The Draft By-Law on Waste Management is in place and will be taken to Council, public participation and gazetting in the 2015-2016 Financial Year.

One of the municipality's challenge is the condition of the vehicles used to collect refuse. The municipality is still using the old tractors and trailers that are more than 10 years old to collect refuse. These tractors are not meant to collect refuse as they are stopping from house to house damaging their clutch plates more frequently. Dr.R.S. Mompati District Municipality has donated a refuse compactor truck worth R1.5 million to Mamusa Local Municipality in the financial year under review. This has brought a great relief to our municipality.

In the financial year under review and previous years the municipality does not have data on recycling of waste because the weigh bridge is not installed,

Delete Directive note once comment is completed – Provide brief introductory comments on the actions being taken to achieve the National standard for weekly Refuse Collection from every household by 2012 and discuss the major successes achieved and challenges faced in year 0. Discuss briefly progress made with waste disposal, street cleaning and recycling. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Refuse Services within the municipality.

T 3.4.1

Chapter 3

Refuse Removal Service Delivery Levels				
Description	2011-2012	2012-2013	2013-2014	Households 2014-2015
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	7425	7575	7725	8175
<i>Minimum Service Level and Above sub-total</i>	7425	7575	7725	8175
<i>Minimum Service Level and Above percentage</i>	53.0%	54.4%	55.9%	60.5%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	0	0	0	0
Using own refuse dump	5406	5256	5106	4656
Other rubbish disposal	0	0	0	0
No rubbish disposal	1191	1091	991	691
<i>Below Minimum Service Level sub-total</i>	6597	6347	6097	5347
<i>Below Minimum Service Level percentage</i>	47.0%	45.6%	44.1%	39.5%
Total number of households	14022	13922	13822	13522
				T 3.4.2

Households - Refuse Removal Service Delivery Levels below the minimum						
Description	2011-2012	2012-2013	2013-2014	Households 2014-2015		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	14022	13392	13822	13522	13522	13522
Households below minimum service level	6597	6347	6097	5347	5347	5347
Proportion of households below minimum service level	47%	47%	44%	40%	40%	40%
Informal Settlements						
Total households	1456	1456	1953	2215	2215	2215
Households ts below minimum service level	0	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%	0%
						T 3.4.3

Chapter 3

Refuse Removal Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Provision of weekly collection service per household (HH)	Number of households provided with refuse removal service		Removal of 4 refuse bins per household monthly		48 refuse bins be removed per household per annum by 30 June 2015	48 refuse bins removed per household per annum
Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites	Developed Business plan for the Cost of rehabilitating waste disposal sites		None		Business plan for the cost of rehabilitating waste disposal sites developed by 30 June 2015	Business Plan inPlace
Proportion of waste that is recycled	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.		none		None	None
Provision of basic level of Refuse Removal	Number of households with access to basic level of refuse removal		14 695 Households with access to basic level of Refuse removal		14 695 (Households with access to basic level of refuse removal by June 2015	14695 provided with basic refuse removal
Budget for Refuse Removal	Developed Credible budget for refuse collection		None		To develop credible budget for refuse removal for 2015/16 FY by June 2015	Budget Developed
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. ***Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for</i></p>						

Chapter 3

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

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

T3.4.5

Employees: Refuse and Parks					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	4	4	4	0	0%
10 - 12	7	7	7	0	0%
13 - 15	48	48	29	19	40%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	60	60	41	19	40%

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

T3.4.6

Chapter 3

Financial Performance Year 0: Solid Waste Management Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.7

Financial Performance 2014-2015: Refuse and Parks						R'000
Details	2013-2014	2014-2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	5583497	5805458	5805458		0%	
Expenditure:						
Employees	3914458	7916166	5247603	FTB	0%	
Repairs and Maintenance	290460	477004	457004	FTB	0%	
Other	73076	0	26756	FTB	0%	
Total Operational Expenditure	4277994	8393170	5731363	FTB	0%	
Net Operational Expenditure	-1305503	2587712	-74095	#VALUE!	#VALUE!	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.8

Capital Expenditure 2014-2015: Refuse and Parks Services						R' 000
Capital Projects	2014-2015					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	0	0	0%	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.4.9

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Municipality did not have any Capital Project in Waste Management.

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

DEPARTMENT OF LOCAL GOVERNMENT AND HUMAN SETTLEMENT'S FUNCTION

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements

T 3.5.2

Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%

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

T 3.5.4

Financial Performance Year 0: Housing Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						
T 3.5.5						

Chapter 3

Capital Expenditure Year 0: Housing Services					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

NO COMMENT AS IT IS NOT THE MUNICIPALITY'S FUNCTION

T 3.5.7

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The following basic services are provided by the municipality;

- Electricity
- Solid Waste Removal services
- Sanitation services
- Water provision

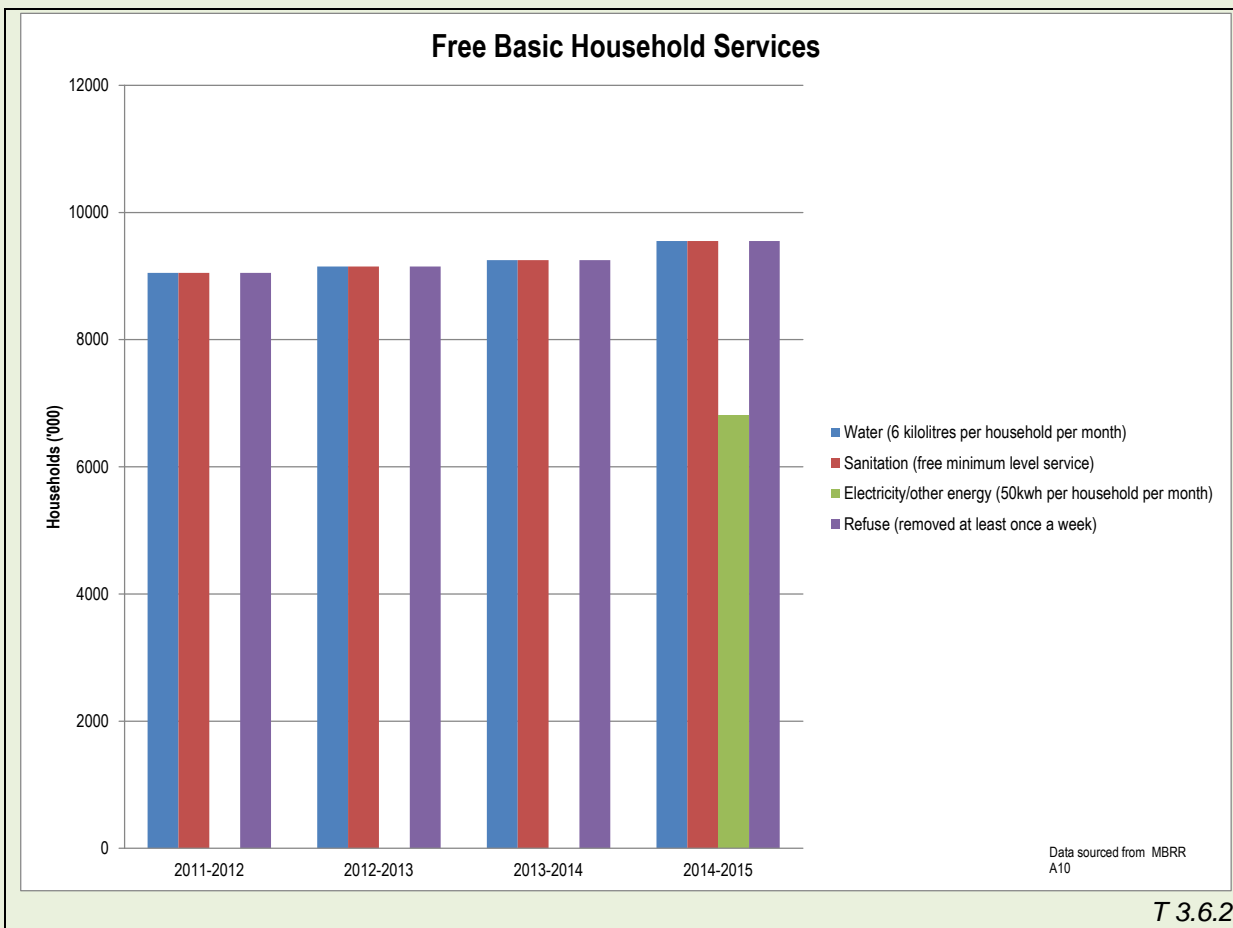
In terms of the Indigent Policy approved by Council in 30 May 2014, Mamusa Local Municipality is providing assistance to households with a gross monthly income of less than R2, 700.00 in the form of:

- 100% rebate on property rates;
- 100% rebate on non-metered services, i.e. refuse collection and sewerage;
- 50kWh of electricity
- 6 kilo-litres of water

The municipality registered an additional 360 indigent households during the 2014-15 financial year from 8428 households in 2013-2014 to 8788 households in 2014-2015.

T 3.6.1

Chapter 3



T 3.6.2

Free Basic Services To Low Income Households											
	Number of households										
	Total	Households earning less than R2,700 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Access	%	Access	%	Access	%	Access	%		
2012-2013	14,343	9,150	5,780	63%	5,780	63%	5,012	55%	5,780	63%	
2013-2014	14,563	9,250	5,900	64%	5,900	64%	5,208	56%	5,780	62%	
2014-2015	15,223	9,550	6,018	63%	6,018	63%	5,762	60%	5,762	60%	

T 3.6.3

Financial Performance 2014-2015: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2013-2014	2014-2015			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	5900	6018	6018	6018	0%
Waste Water (Sanitation)	9200	9780	9780	9780	0%
Electricity	5208	5762	5762	5762	0%
Waste Management (Solid Waste)	477	477	477	477	0%
Total	20785	22037	22037	22037	0%

T 3.6.4

Chapter 3

Free Basic Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Provision of basic services	Number of kl of water provided to indigent households	6kl	6kl	6kl	6kl	6kl
Indigent Subsidy for Free Basic Services allocations to comply with legislation (National Key Performance Indicators)	R value spend on free basic services		R23 785 000 spent on free basic services		R25 .2 million spend on free basic services	
Indigent Registration	Number of approved households with free basic services (indigents)		9 500 Approved households		Increase to 10 000 or more Approved households with free basic services (indigents) by June 2015	

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

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality has a proper indigent policy in place to address all the service needs of the disadvantaged. The indigent register is updated annually.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

Mamusa Local Municipality covers approximately 821.8 kilometres of road network, approximately 3.5km of sidewalk, 96km of kerb which is mainly in the town of Schweizer Reneke; Ipelegeng and Charon, 13km of storm water culverts and channels. Of the total roads only 12% is surfaced while approximately 13% of the roads are dirt roads which are below the normal design standards of roads. The rest of the communities are either dependent on gravel road network including local gravel road system. This is because the rest of the Local Municipality is provided with basic level of service of road network system.

The population was estimated to 60, 355 during 2011 Census report. The population growth is 2,2 per annum.

T 3.7

3.7 ROADS

INTRODUCTION TO ROAD

CORE FUNCTION OF THE SECTION

Construction and Rehabilitation of roads;
Road maintenance in general;
Regravelling and blading of the unpaved roads;
Installation and upgrading of storm water;

Challenges faced by the Municipality are the aged infrastructure and inadequate budget for both capital projects and maintenance of the existing infrastructure

Chapter 3

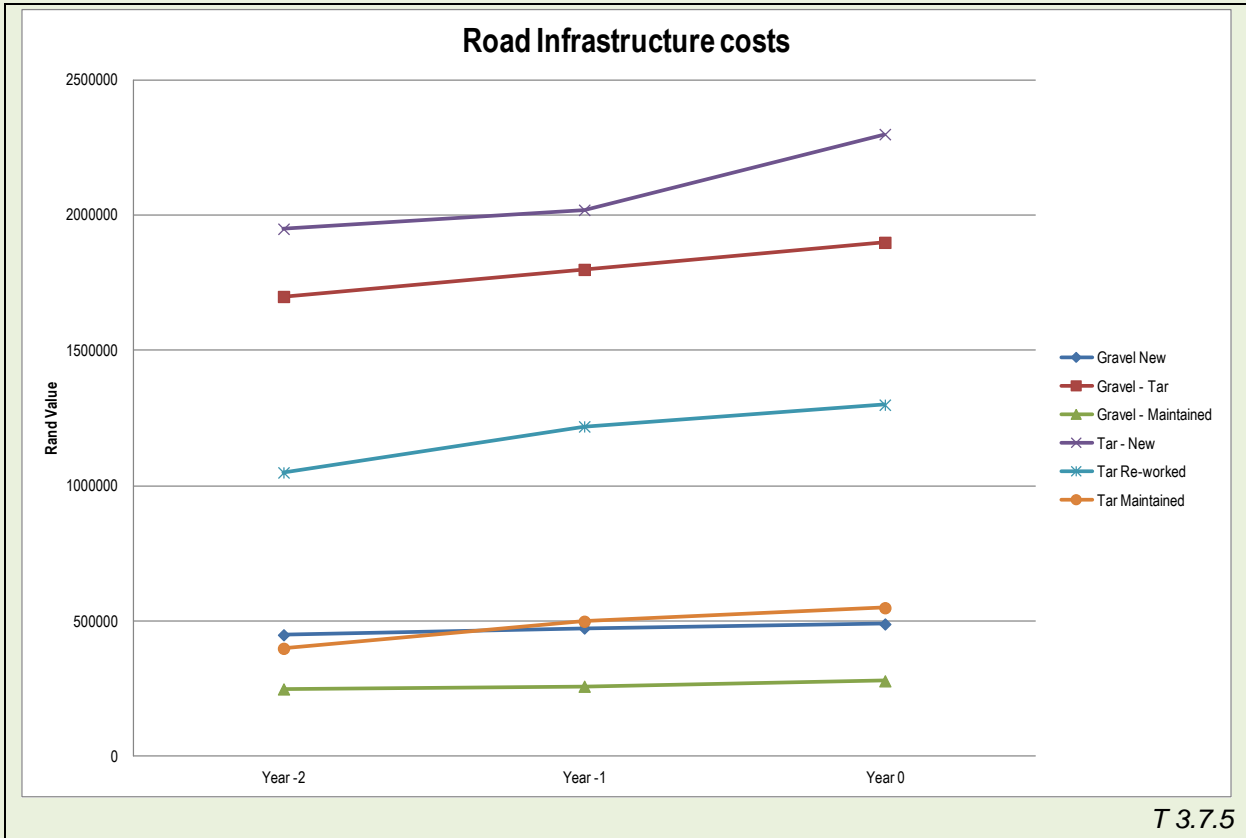
T 3.7.1

Gravel Road Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.7.2

Tarred Road Infrastructure					
	Kilometers				
	Total paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	4.5	4.5	0	0	160
2013/14	7	7	0	0	250
2014/15	3	3	0	0	150
					T 3.7.3

Cost of Construction/Maintenance						
	R' 000					
	Gravel			Tar		
	New	Gravel - Paved	Maintained	New	Re-worked	Maintained
2012/13	13800000	13800000	50000	0	0	180000
2013/14	18566421.89	18566421.89	50000	0	0	250000
2014/15	10607978.18	10607978.18	24500	0	0	30000
						T 3.7.4

Chapter 3



Chapter 3

Road Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Elimination of gravel roads in townships	Number of Km of various roads constructed in Ipelegeng		5,3 km of roads constructed in Ipelegeng		1.8 km of roads Constructed in Ipelegeng by 31 March 2015	Achieved
Development of municipal roads as required	km in Schweizer town Rehabilitatedd		4.5 Km		700 m	385 m

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

Chapter 3

Employees: Road Services					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	1	100%
10 - 12	0	1	0	1	0%
13 - 15	5	16	5	10	63%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	6	19	6	13	68%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7

Financial Performance 2014-2015: Road Services					
Details	R'000				
	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	420	0	13062	0	#DIV/0!
Expenditure:					
Employees	3625629	2725301	5764993	0	#DIV/0!
Repairs and Maintenance	45741	199879	289071	0	#DIV/0!
Other	43230	0	0	0	#DIV/0!
Total Operational Expenditure	3714600	2925180	6054064	0	#DIV/0!
Net Operational Expenditure	3714180	2925180	6041002	0	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.7.8

Chapter 3

Capital Expenditure Year 0: Road Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11607978	2000000	11546093	-1%	
Ipelegeng	5303989	2000000	5242104	-1%	5303989
graveyard	5303989	0	5303989	0%	5303989
Project C	1000000	0	1000000	0%	1000000
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The objective of the Road and storm water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects. This creates a situation where roads that should be stripped and reconstructed are repaired and rehabilitated whereas

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Both the District municipality and the provincial department of Public Works, Roads and Transport is responsible for the aforesaid power and function. The provincial department has developed a District Transport Strategy which as at now is not implementable owing to lack of funding. The local municipality has so far not received any benefits of the implementation of the strategy from the financial year under review.

T 3.8.1

Chapter 3

Municipal Bus Service Data				
Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger journeys			
2	Seats available for all journeys			
3	Average Unused Bus Capacity for all journeys	%		
4	Size of bus fleet at year end			
5	Average number of Buses off the road at any one time	%		
6	Proportion of the fleet off road road at any one time	%		
7	No. of Bus journeys scheduled			
8	No. of journeys cancelled			
9	Proportion of journeys cancelled	%		

T 3.8.2

Concerning T 3.8.2

Not our function

T 3.8.2.1

Chapter 3

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

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.8.4

Financial Performance Year 0: Transport Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.8.5

Capital Expenditure Year 0: Transport Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A						
Project B						
Project C						
Project D						

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.8.6

Chapter 3

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

No comment as it is not our function

No T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The main purpose of the stormwater management function in the Mamusa Local Municipality is to mitigate flooding and increase the lifespan of the road infrastructure. The main focus areas are:

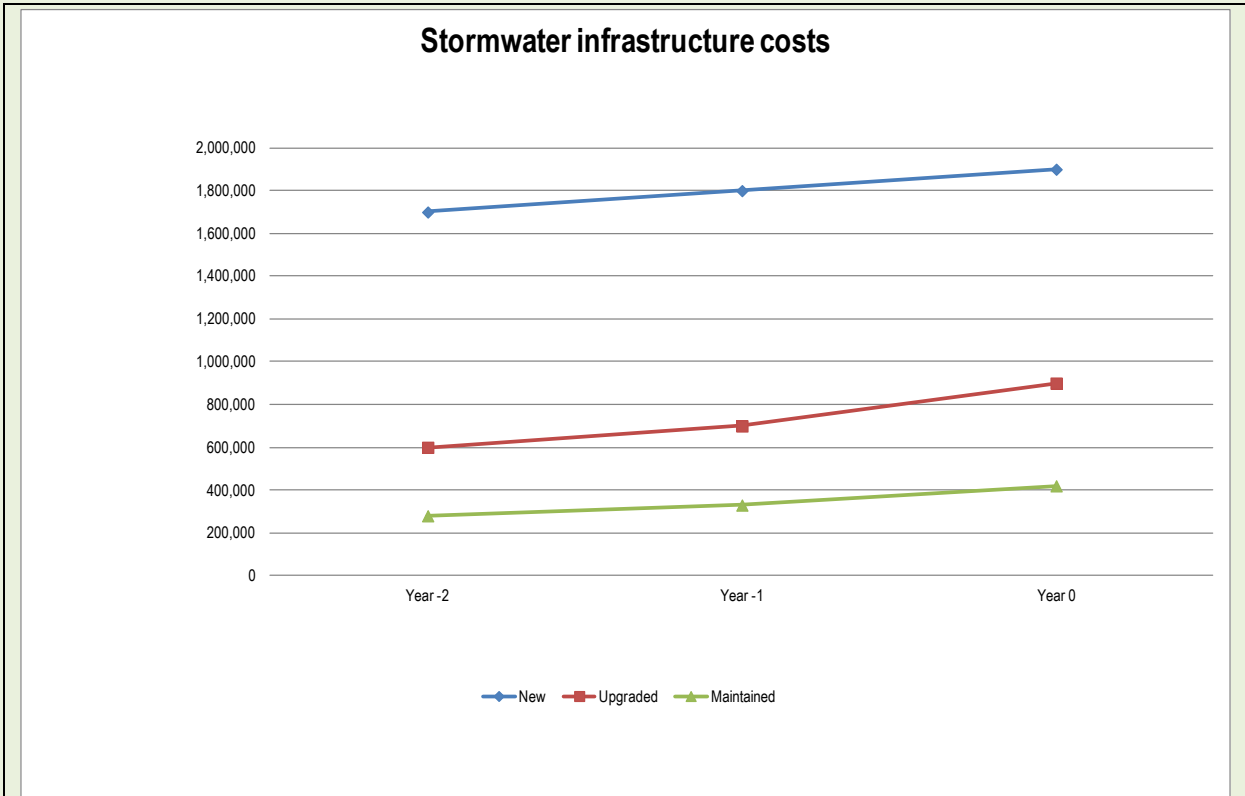
Construction of gabions;
 Replacing broken kerbs inlets and pipes;
 Cleaning of stormwater pipes; and
 Construction of open channels and sub-soil drains as well as installing new stormwater systems.

T 3.9.1

Stormwater Infrastructure					Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained	
Year -2	145	15	10	100	
Year -1	160	20	12	120	
Year 0	166	25	14	140	
					T 3.9.2

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2	1,700,000	600,000	280,000	
Year -1	1,800,000	700,000	330,000	
Year 0	1,900,000	900,000	420,000	
				T 3.9.3

Chapter 3



T 3.9.4

Chapter 3

Employees: Stormwater Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T 3.9.6

Financial Performance Year 0: Stormwater Services						R'000
Details	Year -1		Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.9.7

Chapter 3

Capital Expenditure Year 0: Stormwater Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Maintenance and capital budget was allocated for the storm water drainage systems in the 2014/15 financial year. Storm water drainage systems were constructed in the following areas to mitigate the flooding and soil erosion which at sometimes block the system:

Bagaetsho – Ward 4
 Rev. Vilakazi – Ward 6
 Mphuru – Ward 6
 Kauri – Ward 2
 Jacaranda – Ward 2
 Mokgoronyane – Ward 8
 Musu – Ward 8
 Morebudi – Ward 4

T3.9.9

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality does not have a designated Town Planning Section as the functions are partly performed by Community Services, Corporate services and technical services. Challenges for the Town Planning that have a direct or indirect impact in the positive development of Mamusa include inter alia the following:

- ageing electricity infrastructure;
- Vacant land in private ownership
- High unemployment rate;
- No Policies and By-laws;

Delete Directive note once comment is completed - Provide brief overview of the opportunities and challenges in the fields of economic development and physical planning field for your municipality.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The municipality does not have the Town Planning section however the Community Services Department renders a strategic spatial planning and economic development focusing on the following developmental aspects:

- Spatial Development Framework (SDF) which the municipality has embarked on a process to review the (SDF) approved in 2013 through the compilation of a new (SDF) to guide development in the area of jurisdiction is in process.
- Land Use Scheme is at the stage of being advertised for comments and be table before council for adoption.

T 3.10.1

Chapter 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received						
Determination made in year of receipt						
Determination made in following year						
Applications withdrawn						
Applications outstanding at year end						
						T 3.10.2

Chapter 3

Planning Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2013-2014		2014-2015		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
<i>Determine planning application within a reasonable timescale</i>	Number of Reports on approval of building plans and inspection of the structures				12 Reports on approval of building plans and inspections of the structures by 30 June 2015	12 reports
	Reduction in planning decisions overturned					

Chapter 3

Employees: Planning Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4

Financial Performance 2014-2015: Planning Services						R'000
Details	2013-2014		2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	13481323	93982	15084982	0	#DIV/0!	
Expenditure:						
Employees	2887370	1850673	3782106	0	#DIV/0!	
Repairs and Maintenance	500580	779114	779114	0	#DIV/0!	
Other	2319780	501000	673642	0	#DIV/0!	
Total Operational Expenditure	5707730	3130787	5234862	0	#DIV/0!	
Net Operational Expenditure	-7773593	3036805	-9850120	0	#DIV/0!	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.10.5

Chapter 3

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

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Long-term Strategic Framework for Growth and Development

The Mamusa Local Municipality must establish a Town Planning section that is fully cognizant of the role it is expected to play in crafting a long-term spatial vision for the municipality. The challenge goes far as determining the vision, to putting in place mechanisms to influence the investment decision made by the municipality, other spheres of government, the private and the business sector, such that the vision is realized.

It further needs the municipality to invest to that established department by availing enough resources so as to attract skilled personnel and build the capacity of the department so as to be innovative and successfully implement its planned and budgeted programmes.

Below is the key performance area that much attention will be directed into in order to create a harmonising and conducive environment for planning and development within the municipal area of jurisdiction.

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The existing Municipal Spatial Development Framework was approved in 2013 and there is a need for the Mamusa Local Municipality to review its current SDF in line with the new trend in development and to also align with the vision of the political mandate. In the review process, the SDF will also be aligned with SPLUMA.

T 3.10.7

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality has a 5 year LED strategy in place. The municipality is in the process of reviewing the strategy. The principal aim is to facilitate the coordination and integration of all economic development functions in order to ensure effective and efficient delivery of local economic imperatives of Mamusa Local Municipality. Overall, this LED plan seeks to create a platform for Mamusa and these are the crucial elements considered;

- Knowing Mamusa's Economic function
- Creating a skilled and competent workforce
- Investing in infrastructure for the innovation to attract investment
- Creating a conducive environment for SMME's to flourish
- Marketing the area to external businesses
- Fostering an innovative business climate though simplifying municipal by-laws to encourage the creation of new business

The Mamusa's economy relies to a great extent on the performance of agriculture, small scale mining, retail trade, tourism and agro processing

T 3.11.1

Economic Activity by Sector			
	R '000		
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing			
Mining and quarrying			
Manufacturing			
Wholesale and retail trade			
Finance, property, etc.			
Govt, community and social services			
Infrastructure services			
Total	0	0	0

T 3.11.2

Chapter 3

Economic Employment by Sector			
Sector	Jobs		
	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
Total	1905000	1955000	1887000
			T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The sectors that contribute the most to employment are:

- Agriculture
- Small Scale Mining
- Retail trade / Street trading
- Construction

The sectors that contribute least to employment are:

- Manufacturing
- Transport and Communication

Job Creation through EPWP Projects

Through municipal infrastructure projects, the following job opportunities were created using EPWP principles:

T 3.11.4

Chapter 3

Jobs Created during 2014-2015 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Mamusa Environmental Solutions	12	0	12	
Refurbishment of Ablution Block (Wentzeldam resort)	12	0	12	
				T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012-2013	2	194
2013-2014	11	504
2014-2015	9	209
* - Extended Public Works Programme		T 3.11.6

Chapter 3

Local Economic Development Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Supporting SMME's and Developmental Programmes	Number of supported existing and new developmental programmes initiated by the Municipality	4	4	4	4	8
Capacitating SMME's	Number of SMME's workshops conducted to capacitate SMME's	4	4	4	4	6

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

Chapter 3

Employees: Local Economic Development Services					
Job Level	2013-2014		2014-2015		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	0	1	100%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	2	1	33%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.11.9

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.11.10

Chapter 3

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Delete Directive note once comment is completed - Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Provision of accelerated effective efficient Libraries and Information services, Sports and Recreation facilities and the facilitation of Social Development for the community of Mamusa through building of halls, stadium, and libraries.

The following functions does not apply to the municipality;

- Museums arts and galleries
- crematoria
- child care
- theatres

T 3.52

Chapter 3

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

INTRODUCTORY COMMENT: LIBRARIES

- To provide accelerated, effective, efficient, quality social development services for the community of Mamusa through sport, recreation, arts and culture and library and information programs
- To ensure the community have access to information as prescribed by the South African Constitution.
- Promote employment equity and skills development, therefore effecting efficiency and effectiveness to clientele
- Position libraries as centers for the dissemination of information and knowledge
- Position libraries as places where people from all backgrounds can find each other (promoting social cohesion)

T3.12.1

SERVICE STATISTICS FOR LIBRARIES

In the year under review the Library Services achieved the following;

- 629 new member
- 15 major Library awareness programmes
-

T 3.12.2

Chapter 3

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Indicators (i)	(ii)					
Service Objective xxx						
To provide library service, educational and recreational facilities for the intellectual upliftment of the community	Number of library awareness /interest events conducted	5	54	5	10	15
To support teaching, reading and learning	Number of reports on the library functions	12 reports	12 reports	12 reports	12 reports	12 reports

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

Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2013-2014		2014-2015		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	5	5	5	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.12.4

Financial Performance 2014-2015: Libraries						R' 000
Details	2013-2014	2014-2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	550877	550463	553968	0	0%	
Expenditure:						
Employees	650174	689096	826734	FTB	0%	
Repairs and Maintenance	67189	8355	146361	FTB	0%	
Other	213280	171595	875080	FTB	0%	
Total Operational Expenditure	930643	869046	1848175	FTB	0%	
Net Operational Expenditure	379766	318583	1294207	FTB	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.12.5

Capital Expenditure 2014-2015: Libraries						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A						
Project B						
Project C						
Project D						

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.12.6

Chapter 3

COMMENT ON THE PERFORMANCE OF LIBRARIES

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.12.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The Community Services Department is the custodian for cemeteries management within the municipality. The Municipality facilitate to the public paupers burial services on behalf of the District Municipality and provide cemeteries maintenance. The department manages and maintains twelve municipal owned cemeteries within municipal boundaries. Out of the twelve cemeteries, only four cemeteries are not active and only second burials allowed. Mamusa Local Municipality is currently faced with a challenge of shortage of burial space and the eight active cemeteries are already running out of space for new burials.

The department during the years identified important service delivery priority issues and the impact the priorities have had in the community at large. The following are the priorities; to encourage second burials in existing graves (this is an initiative to save land and to increase the life span of existing cemeteries), improved cemeteries maintenance and grass cut which improved security).

The municipality does not own any cremation facility.

T 3.13.1

Chapter 3

SERVICE STATISTICS FOR CEMETORIES

CEMETERY NAME	BURIAL STATISTICS
Setlhare Setelelele	230 New Burials
Cross-Road	201 New Burials
Charon	103 New Burials
Schweizer	34 New Burials
Amalia	110 New Burials
TOTAL	678

T 3.13.2

Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Management of Cemeteries in the entire municipality	Not all Records of graves allocated are available		Not all Records of graves allocated are available		developed Cemetery management system by 30 June 2015	4 Registers
Management of Cemeteries in the entire municipality	Fencing of cemeteries registered on MIG MIS		New Project		Registration of Fencing of cemeteries on MIG MIS by 30 June 2015	Project Not Registered
Management of Cemeteries in the entire municipality	Geo-technical report for future cemeteries		No coordinates and geo-tech report for graves		Geo-technical report developed by 30 June 2015	Service Provider appointed

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

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	7	1	6	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	8	2	6	75%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.13.4

Financial Performance 2014-2015: Cemeteries						R'000
Details	2013-2014	2014-2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	240339	257762	367647	0	0%	
Expenditure:					FTB	
Employees	513727	1186497	503004	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	186553	165000	165000	0	0%	
Total Operational Expenditure	700280	1351497	668004	0	0%	
Net Operational Expenditure	459941	1093735	300357	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.13.5

Capital Expenditure 2014-2015: Cemeteries						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	0	0	0%	0	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.13.6

Chapter 3

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Development of a new cemetery – The municipality is faced with a challenge of shortage of cemetery burial land. Service providers for developing Geo-Tech Report were appointed during 2014/2015 fiscal year to investigate and to do a comprehensive feasibility studies to determine a suitable cemetery land. The program is still to continue until the exercise is complete. It is however not budgeted for in the 2015/2016 fiscal year but will remain in the planning document until budget is made available. An amount of R500, 000.00 for a start is requested

Upgrade of existing cemetery – This program is aimed at upgrading the general landscape of the cemeteries including greening. It is very important to start implementing this project. It is however not budgeted for in the 2015/2016 fiscal year but will remain in the planning document until budget is made available. An amount of R500, 000.00 is requested to start the project. This budget is the same as that of cemetery security.

Improved cemetery security – In order to prevent vandalism and to control access to all cemeteries, this program aims to fence off all cemeteries and to introduce security. It is however not budgeted for in the 2015/2016 fiscal year but will remain in the planning document until budget is made available. An amount of R500, 000.00 for a start is requested.

Since the municipality is not able to meet all departmental financial needs, it was decided that the department should start sourcing funds externally for the achievements of the mentioned priorities.

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

T 3.14.2

Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.14.4

Financial Performance Year 0: Child Care; Aged Care; Social Programmes						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.14.5

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.14.6

Chapter 3

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES
OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

T 3.15.2

Chapter 3

Pollution Control Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Water and air purity	Water: x% of all readings taken throughout the year on at least weekly to be found acceptable (clean) by National Standards	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
	Air: x% of all readings taken throughout the year on at least weekly to be found acceptable by National standard	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by</i></p>									T 3.15.3

Chapter 3

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.15.4

Financial Performance Year 0: Pollution Control						R'000
Details	Year -1	Year 0			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.15.5

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

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.15.6

Chapter 3

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.15.7

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

T 3.16.2

Chapter 3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.16.4

Financial Performance Year 0: Bio-Diversity; Landscape and Other						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.16.5

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.16.6

Chapter 3

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.16.7

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17.1

Service Data for Clinics				
Details	Year -2	Year -1		Year 0
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Average number of Patient visits on an average day				
2 Total Medical Staff available on an average day				
3 Average Patient waiting time	mins	mins	mins	mins
4 Number of HIV/AIDS tests undertaken in the year				
5 Number of tests in 4 above that proved positive				
6 Number of children that are immunised at under 1 year of age				
7 Child immunisation s above compared with the child population under 1 year of age	%	%	%	%

T 3.17.2

Concerning T 3.17.2

Delete Directive note once table is completed – Average patient waiting time and total medical staff availability on an average day are obtained but sampling staff and patients on different days at different times at regular intervals throughout the day.

T 3.17.2.1

Chapter 3

Clinics Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Proportion of population visiting public health clinics</i>	% of children under 1 year that are immunised.	T0% immunised	A0% immunised	T1% immunised	T1% immunised	A1% immunised	T2% immunised	T5% immunised	T5% immunised
<i>Proportion of population visiting public health clinics</i>	% of those tested for HIV/AIDS that proved positive; (number of those tested)	T0% tested positive; (xxxxxx tested)	A0% tested positive; (xxxxx tested)	T1% tested positive; (xxxxx tested)	T1% tested positive; (xxxxxx tested)	A1% tested positive; (xxxxxx tested)	T2% tested positive; (xxxxxx tested)	T5% tested positive; (xxxxxx tested)	T5% tested positive; (xxxxxx tested)
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.17.3

Chapter 3

Employees: Clinics					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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

T 3.17.4

Financial Performance Year 0: Clinics					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

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

T 3.17.5

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

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

T 3.17.6

Chapter 3

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17.7

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.18.1

Ambulance Service Data					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of patients taken to medical facilities during the year				
2	Average time from emergency call to arrival at the patient - in urban areas				
3	Average time from emergency call to arrival at the patient - in rural areas				
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas				
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas				
6	No. ambulance				
7	No. paramedics				

T 3.18.2

Concerning T 3.18.2

Delete Directive note once table is completed –Average turnout and turn-round times are determined by logging the times taken from initial call to reaching an emergency incident and from initial call to the incident and then on to the medical facility and analysing the record.

T 3.18.2.1

Chapter 3

Ambulances Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Ambulance turnaround time (Timeout to patients and back to medical facility)	Average turnaround time in rural areas	T0 min on average	A0 min on average	T1 min on average	T1 min on average	A1 min on average	T2 min on average	T5 min on average	T5 min on average
	Average turnaround time in urban areas	T0 min on average	A0 min on average	T1 min on average	T1 min on average	A1 min on average	T2 min on average	T5 min on average	T5 min on average
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round.</p> <p>Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									T 3.18.3

Chapter 3

Employees: Ambulances					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.18.4

Financial Performance Year 0: Ambulances						R' 000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.18.5

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

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.18.6

Chapter 3

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.18.7

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

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND
INSPECTIONS, ETC

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc

T 3.19.2

Chapter 3

Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%

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

T 3.19.4

Financial Performance Year 0: Health Inspection and Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

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

T 3.19.5

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

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

T 3.19.6

Chapter 3

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.19.7

COMPONENT G: SECURITY AND SAFETY

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

INTRODUCTION TO SECURITY & SAFETY

This is not the municipality competency. Our municipality relies on other external stakeholders such as:

- South African Police Services - Public Order Unit;
- South African Police Services – Crime Combating Un

Delete Directive note once comment is completed – Provide brief introductory comments.

T 3.20

3.20 POLICE

INTRODUCTION TO TRAFFIC SERVICES

The provision of effective road traffic law enforcement, implementation of municipal by-laws, safeguarding of the municipal assets, motor vehicle registration and licensing and revenue enhancement.

The Department in the financial year under review, has appointed Chief Traffic Officer who has the vast experience in the field to bring about change and make meaningful contribution to the municipality.

The municipality has budgeted for the expansion of both the vehicle testing station and the drivers licence testing centre. The expansion of the VTS and the DLTC will assist in better service delivery and increase in revenue.

T 3.20.1

Chapter 3

Traffic Service Data					
	Details	2013-2014	2014-2015		2013-2014
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	190	259	259	190
2	Number of by traffic infringements attended	700	839	839	839
3	Number of traffic officers in the field on an average day	3 x officers	3 x officers	3 x officers	3 x officers
4	Number of traffic officers on duty on an average day	6 x officers	6 x officers	6 x officers	6 x officers
					T 3.20.2

Concerning T 3.20.2

The number of officers available is determined by sampling the number of officers in the field and in offices and stations on the same day, sampling different times of day and different days of the week throughout the year.

T 3.20.2.1

Chapter 3

Traffic Services Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
To collect revenue to ensure sound financial matters	R value income collected from traffic fines		R63 685.00	R63 685.00	R120 000	R30 000
	R value income collected from warrants of arrest		R7400.00	R7400.00	R40 000.00	R14 650.00
	R value income collected from driver's licenses		R770 000	R770 000	R800 000	R927576.00
	R value income collected from vehicle testing station				R550 000	R605925
	R value income collected from vehicle registration and licensing / renewals				R 1.1 million	R1 490 725.90
To promote road safety	Number of traffic and road safety campaigns conducted at schools and crèches				4 traffic and road safety campaigns	7 (Seven campaigns conducted)
	Number of (K78) multi road blocks				4 (K78) multi road blocks	5 (K78) multi road blocks conducted
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance</i></p>						

Chapter 3

Employees: Traffic Officers					
Job Level	2013-2014	2014-2015			
Traffic and Licensing	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Traffic Officer	0	1	1		
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	9	28	9	19	68%
10 - 12	0	2	0	2	100%
13 - 15	3	0	3	-3	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	13	32	14	18	56%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.20.4

Financial Performance 2014-2015: Traffic Services					
Details	R'000				
	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2305567	3632531	3632531	0	#DIV/0!
Expenditure:					
Police Officers					
Other employees	3256392	5953064	3549922	0	#DIV/0!
Repairs and Maintenance	48176	49021	36260	0	#DIV/0!
Other	183909	26000	263346	0	#DIV/0!
Total Operational Expenditure	3488477	6028085	3849528	0	#DIV/0!
Net Operational Expenditure	1182910	2395554	216997	0	#DIV/0!

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

T 3.20.5

Chapter 3

Capital Expenditure 2014-2015: Traffic Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0	0	
Project B	0	0	0	0	0	
Project C	0	0	0	0	0	
Project D	0	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.20.6</i>	

COMMENT ON THE PERFORMANCE TRAFFIC SERVICES OVERALL:

The Traffic Services did not have any Capital Project for the Financial Year under review. The Capital Project of expanding Vehicle testing station and Drivers License Testing Center will be on 2015-2016 FY.

T 3.20.7

Chapter 3

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year				
2	Total of other incidents attended in the year				
3	Average turnout time - urban areas				
4	Average turnout time - rural areas				
5	Fire fighters in post at year end				
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				

T 3.21.2

Concerning T3.21.2

Delete Directive note once table is completed - Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

Chapter 3

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

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

T 3.21.4

Financial Performance Year 0: Fire Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Fire fighters					
Other employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

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

T 3.21.5

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

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

T 3.21.6

Chapter 3

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.21.7

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

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T 3.22.2

Chapter 3

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.22.5

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.22.6

Chapter 3

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

The Municipality does not have a designated Sports and Recreation section. These functions are being performed by the Community Services Department which responsible for establishing a positive attitude in the community towards sport and recreation. The department is also responsible for encouraging greater community involvement and interest in sport and recreation.

The three main service delivery priorities are preparation and maintenance of the following:

- Sports Grounds / Fields
- Wentzeldam Resort and Swimming Pool
- Parks

T 3.23

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

The following sports and recreational facilities are operational;

- Sports fields
- Wentzeldam Resort and Swimming Pool

In the financial year under review, Mamusa Multipurpose Centre was under construction by the Provincial department of Sports and we are awaiting official handover.

The upgrading of Ipelegeng and Amalia Sports ground phase two is on a practical completion and will be operational in the next financial year.

The Mamusa Sports Council where was established and fully functional to facilitate and coordinate all sporting activities.

T 3.23.1

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.23.3

Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.23.4

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	23234723	0	14939409	-56%	
Ipelegeng Sport Ground	4590854	0	2746588	-67%	4590854
Molatswaneng Sport Ground	4590854	0	3189233	-44%	4590854
Rehabilitation of Wentzel Dam Resort	4140263	0	1647294	-39%	4140263
Community Halls	9912751	0	7356293	74%	9912751

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.23.5

Chapter 3

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Through sport and recreation the Social Services strives to build more united non-racial integrated and safer communities.

SERVICE DELIVERY PRIORITY AREAS:

- To support mass participation in sport and recreation throughout the Mamusa Local Municipality.
- To ensure that all community members are able to access and participate in sport and recreation activities
- To direct the development and implementation of sport and recreation projects throughout the community and to form collaborative partnerships with between role players in the sport and recreation sector.

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES

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

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

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

Management must ensure that tools of the trade are made available to staff. This include ICT services and networks, including the necessary licenses.

In order for the municipality to finance service delivery it must ensure that the budgetary expenditure will be redeemed through cash collection that will be generated by payment for services. Payment for services will be covered by payment for rates and taxes and will include proper and sufficient municipal service delivery networks such as water pipes and reservoirs as well as sewer and electrical networks, and plant and equipment.

Chapter 3

T 3.24

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

In terms of Chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority of a municipality is vested in its municipal council.

The Municipal council of Mamusa Local Municipality is established as a plenary municipality which is combined with a ward participatory system in terms of chapter 12 of the Municipal Structure Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government, and the powers and functions of municipalities are determined in section 156 of the Constitution.

Section 152 of the Constitution sets among others the following objectives for local government:

1. To provide democratic and accountable government for local communities
2. To ensure the provision of services to communities in a sustainable manner
3. To promote social and economic development

In order to ensure sustainable service delivery to the community, Council sets the top three service delivery priorities as follows in order to achieve good governance levels:

* **Risk Management** – Council has developed risk management strategy or policy that enables council to conduct a risk assessment, something that has already been done. This exercise also enabled council to develop a plan on internal controls to mitigate and control risk.

* **Internal Audit** – Council is using the Audit Committee which is a shared service of the District Municipality. The Audit Committee sits regularly, assisting in assessing of and reporting on risk management and other matters relating to good governance,

* **Accounting and Auditing** - Council is using the Audit Committee which is a shared service of the District Municipality. The Audit Committee assists in reviewing the annual financial statements and also monitors the effectiveness of the internal controls and risk management.

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T 3.24.1

Chapter 3

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

COUNCIL MEETINGS

NORMAL COUNCIL MEETINGS	2013-2014	2014-2015
	3	2

SPECIAL COUNCIL MEETINGS	2013-2014	2014-2015
	18	16

SECTION 79(MSA) COUNCIL COMMITTEES MEETINGS

NAME OF COMMITTEE	2013-2014	2014-2015
COMMUNITY SERVICES	5	3
CORPORATE SERVICES	2	1
TECHNICAL	4	4
FINANCE	3	3
LED AND PLANNING	-	2
MPAC	1	3

Chapter 3

Chapter 3

The Executive and Council Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
To ensure portfolio committees meetings are held to ensure compliance with legislation and to take informed decisions	Number of sec.79 committees meetings (Portfolio Meetings) conducted	8 per Committee	community service= 5 technical service= 4 corporate service=2 finance= 3		8 per committee	community service= 3 technical service= 1 corporate service=4 finance= 3
To ensure effective Council administration and compliance with legislation	Number of ordinary council meetings conducted	4	3	3	4	2

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

Chapter 3

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.24.4

Financial Performance 2014-2015: Council					
Details	R' 000				
	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	480000	480000	0	#DIV/0!
Expenditure:					
Employees	1668227	4946000	4861073	0	#DIV/0!
Repairs and Maintenance	0	14000	34147	0	#DIV/0!
Other	509031	1466000	250	0	#DIV/0!
Total Operational Expenditure	2177258	6426000	4895470	0	#DIV/0!
Net Operational Expenditure	2177258	5946000	4415470	0	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.24.5

Capital Expenditure 2014-2015: The Executive and Council					
Capital Projects	R' 000				
	2013-2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.24.6

Chapter 3

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Councillors attend to different initiatives as per their programmes or those emanating from both National or Provincial spheres of government. Programmes differ from health, education environment, local economic development etc. through Private Partnerships; a few projects have been established with a view of fighting poverty and bettering the lives of our people.

There were no Capital Projects.

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The financial health of the municipality deteriorated during the financial year in that the payment levels for services decreased significantly. This impacted especially on the municipality's ability to service payments to the bulk distributor of electricity (ESKOM).

Based on the financial situation where the cash flow was under pressure, a revenue enhancement strategy have been formulated, based on 5 pillars, namely billing processes, credit control, infrastructure assistance, the expansion of the revenue based of the municipality and the reduction of expenditure.

The municipality strives to provide good service to the community. In order to achieve this the community also needs to meet us half way in making sure that they pay for those service at their disposal. Fortunately, the municipality has been able to provide those services even under difficult circumstances of insufficient collection.

2014/15 financial year has seen the municipality improve on it's revenue collection. This was brought about the implementation of the internal debt collection. Electricity as the main service revenue generator has also improved by at least 20 percent. Services like refuse collection are operating at a deficit. The municipality has received a refuse truck from the district, that will help in speeding up the collection.

Water collection was also hampered by drought experienced in the year.

T 3.25.1

Chapter 3

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2013-2014		2014-2015			2013-2014	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	R7 652 848	86.00%	R12 882 254	R7 942 804	62.00%	R7 308 000	89.00%
Electricity - B	R20 021 430 27	91.00%	R22 731 938	R19 601 056	86.00%	R30 010 000	62.00%
Electricity - C							
Water - B	R8 488 795	30.00%	R11 443 187	R3 450 108	30.00%	R7 145 000	33.00%
Water - C							
Sanitation	R9 213 513	20.00%	R9 331 983	R1 710 799	18.00%	R6 803 000	27.00%
Refuse	R5 582 937	20.00%	R6 076 665	R1 100 487	18.00%	R5 374 000	16.00%
Other							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							T 3.25.2

Concerning T 3.25.2

Total collections from services reduced from 60% in the 2013/14 financial year to 54% in 2014/15, which negatively affected the municipality's cash flow and ability to service accounts of Eskom in particular.

T 3.25.2.1

Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i>	Outline Service Targets	2013-2014		2014-2015			2013-2014	2012-2013	
		Target	Actual	Target	Actual		Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of Basic Services	Number of approved households with free basic services (indigents)	To approve 10000 indigent households	9 500 Approved households	Increase to 10 000 or more Approved households with free basic services (indigents) by June 2015	8788 approved households				
Revenue Collection	% Increase in annual debtors collection rate	Increase of revenue by 20%		10% Increase from current in annual service debtors collection rate by June 2015	Increase of revenue by 54 %				
Payment of Creditors	All payments (creditors) be done within 30 days	All payments (creditors) be done within 30 days of receipt of invoice / statement by June 2014	45 days	All payments (creditors) be done within 30 days of receipt of invoice / statement by June 2015	45 days				
Asset management	Number of verification of assets performed		One verification of assets performed	4 verifications to be performed	03 verification of assets performed				
Service Debtors	% of Outstanding Service Debtors to Revenue ratio for 2014/15			Annual Outstanding Service Debtors to Revenue ratio for 2014/15 by February 2014	46% of outstanding services debtors to revenue				
Capital Expenditure	Quarterly capital expenditure as a rand value of planned capital expenditure			Quarterly capital expenditure as a rand of planned capital expenditure (R22 170 000) by June 2015	R 23 million by June 2015				
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. "Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

T 3.25.3

Chapter 3

Employees: Financial Services					
Job Level	2013-2014		2014-2015		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	5	3	2	40%
4 - 6	4	4	4	0	0%
7 - 9	8	11	11	1	9%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	16	21	19	3	14%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.25.4

Financial Performance 2014-2015: Financial Services					
R' 000					
Details	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	R60 051 000	R58 026 000	R58 026 000	WAITING FOR TB	
Expenditure:				WAITING FOR TB	
Employees	R6 459 000	R10 070 000	R8 913 000	WAITING FOR TB	
Repairs and Maintenance				WAITING FOR TB	
Other	R4 063 010	R3 269 1000	R3 128 800	WAITING FOR TB	
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.25.5

Capital Expenditure 2014-2015: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.25.6

Chapter 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Although the finance directorate did not spend 100% of the budget in terms of the capital allocation, the aim was to save as much on the budget, due to the dire financial situation.

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The priorities of Human Resource Services are as follows:

- a) To draft a five- year Employment Equity Plan
- b) To appoint service providers to provide training for officials of the municipality, capacitating them as required them as required by the skills Development Act of 1998
- c) Filling of vacant positions.

The municipality has since been able to draft an Employment Equity Plan which has since been adopted by Council.

Various service providers were appointed to conduct training to targeted employees. Some of the critical posts identified filled in the 2014/2015 financial year were filled and those not budgeted for or filled after the reviewed organogram was adopted.

The Council has adopted an employee Assistance Policy and Programme with the intention of addressing the high socio-economic stress in order to deal with wellness of staff. In addition, the municipal Council has also adopted the Occupational Health and Safety policy in order to deal prevent injuries on duty by identifying dangerous situations. In order to ensure an effective workforce and sound labour relations, the Local Labour Forum of the municipality is promoting cordial relations by and between the employer and organized labour.

T 3.26.1

Chapter 3

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Management of Labour Relations: The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions within the municipality. The local Labour Forum was established and had functional engagements with Management.

Promoting the Wellbeing of all Employees: Organization wide Employee Wellness Program was approved by council as a framework to guide wellness activities continuously.

Promoting Safe and Healthy Work Environment: Occupational Health and Safety Risk Assessments were conducted in the current financial year under review where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and Safety Committee which is inclusive of representatives was established and needs to be revitalized to ensure its effective functionality.

Human Resources Development: A total of 80 staff member attended training in various fields. Six unemployed graduates were afforded work based capacity building through internship program in the Financial Management.

T 3.26.2

Chapter 3

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2013-2014		2014-2015			2013-2014	2012-2013	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)								
Service Objective xxx									
Local Labour Forum	Number of Local Labour Forums meetings held	4 meetings to be held by 30 June 2014	2 LLF meetings held		4 LLF meetings to be held by 30 June 2015	1 LLF meeting held			
Handling of Disciplinary cases	Turnaround time in handling Disciplinary cases	To handle Disciplinary cases within 90 days	Concluded the proceedings within 90 days		4 reports on handling of Disciplinary cases by 30 June 2015	Handled all Disciplinary cases within 90 days- 4 reports in place			
Human Resource Strategy	Human resource Strategy Reviewed and adopted				Adopted and reviewed HR Strategy by 31 December 2015	Submitted HR Strategy to Council for adoption			
Employment Equity Plan (EEP)	EEP reviewed and submitted				To have EEP reviewed and submitted to the DoL by June 2015	EEP reviewed and submitted to DoL			
Workplace Skills Plan	2015-2016 WSP and ATR developed and submitted to LGSETA by June 2015				2015/16 Workplace Skills Plan adopted by April 2015	Submitted WSP and ATR to organised Labour for endorsement including Council for noting			

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

T 3.25.3

Chapter 3

Employees: Human Resource Services					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	2	2	2	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	6	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

Financial Performance 2014-2015: Human Resource Services					
R' 000					
Details	2013-2014	2014-2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	5112131	9856000	8350694	0	#DIV/0!
Repairs and Maintenance	117099	107000	106582	0	#DIV/0!
Other	9690775	8354000	8354099	0	#DIV/0!
Total Operational Expenditure	14920005	18317000	16811375	0	#DIV/0!
Net Operational Expenditure	14920005	18317000	16811375	0	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.26.5

Capital Expenditure 2014-2015: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.26.6

Chapter 3

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The HR performances focused more on the following IDP objectives:

Human Resources Development:

A total of 78 staff member attended training in various fields. Six unemployed graduates were afforded work based capacity building through internship program in MFMA and Financial management.

Promoting Safe and Healthy Work Environment:

Occupational Health and Safety Risk Assessments were conducted where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and safety committee which is inclusive of representatives was established and need to be revitalized to ensure its effective functionality.

Promoting the Wellbeing of all Employees:

Organization wide Employee Wellness Program was approved by council as a framework to guide wellness activities continuously.

Management of Labour Relations:

The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions with the municipality. The local Labour Forum was established and had functional engagements with management

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology Section is part of the Corporate Support Service Department and its focus areas include but not limited to: Network Administration, System Administration, New Technology implementation, ICT Service Continuity and ICT Governance. The Municipality has just established the ICT Unit.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

1. Information Technology Governance:

The issue of governance was flagged as a necessary intervention to regulate and guide the development path of IT in the Municipality. Information Technology Governance is a subset discipline of Corporate Governance focused on information technology (IT) systems and their performance and

Chapter 3

risk management. The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders. IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders. IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

2. Information Technology Service Continuity Planning

Continuity management is the process by which plans are put in place and managed to ensure that IT Services can recover and continue should a serious incident occur. It is not just about reactive measures, but also about proactive measures - reducing the risk of a disaster in the first instance.

Continuity management is regarded as the recovery of the IT infrastructure used to deliver IT Services, but many businesses these days practice the much further reaching process of Business Continuity Planning (BCP), to ensure that the whole end-to-end business process can continue should a serious incident occur.

The Mamusa Local Municipality is therefore in the process of practicing the Business Continuity Planning which will involve the following basic steps;

- Prioritising the businesses to be recovered by conducting a Business Impact Analysis (BIA)
- Performing a Risk Assessment (aka Risk Analysis) for each of the IT Services to identify the assets, threats, vulnerabilities and countermeasures for each service.
- Evaluating the options for recovery
- Producing the Contingency Plan
- Testing, reviewing, and revising the plan on a regular basis

3. Facility and Control Management

We have to comprehensively revamp our facility in line with the best practices and ensure that the control environment has the necessary features that would protect our production environment. Further to the modernization of our server room the following will have to be done:

a) **Environmental Control:** The physical environment of a server room is not rigorously controlled. Air conditioning must be used to control the temperature and humidity in the server room. The temperature range of 16–24 °C and humidity range of 40–55% with a maximum dew point of 15 °C will be implemented as industry standard.

b) **Raised Floors:** for easy access of wires and cables.

Chapter 3

c) **Electrical Power:** Backup power should consist of one or more uninterruptible power supplies and or generators. To prevent single points of failure, all elements of the electrical systems, including backup systems, will be typically fully duplicated.

d) **Fire Protection:** Our fire protection system will include passive and active elements, in that there should be smoke detectors installed to provide early warning systems, fire sprinklers to control fire should be developed and the surrounding of the server room should be fitted with fire walls so a fire can be restricted to a portion of the facility for a limited time in the event of the failure of the active fire protection systems.

e) **Physical Security:** Access to the server room will be limited to selected personnel and controlled by the biometric system and also monitored by high definition cameras.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

User Account Creation : 100% Turn around

System Administration : 50% Compliance

Network Administration : 100% Availability

Program Change Management : 60%

Laptops & Desktops : 139

Multi Functioning Machines : 10

T 3.27.2

Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2013-2014		2014-2015			2013-14	2012-2013	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
ICT Policy Framework and Governance	Corporate governance of ICT policy Framework and Governance of ICT Framework established and approved	None	None		Approved Corporate governance of ICT policy framework and Governance of ICT Framework by June 2015	Appointment letters issued to Senior Managers to serve on the Committee			
ICT Steering Committee	Functional ICT Steering Committee	No ICT Steering Committee	Submitted a Framework to Council for approval and ICT Security policy		To have 4 ICT Steering Committee meetings by June 2015	Submitted the matter to the District ICT Forum to Conduct induction			
Information Security Strategy and Plan	Approved Municipal Information Security Strategy and Plan	No Information Security Strategy and Plan	None		Approved and implementation of Information Security and Plan by June 2015	None			
ICT Steering Committee	IT Steering Committee and ToR established and developed	No ICT Steering Committee	ICT Steering Committee established		Functional ICT Steering committee established and ToR established by June 2015	None			
Municipal Website	Municipal Website developed and functional	Developed by December 2013	Service Provider appointed and Website Developed		To have full functional Website by 30 June 2015	Uploaded all the reports in terms of Sec 75 of the MFMA and signed the SLA with the Service Provider			
IT system Information Back-Ups	Number of IT back-ups performed	To perform 48 back-ups	48 back-ups performed		48 IT back-ups performed by 30 June 2015	Back-ups performed on daily basis			
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs</p>									

T 3.27.3

Chapter 3

Employees: ICT Services					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	0	3	0	3	100%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	4	1	4	100%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4

Financial Performance 2014-2015: ICT Services						R'000
Details	2013-2014	2014-2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.27.5

Capital Expenditure 2014-2015: ICT Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	0	0	0%	0	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.27.6

Chapter 3

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Server Room Upgrade: Information and Communications Technology operations are a crucial aspect of most organizational operations. One of the main concerns is **business continuity**; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for ICT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a server room has to offer a secure environment which minimizes the chances of a security breach.

A server room must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This is accomplished through redundancy of both fiber optic cables and power, which includes emergency backup power generation

Our production environment had to be upgraded to an acceptable operating standard and meet industry's best practices in terms of environmental control.

Print Room: We had to procure the printing room equipment of high standards to assist the relevant line department in its support function.

PCs and Desktops: This is an ongoing process to continually automate our operations. The exercise also included replacement old equipment's.

Upgrade of the MSA: IT performance optimization.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

T 3.28.2

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.28.5

Capital Expenditure 2014-2015: Property; Legal; Risk Management and Procurement Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	0	0	0%	0	
0						

T 3.28.6

Chapter 4

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

INTRODUCTION

The purpose of the Municipal Organisational Development Plan is to develop a framework and drive a strategy that will facilitate the optimal provision, organisation and deployment of the Municipality's staff so as to enable the Municipality to achieve its strategic goals and objectives.

This includes the development of institutional and business systems and processes to support the Municipality's development strategies and initiatives. The focus of the plan is to shift the culture and managerial practice through the following four areas:

- To shift the organisation to high performance, based on best practice benchmarking and through the alignment of people strategies to business strategies.
- To guide and drive the process of changing to a high performance organisation through targeted strategic programmes.
- To measure the value gained by revised business systems and processes, investment in employees, the % alignment of people strategies to business strategies and the extent to which the organisation measures up to national best practice benchmarks.
- To identify and prioritise key levers that will have the greatest impact on improved service delivery.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2013-2014	2014-2015			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	24	33	24	9	27%
Corporate Services	34	54	35	19	35%
Budget and treasury	17	32	17	15	47%
Waste Water (Sanitation)	21	21	21	0	0%
Electricity	7	7	7	0	0%
Refuse and Parks	60	60	41	19	32%
Roads and Storm Water Drainage	6	19	6	13	68%
Office of the MM	1	8	2	6	75%
Planning (IDP and PMS)	2	4	2	2	50%
Community Services	7	16	7	9	56%
Technical Services	2	5	2	3	60%
Local Economic Development	2	3	2	1	33%
Traffic	13	32	14	18	56%
Totals	196	294	180	114	39%

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

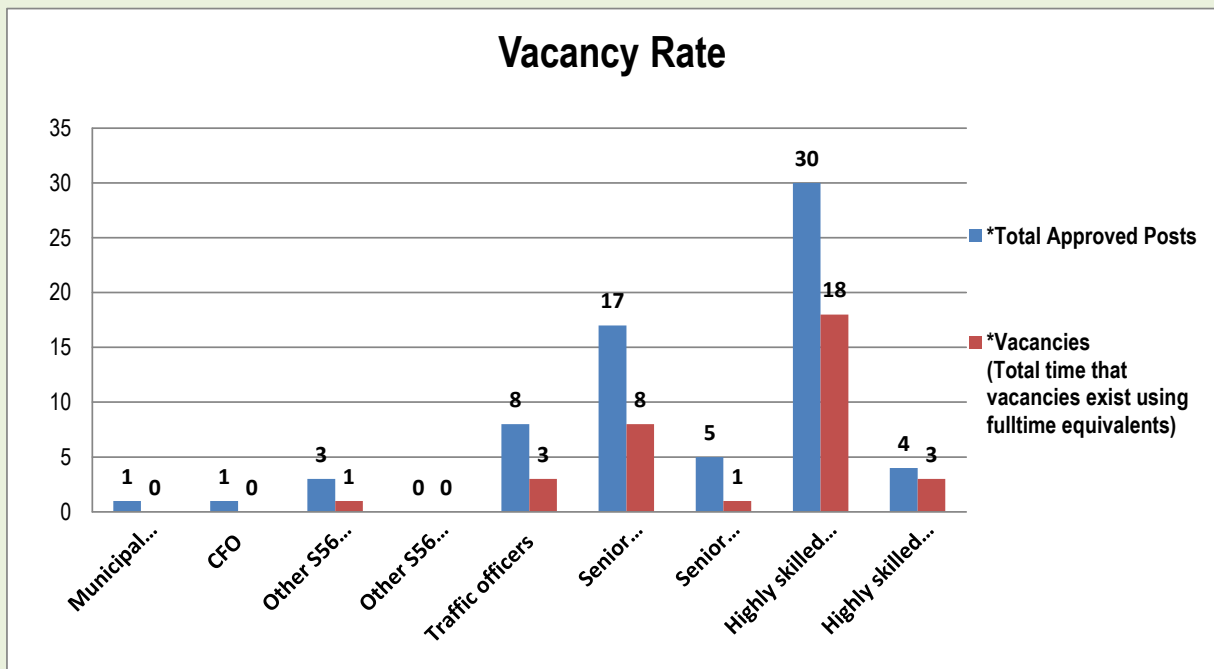
T 4.1.1

Chapter 4

Vacancy Rate: 2014-2015			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	3	1	33.33
Other S57 Managers (Finance posts)	0	0	0.00
Traffic officers	7	11	157.14
Senior management Levels 0-3 (excluding Finance Posts)	14	9	64.29
Senior management Levels 0-3 (Finance posts)	5	1	20.00
Highly skilled supervision: levels 4-7 (excluding Finance posts)	30	18	60.00
Highly skilled supervision: levels 4-7 (Finance posts)	4	3	75.00
Total	65	43	66.15

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

T 4.1.2



Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2012-2013	0	0	0%
2013-2014	0	0	0%
2014-2015	10	5	50%

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

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Mamusa Local Municipality has a huge challenge in retaining qualified staff. This is presumed to be as a result of the labour market in which we operate and most other factor such as the inability of the organization to introduce relevant incentive schemes that will contribute positively to staff retention. Provision for the filling of vacancies is done annually in line with the maximum legislative threshold on employee related costs. The most challenge in filling vacancies relates to financial constraints.

The former Director Community Services was put on suspension by council in September 2013. Subsequent to same, Council appointed the Manager IDP/PMS in an acting capacity. Section 56 (c) indicates that, a person appointed in terms of paragraph (a) (ii) may not be appointed to act for a period that exceeds three months provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for Local Government to extend the period of appointment contemplated in paragraph (a) for a further period that does not exceed three months.

The Auditor General (AG) has raised the matter as an exception which then becomes the responsibility to re-look at it and make a determination that seek to observe the provision of Section 56 of the Municipal Systems Amendment Act in part or in whole.

The Council took note of the AG's opinion of a person to act in a vacant position of a Section 56 Manager for a period that exceeds three months and will take a resolution in response to the AG's opinion.

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

A set of workplace HR Policies was developed, documented in a handbook and approved by Municipal Council with the aim of ensuring good governance of the workforce. Introduction and implementation of these policies resulted in the Municipality being able to effectively manage labour related matters and providing direction to employees as far as expected behaviour and their conduct at the workplace.

The Municipal Manager is leading a dynamic management team which is responsive to the IDP priorities and targets accordingly. The Human Resource Management and development of the municipality is strengthened by continuous one-on-one engagements by the employer and organized labour on issues enhancing sound labour relations and formally through the Local Labour Forum.

Similarly, there are systems and procedures in place that allows for a healthy operational imperatives that promotes good governance and accountability. The employability of legible candidates is done in line with the approved employment equity plan. It is also imperative to mention that it is difficult to attract qualifying candidates from the minority groups. Human Resources policies are developed and fully implemented.

Below is a set of Human Resources policies approved by council for implementation within the Municipality:

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%		
2	Attraction and Retention	0%		
3	Code of Conduct for employees	100%		As per MSA
4	Delegations, Authorisation & Responsibility	100%		30-May-14
5	Disciplinary Code and Procedures	100%		1998 as per SALGBC
6	Essential Services	0%		
7	Employee Assistance / Wellness	100%		
8	Employment Equity			
9	Exit Management			
10	Grievance Procedures	100%		Using SALGBC
11	HIV/Aids	100%		16-Aug-07
12	Human Resource and Development	100%		
13	Information Technology Security	100%		1-Sep-14
14	Job Evaluation			
15	Leave	100%		20-May-14
16	Occupational Health and Safety	50%	Draft	
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%		16-Aug-07
21	Organisational Rights	100%		
22	Payroll Deductions			
23	Performance Management and Development	100%		29-May-15
24	Recruitment, Selection and Appointments	100%		20-Mar-14
25	Remuneration Scales and Allowances			
26	Acting and Acting allowance	100%		20-May-14
27	Sexual Harassment			
28	Skills Development			
29	Smoking	100%		16-Aug-07
30	Records Management	100%		20-Mar-14
31	Subsistence and Travelling	100%		20-Mar-14
32	Uniforms and Protective Clothing	50%	Draft	
33	Expanded Public works Programme (EPWP)	100%		20-Mar-14

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

T 4.2.1

Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality developed HR policies and all mentioned policies were approved by council. This is in an attempt to ensure good governance on all employee related matter. All Senior and middle Management Teams, Supervisors, Union Representatives (SAMWU and IMATU) will be trained on HR policies in order to ensure common understanding on HR matters.

Newly appointed employees are familiarized with the policy manual on their first day of arrival and a policy manual handed to them for perusal on their spare time.

General induction sessions are conducted on quarterly basis to ensure that employees are refreshed on matters of policy, pension funds, medical aids, labour relations, conditions of employment, health and safety, employee wellness programme, etc.).

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0		0	0

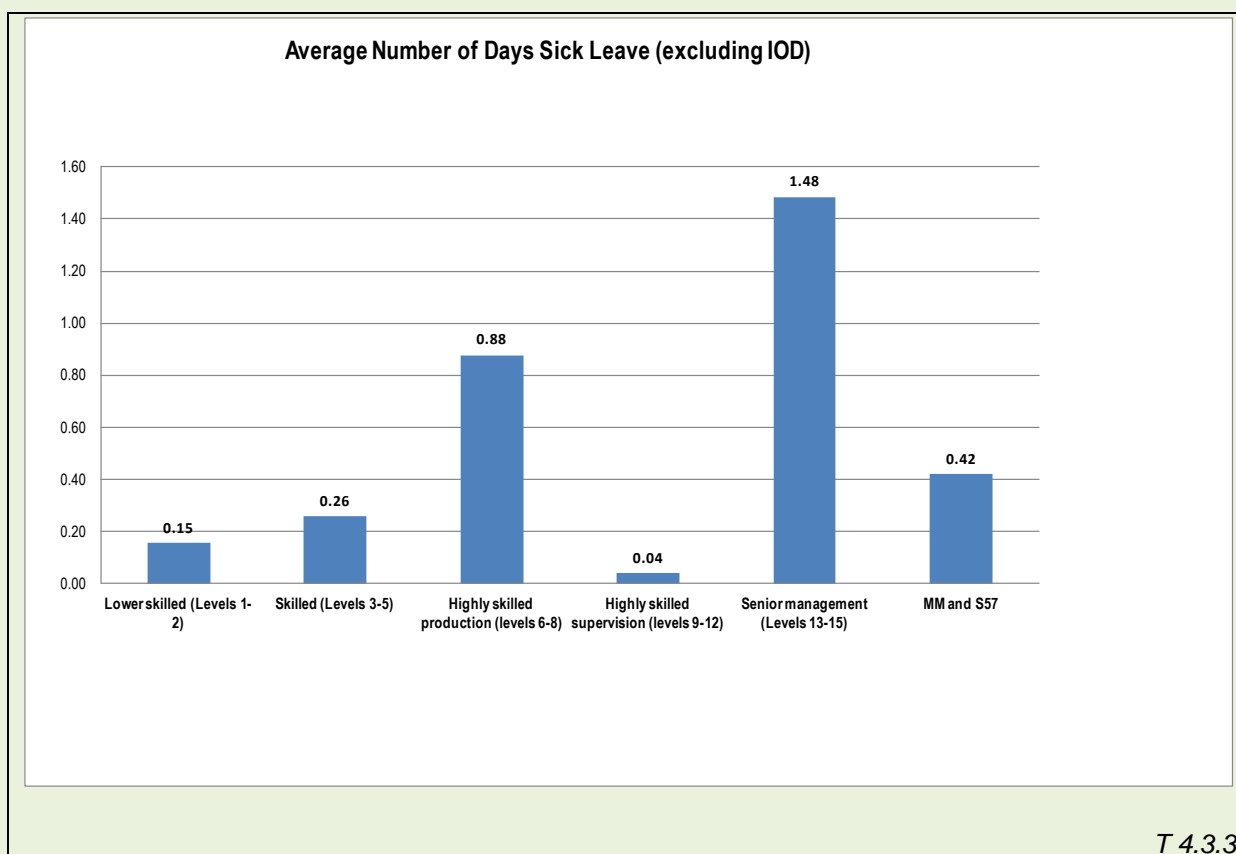
T 4.3.1

Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0.15	30
Skilled (Levels 3-5)	40			22	0.26	
Highly skilled production (levels 6-8)	136			58	0.88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0.04	31
Senior management (Levels 13-15)	230			11	1.48	
MM and S57	65			8	0.42	
Total	501	93%	12	155	3.23	61

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

T 4.3.2



Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i></p>					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

No rewards were given to officials for the year under review.

Delete Directive note once comment is completed – Comment as appropriate.

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The HRM/D Section which is under the Corporate Support Services Department is responsible for developing the skills and capacity of all employee and councilors within the municipality. The municipality ensures compliance with the Skills Development Act and the Skills Development Levies Act by generating and submitting the Workplace Skills Plan and Annual Training Report.

This compliance validates the fact that the municipality receives its mandatory and discretionary grants that can be claimed back from the LGSETA thereby ensuring that training is sufficiently funded for implementation. The following programs are in place to ensure that staff capacity building remains a reality: Learner-ships, Skills Programs and Short Courses, WSP, Councilor Training, Internal Bursary Scheme.

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2015	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015
MM and s56	Female	1		1						0	0		1	
	Male	4		3				2		0	0		5	
Councillors, senior officials and managers	Female	5						4		0	0		4	
	Male	38						9		0	0		9	
Technicians and associate professionals*	Female									0	0			
	Male	6								0	0			
Professionals	Female									0	0			
	Male									0	0		0	
Sub total	Female	6								0	0		0	
	Male	48								0	0		0	
Total		108	0	4	0	0	0	15	0	0	0	0	19	

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

T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	0
Chief financial officer	1	0	1	0	1	1
Senior managers	11	0	11	0	1	1
Any other financial officials	3	0	3	0	0	0
Supply Chain Management Officials	2		2			
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	19	0	19	0	2	2

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

T 4.5.2

Skills Development Expenditure										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female							10	20	10	20
	Male							20	25	20	25
Legislators, senior officials and managers	Female										
	Male										
Professionals	Female										
	Male										
Technicians and associate professionals	Female										
	Male										
Clerks	Female										
	Male										
Service and sales workers	Female										
	Male										
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female										
	Male										
Sub total	Female							10	20	10	20
	Male							20	25	20	25
Total			0	0	0	0	0	30	45	30	45

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

T4.5.3

Chapter 4

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

For the financial year 2014-2015 the municipality has not been compliant and this necessitated the urgent actions where the Accounting Officer and Director Technical service are currently enrolled with “We Invest” to ensure that they acquire the required competencies.

Managers in the Finance Department completed the MFMA course with the University of Pretoria.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

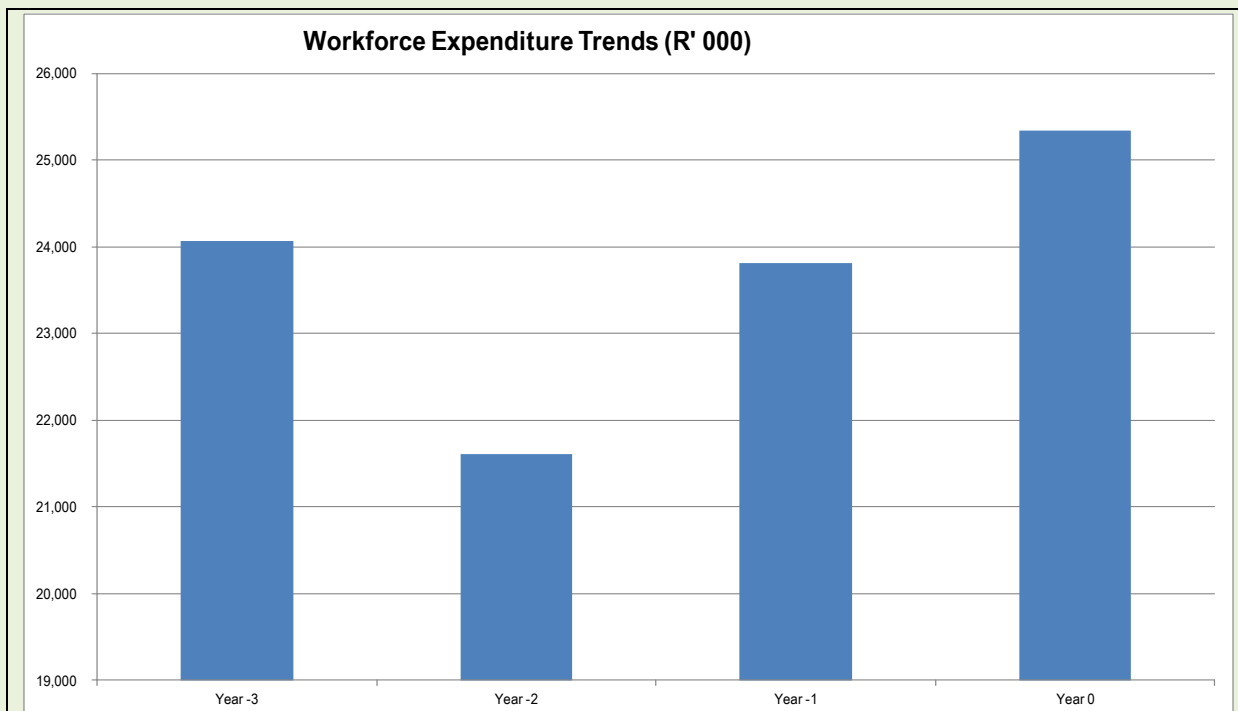
INTRODUCTION TO WORKFORCE EXPENDITURE

Delete Directive note once comment is completed – Explain the importance of managing workforce expenditure, the pressures to overspend and how spending is controlled (e.g. within approved establishment and against budget and anticipated vacancy rates arising from turnover). Also explain how municipality seeks to obtain value for money from work force expenditure.

T 4.6.0

Chapter 4

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Delete Directive note once comment is completed – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T 4.6.1.1

Chapter 4

DISCLOSURES OF FINANCIAL INTERESTS

Delete Directive note once comment is completed – Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Although the municipality budgeted for a surplus, the municipality posted a deficit. The huge deficit resulted from a huge increase in debt impairment. Considering that the depreciation figure was also not factored into, the expenditure will still go up. Therefore the deficit is not entirely cash basis. Nonetheless the huge debt impairment is revenue forgone.

The municipality has spent more on assets against the budget. This was due to increases in the scopes of other projects. The municipality managed to implement all the registered projects for the year.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial performance of the municipality reported a deficit for the year under review. As indicated previously with the implementation of the standards of GRAP, the charges for depreciation increased dramatically. The deficit has to be reduced in order for the municipality to achieve the targets in terms of reducing the deficit to such an extent that the recovery of income could fund the ever ageing infrastructure in terms of renewal, adequate maintenance and replacement when necessary.

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

Delete Directive note once comment is completed - This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	R' 000					
	2013-2014 Actual	2014-2015		2014-2015 Variance		
		Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	R 7,592,874	R 9,500,164	R 9,397,005		%	%
Service charges	R 47,409,522	R 56,749,323	R 56,612,264		%	%
Investment revenue	R 232,075	R 604,136	R 395,846		%	%
Transfers recognised - operational	R 39,254,020	R 55,360,200	R 65,860,200		%	%
Other own revenue	R 16,519,999	R 13,539,044	R 14,193,254		%	%
Total Revenue (excluding capital transfers and contributions)	R 111,008,489	R 135,752,867	R 146,458,569	R 0	%	%
Employee costs	R 43,469,065	R 57,146,686	R 46,566,399		%	%
Remuneration of councillors	R 5,022,044	R 4,515,082	R 4,861,073		%	%
Depreciation & asset impairment	R 12,769,275	R 900,000	R 10,525,357		%	%
Finance charges	R 1,206,620	R 463,000	R 1,156,822		%	%
Materials and bulk purchases	R 28,440,355	R 33,603,392	R 35,654,435		%	%
Transfers and grants	R 58,574	R 0	R 0		%	%
Other expenditure	R 56,836,116	R 49,267,010	R 49,384,999		%	%
Total Expenditure	R 147,802,049	R 145,895,169	R 148,149,086	R 0	%	%
Surplus/(Deficit)	-R 36,793,560	-R 10,142,302	-R 1,690,517	R 0	%	%
Transfers recognised - capital	R 13,616,012	R 14,991,000	R 14,991,000		%	%
Contributions recognised - capital & contributed assets					%	%
Surplus/(Deficit) after capital transfers & contributions	-R 23,177,548	R 4,848,698	R 13,300,483	R 0	%	%
Share of surplus/ (deficit) of associate					%	%
Surplus/(Deficit) for the year	-R 23,177,548	R 4,848,698	R 13,300,483	R 0	%	%
Capital expenditure & funds sources						
Capital expenditure	R 0	R 0	R 0	R 0	%	%
Transfers recognised - capital	R 12,853,032	R 14,991,100	R 14,991,000	R 0	%	%
Public contributions & donations	R 0	R 0	R 0		%	%
Borrowing	R 0	R 0	R 0		%	%
Internally generated funds	R 1,052,060	R 7,179,234	R 8,823,211		%	%
Total sources of capital funds	R 13,905,092	R 22,170,334	R 23,814,211	R 0	%	%
Financial position						
Total current assets	R 46,535,525	R 43,420,000	R 162,589,000	R 0	%	%
Total non current assets	R 264,602,426	R 138,516,393	R 287,942,393	R 0	%	%
Total current liabilities	R 79,649,831	R 15,591,000	R 35,611,000	R 0	%	%
Total non current liabilities	R 20,728,887	R 23,105,000	R 24,284,387	R 0	%	%
Community wealth/Equity	R 210,759,233	R 143,240,393	R 390,636,006	R 0	%	%

Chapter 5

Cash flows						
Net cash from (used) operating	-R 16,616,706	-R 2,895,218	R 6,270,182	R 0	%	%
Net cash from (used) investing	-R 13,904,992	-R 9,170,000	-R 21,814,000	R 0	%	%
Net cash from (used) financing	R 0	R 0	R 0	R 0	%	%
Cash/cash equivalents at the year end	-R 28,614,442	-R 3,355,218	-R 11,665,741	R 0	%	%
Cash backing/surplus reconciliation						
Cash and investments available	R 118,711	R 1,820,000	R 226,000	R 0	%	%
Application of cash and investments	R 0	-R 12,813,000	-R 38,844,000	R 0	%	%
Balance - surplus (shortfall)	R 118,711	R 14,633,000	R 39,070,000	R 0	%	%
Asset management						
Asset register summary (WDV)	R 0	R 138,515,627	R 248,293,627	R 0	%	%
Depreciation & asset impairment	R 12,769,275	R 900,000	R 10,525,357	R 0	%	%
Renewal of Existing Assets	R 0	R 0	R 0	R 0	%	%
Repairs and Maintenance	R 0	R 7,400,473	R 9,000,473	R 0	%	%
Free services						
Cost of Free Basic Services provided	R 0	R 25,237,344	R 25,237,344	R 0	%	%
Revenue cost of free services provided	R 0	R 0	R 0	R 0	%	%
Households below minimum service level						
Water:	R 529	R 439	R 439	R 0	%	%
Sanitation/sewerage:	R 1,308	R 828	R 828	R 0	%	%
Energy:	R 0	R 0	R 0	R 0	%	%
Refuse:	R 6,097	R 5,347	R 5,347	R 0	%	%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						<i>T 5.1.1</i>

Chapter 5

Financial Performance of Operational Services						
R '000						
Description	2013-2014	2014-2015		2014-2015 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	4550750.34	6798489.51	5546347.51	0.00	#DIV/0!	#DIV/0!
Waste Water (Sanitation)	6748212.38	5535749.00	7559471.66	0.00	#DIV/0!	#DIV/0!
Electricity	27161719.08	33320214.10	33316411.84	0.00	#DIV/0!	#DIV/0!
Waste Management	4277993.78	8393170.00	4867497.65	0.00	#DIV/0!	#DIV/0!
Housing	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Component A: sub-total	42738675.58	54047622.61	51289728.66	0.00	#DIV/0!	#DIV/0!
Waste Water (Stormwater Drainage)	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Roads	13657259.55	6205967.00	9048671.53	0.00	#DIV/0!	#DIV/0!
Transport	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Component B: sub-total	13657259.55	6205967.00	9048671.53	0.00	#DIV/0!	#DIV/0!
Planning	5707730.40	0.00	2427123.00	0.00	#DIV/0!	#DIV/0!
Local Economic Development	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Component B: sub-total	5707730.40	0.00	2427123.00	0.00	#DIV/0!	#DIV/0!
Planning (Strategic & Regulatory)	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Local Economic Development	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Component C: sub-total	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Community & Social Services	8335578.21	7391823.00	6157735.11	0.00	#DIV/0!	#DIV/0!
Environmental Protection	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Health	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Security and Safety	3715474.41	8128085.00	5909528.55	0.00	#DIV/0!	#DIV/0!
Sport and Recreation	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!
Corporate Policy Offices and Other	72709000.00	70121607.19	63729489.98	0.00	#DIV/0!	#DIV/0!
Component D: sub-total	84760052.62	85641515.19	75796753.64	0.00	#DIV/0!	#DIV/0!
Total Expenditure	146863718.15	145895104.80	138562276.84	0.00	#DIV/0!	#DIV/0!
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

The municipality could not spend fully on all services due to financial constraints.

The overall performance on the budget of the municipality is indicative of the challenges experienced by the municipality in that the deficit, although improvement compared to the previous year, the budget assumptions were not achieved. This is mainly attributable to revenue targets in respect of rates and taxes not being achieved in that the general increase in rebate reduced income drastically.

The lack of additional cash resources to invest resulted in a reduction of interest revenue. Furthermore, the amount outstanding with Eskom is interest bearing which increased finance cost. Other revenue targets were also not met in terms of the adjustment budget which negatively impacted on the financial performance.

T5.1.3

Chapter 5

5.2 GRANTS

Grant Performance						
Description	R' 000					
	2013-2014	2014-2015			2014-2015 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	37965000.00	41282000.00	41282000.00	-		
Equitable share	33675000.00	37162000.00	37162000.00	-		
Municipal Systems Improvement	890000.00	934000.00	934000.00	-		
Department of Water Affairs	0.00	0.00	0.00	-		
Levy replacement	0.00	0.00	0.00	-		
Government grant	3400000.00	3186000.00	3186000.00	-		
Provincial Government:	550000.00	550000.00	550000.00	-		
Health subsidy	0.00	0.00	0.00	-		
Housing	0.00	0.00	0.00	-		
Ambulance subsidy	0.00	0.00	0.00	-		
Sports and Recreation	550000.00	550000.00	550000.00	-		
Government grant	0.00	0.00	0.00	-		
District Municipality:	600000.00	11428200.00	11428200.00	-		
District Municipality:	600000.00	11428200.00	11428200.00	-		
	0.00	0.00	0.00	-		
Other grant providers:	0.00	2100000.00	2100000.00	-		
Fire and Disaster	0.00	2100000.00	2100000.00	-		
	0.00	0.00	0.00	-		
Total Operating Transfers and Grants	39115000.00	55360200.00	55360200.00	-		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality has been able to receive an extra MIG allocation for performance. However approximately R9 million was incorrectly withheld by National Treasury. The municipality has been able to spend on all the operational grants received.

T 5.2.2

Chapter 5

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

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

We have received an additional R10 million on MIG for best performance on the financial year under review.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has one staff member assigned with asset management. However, the unit in terms of the organisational structure and the higher demands and standards required, was found to be inadequately staffed. The management of immovable assets are particularly challenging in that it necessitates the expertise of engineering staff with an accounting background, a skill that is scarce. The municipality has to rely on external service providers to update and manage the immovable portion of the assets.

T 5.3.1

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

Chapter 5

COMMENT ON ASSET MANAGEMENT:

The above mentioned projects were funded by MIG. The municipality was not able to implement any internally generated projects due to affordability. For proper, accountability these assets went through the procurement processes.

T 5.3.3

Repair and Maintenance Expenditure: 2014-2015				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	7,400,000.00	9,451,042.90	0	100%
T 5.3.4				

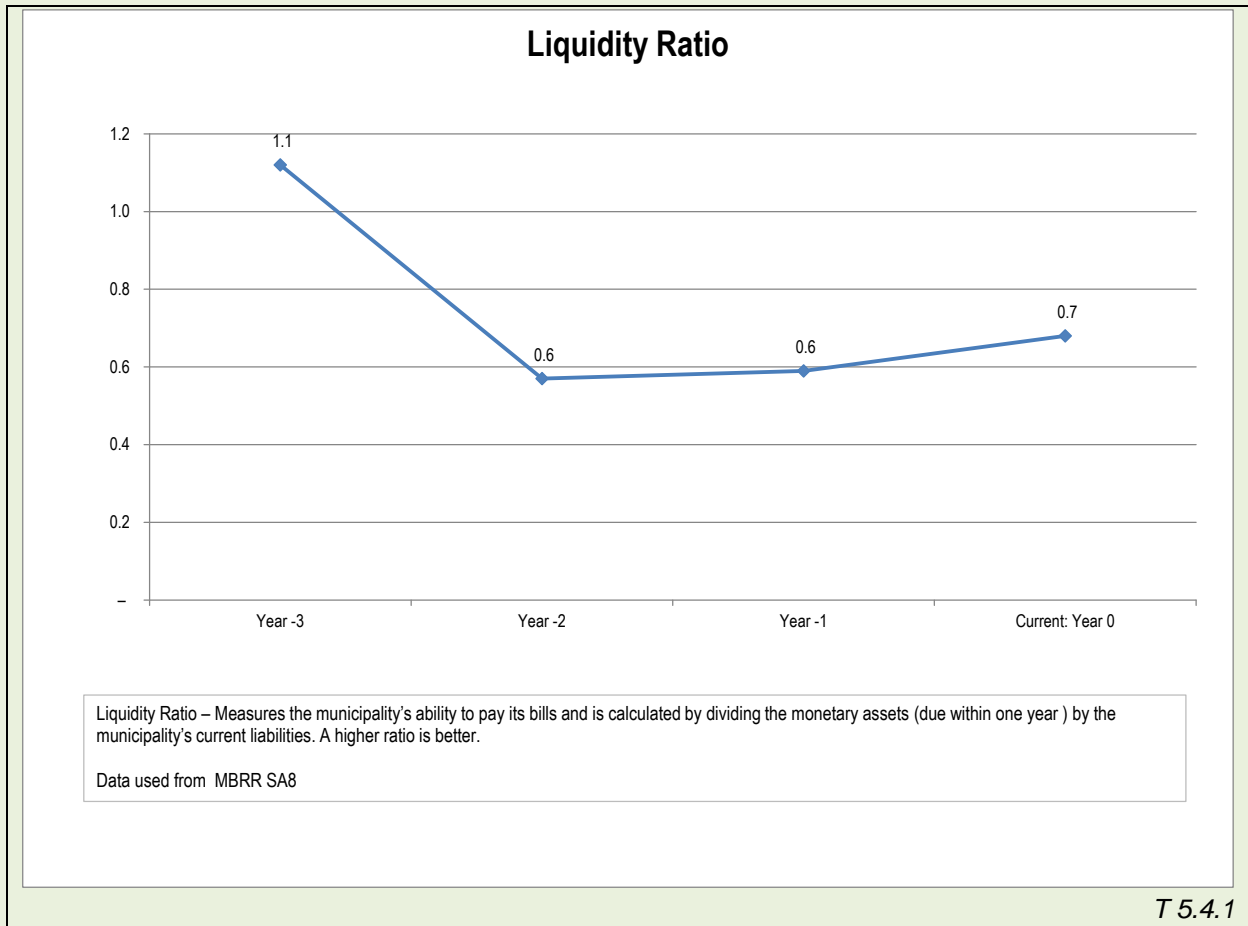
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The municipality did not have sufficient resources to carry out repairs and maintenance for all the assets. The water infrastructure is in bad condition which strains the municipality in terms of billing and collection. Most meters are non-functional and need repairs. Some of these projects should be undertaken by the district, however not much is coming from their side.

T 5.3.4.1

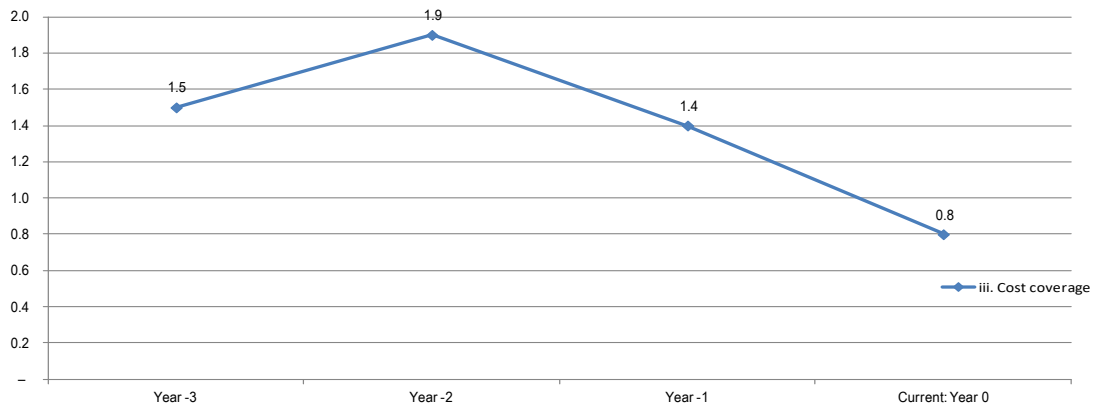
Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage

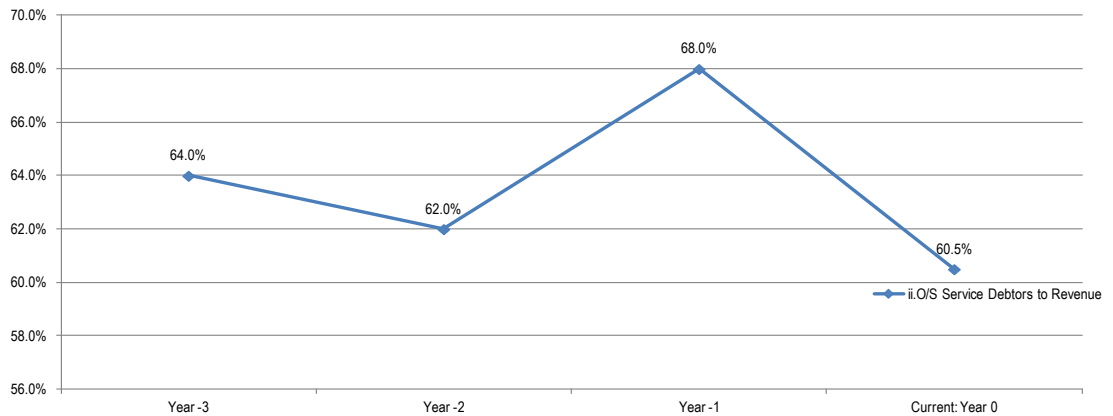


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Total Outstanding Service Debtors



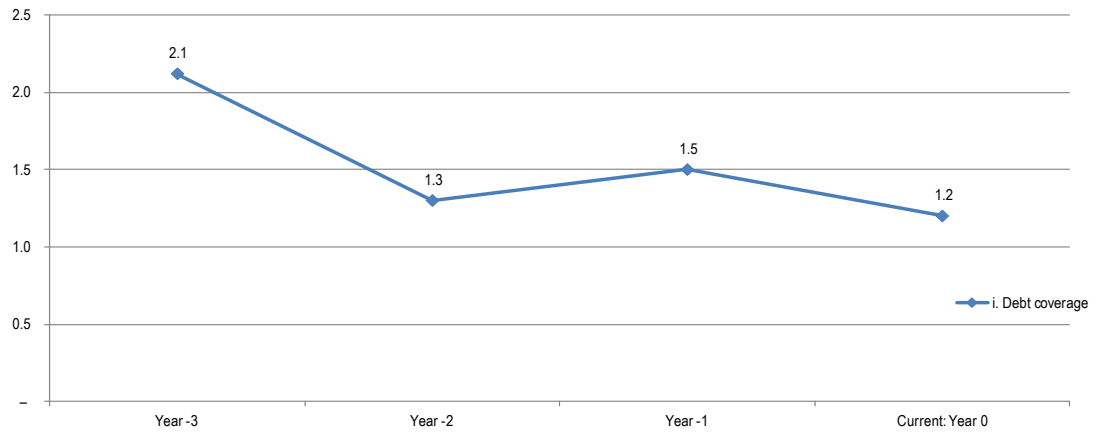
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

T 5.4.3

Chapter 5

Debt Coverage

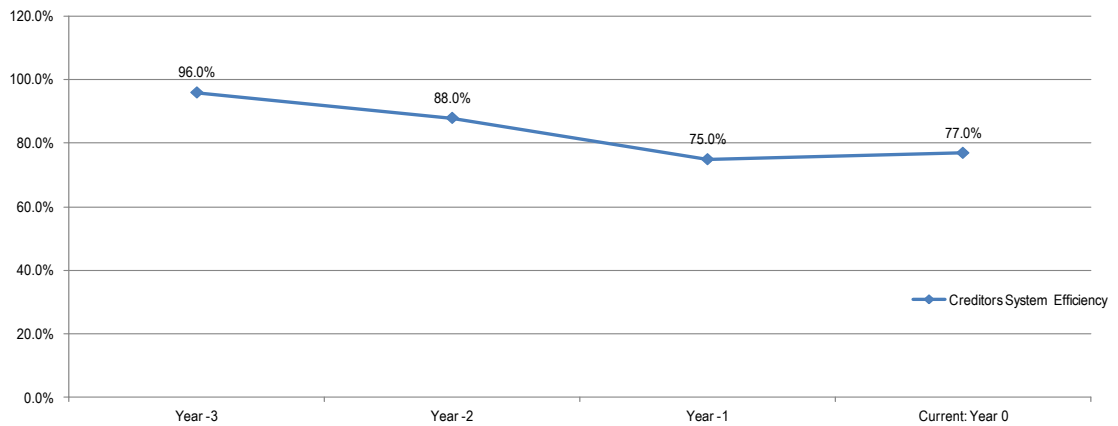


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



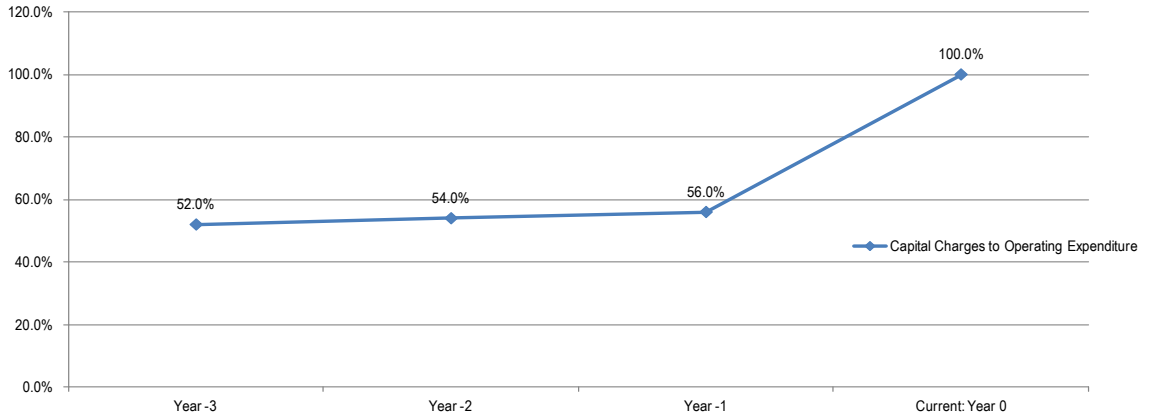
Creditor System Efficiency– The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

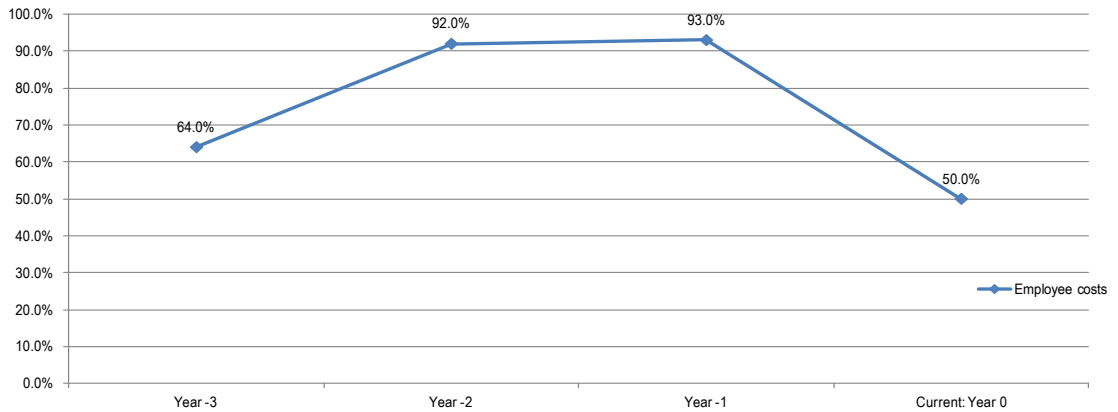


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

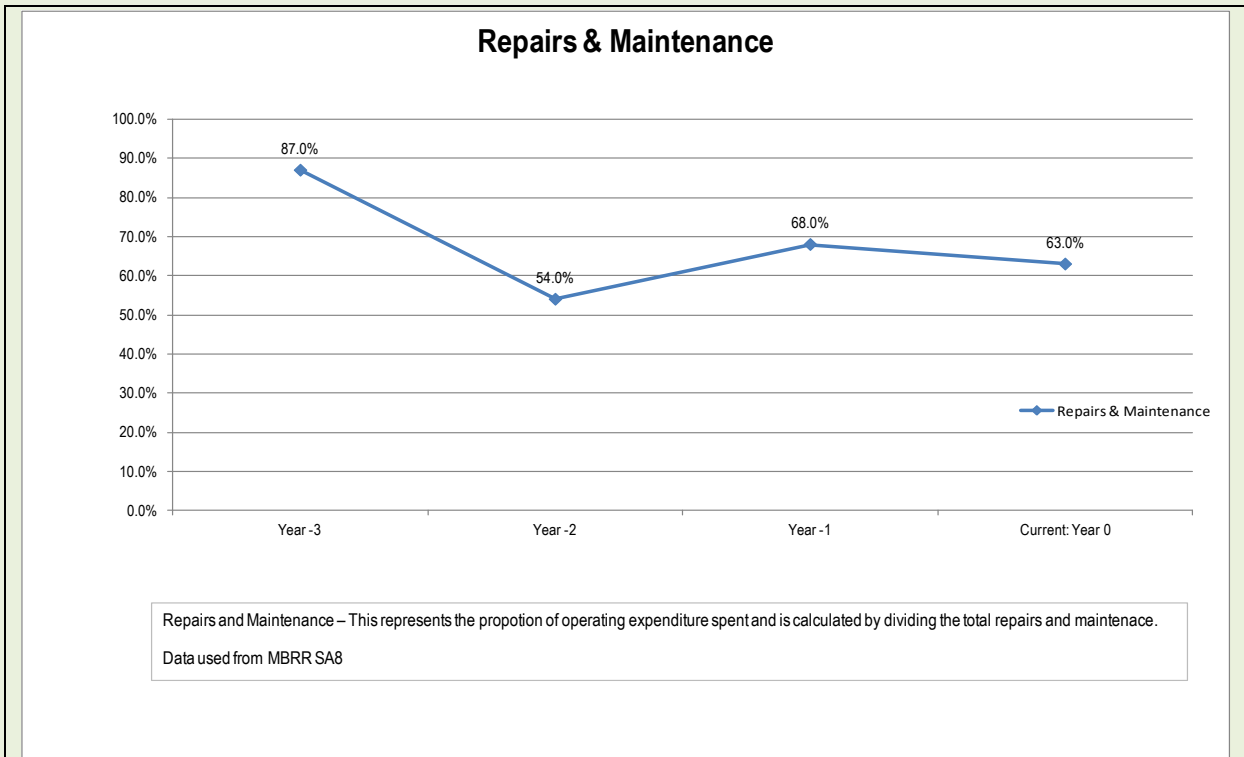


Employee cost— Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5



T 5.4.8

COMMENT ON FINANCIAL RATIOS:

As indicated in chapter 1 of this annual report, the year under review posed some difficulty for the municipality, which is evident from the ratio information that is presented above. The liquidity and cost coverage ratio shows a downward trend, which explains the municipality's inability to service the Eskom accounts. Cash flow has been under pressure during the year

Outstanding service debtor's remains fairly constant, although not favorable as the community has not paid what it cost the municipality to bring services to households.

Although the municipality could not maintain a healthy state of affairs, a decision was made not to engage in borrowings. Therefore the debt coverage is good and the capital to operating expenditure is low.

However, the ability to meet financial responsibilities in terms of the requirements of the MFMA to pay suppliers within 30 days could not be met, particularly with reference to the Eskom account.

Employee cost has increased steadily which is largely attributable to the filling of critical and prioritized pots during the year under review.

Although repairs and maintenance have increased from the previous years, as was indicated previously a portion of renewal and maintenance of assets that were previously included under operations are not included and capitalized on component level within infrastructure assets.

T 5.4.9

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

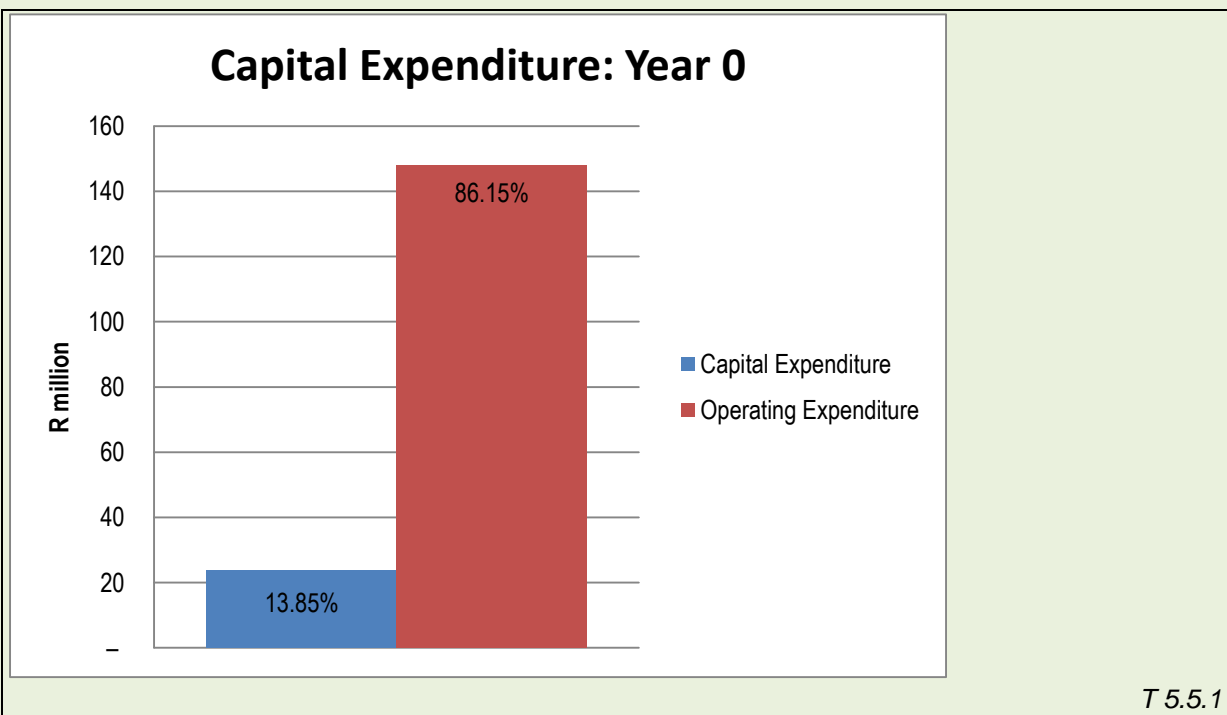
INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The capital projects are mainly funded from grants rather than own funds. The budget was overspent. There was 100 percent expenditure on new assets.

Capital expenditure relates mainly to the acquisition of movable assets, but also the construction, renewal and replacement of infrastructure assets that will have value lasting over many years. Capital expenditure is funded from grants, other external funding and surpluses.

T 5.5.0

5.5 CAPITAL EXPENDITURE

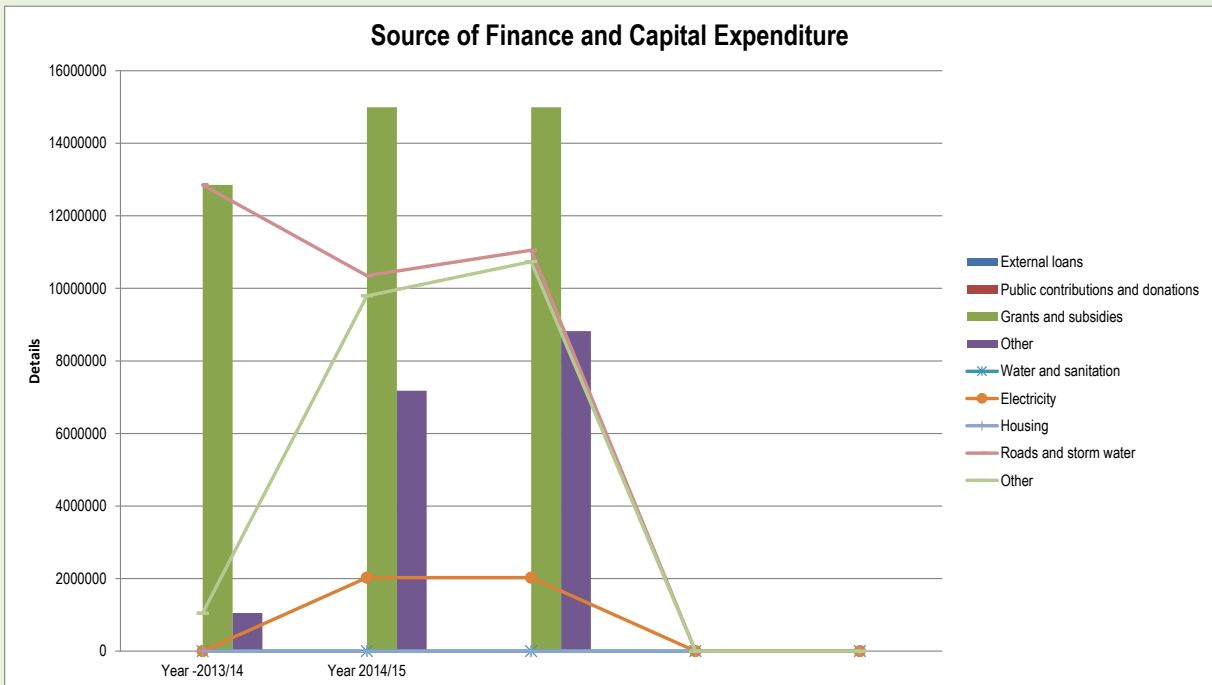


5.6 SOURCES OF FINANCE

Chapter 5

Capital Expenditure - Funding Sources: Year - 2013/14 to Year 2014/15						
R' 000						
Details	Year -2013/14	Year 2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	0	0	0	0	#DIV/0!	#DIV/0!
Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
Grants and subsidies	12853032	14991000	14991000	0	0.00%	-100.00%
Other	1052060	7179000	8823211	0	22.90%	-100.00%
Total	13905092	22170000	23814211	0	#DIV/0!	#DIV/0!
<i>Percentage of finance</i>						
External loans	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
Public contributions and donations	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
Grants and subsidies	92.4%	67.6%	62.9%	#DIV/0!	#DIV/0!	#DIV/0!
Other	7.6%	32.4%	37.1%	#DIV/0!	#DIV/0!	#DIV/0!
Capital expenditure						
Water and sanitation	0	0	0	0	#DIV/0!	#DIV/0!
Electricity	0	2028892	2028892	0	0.00%	-100.00%
Housing	0	0	0	0	#DIV/0!	#DIV/0!
Roads and storm water	12853032	10348583	11048583	0	6.76%	-100.00%
Other	1052060	9793000	10737000	0	9.64%	-100.00%
Total	13905092	22170475	23814475	0	#DIV/0!	#DIV/0!
<i>Percentage of expenditure</i>						
Water and sanitation	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
Electricity	0.0%	9.2%	8.5%	#DIV/0!	#DIV/0!	#DIV/0!
Housing	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
Roads and storm water	92.4%	46.7%	46.4%	#DIV/0!	#DIV/0!	#DIV/0!
Other	7.6%	44.2%	45.1%	#DIV/0!	#DIV/0!	#DIV/0!

Chapter 5



COMMENT ON SOURCES OF FUNDING:

Variations from the approved budget on the total capital expenditure is based on under-spending and non-completeness of multi-year projects.

Refer to Chapter 3 with regards to detailed information per directorate on variances.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	A - Name of Project	26,000	26,500	25,700	1%
B - Name of Project	19,500	19,750	19,900	-2%	-1%
C - Name of Project	15,700	15,700	15,500	1%	0%
D - Name of Project	12,000	11,800	11,700	3%	2%
E - Name of Project	11,500	11,000	11,250	2%	4%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

Delete Directive note once comment is completed - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T 5.7.1.1

Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Delete Directive note once comment is completed – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

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

T 5.8.2

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 2014/15 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	10348583	10348583		%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting	2028892	2028892		%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
Community halls	9217524	9217524		%	%	
				%	%	
				%	%	
Total	21594999	21594999		%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

Delete Directive note once comment is completed - Comment on how MIG grants have been utilised to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

T 5.8.4

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Council's cash flow is monitored by finance department on a daily basis. There is also monthly reporting to the mayor in the form of section 71 reports and quarterly reports to council. Due to financial constraints, the available cash of the municipality is actively managed to ensure that the necessary basic service delivery objectives are achieved.

It must be emphasised that cash flow management is crucial to any operation.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year - 2013/14	Current: Year 2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	35,307	46,901	38,402	
Government - operating	23,104	55,360	65,860	
Government - capital	–	14,991	14,991	
Interest	13,125	604	396	
Dividends	–	–	–	
Payments				
Suppliers and employees	(87,884)	(120,288)	(112,222)	
Finance charges	(269)	(463)	(1,157)	
Transfers and Grants	–	–	–	
NET CASH FROM/(USED) OPERATING ACTIVITIES	(16,617)	(2,895)	6,270	–
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE		–		
Decrease (Increase) in non-current debtors		13,000	2,000	
Decrease (increase) other non-current receivables		–		
Decrease (increase) in non-current investments		–		
Payments				
Capital assets	(13,905)	(22,170)	(23,814)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13,905)	(9,170)	(21,814)	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		–		
Borrowing long term/refinancing		–		
Increase (decrease) in consumer deposits		–		
Payments				
Repayment of borrowing		–		
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	(30,522)	(12,065)	(15,544)	–
Cash/cash equivalents at the year begin:	1,907	8,710	3,878	3,878
Cash/cash equivalents at the year end:	(28,614)	(3,355)	(11,666)	3,878
Source: MBRR A7				T 5.9.1

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

The deteriorating debtor's collection also had an effect on the cash flow from operating activities.

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality did not incur any long term liabilities during the year,

T 5.10.1

Chapter 5

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality	300	382	355
Long-Term Loans (annuity/reducing balance)	200	250	270
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	500	632	625
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T 5.10.2

Chapter 5



T 5.10.3

Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	0	0	0
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0
			T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The municipality did not incur any long term liabilities during the year.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality have not entered into any public private partnership.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Our policy is in compliance with the Municipal Supply Chain regulation. The unit was recently capacitated with the appointment of Supply Chain Officer. This will to a great extent assist to improve turnaround times and overall SCM unit performance.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

Mamusa LM has fully implemented the standards of Generally Recognized Accounting Practice and has reported in terms of these accounting standards for the year ended 2014-15.

The on-going compliance with particularly the standard on Property, Plant and Equipment has been a challenge to the municipality. The municipality does not have sufficient staff or the expertise in terms of engineering knowledge to manage the infrastructure asset register and has to rely on external service providers, which is costly. However, progress has been made to address procedural aspects to ensure that the managing of the asset register is not over complicated.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

In financial year under review, the municipality developed an Audit Action plan to address all the non-compliance issues on financial Performance and Service Delivery Performance raised by the Auditor General.

The financial statements were audited by the Auditor-General in terms of Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA).

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Chapter 6

Auditor-General Report on Financial Performance: 2013-2014	
Audit Report Status*:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Revenue-differences have been identified during the agreement of Revenue totals as disclosed in the Statement of Financial Performance to the Annual Financial Statements for the period ended 30 June 2014 with the detailed transaction listing received from the sub ledger	A monthly review of all the revenue is performed and reviewed by a senior personnel. The list tallies back to the ledgers
SCM: Irregular expenditure-Three quotations from supplier have not been sourced for other expenditures incurred.	All those urgent items that did not have three quotes are supported by deviation forms which is signed by the MM and CFO
VAT-A reconciliation has been completed between the VAT 201 forms as submitted and the VAT control account (MC-074-200000 VAT CONTROL ACCOUNT) for the 2013/14 period and the differences have been identified:	VAT reconciliation is currently being performed
Payables-No documentation has been provided in the form of invoices or a statement from the supplier to support the creditors balance disclosed in the General ledger as at 30 June 2014	All the current creditors have the supporting invoice or statements. The creditors reconciliation is also performed monthly.
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
	T 6.1.1

Chapter 6

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.

T 6.2.4

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

T 6.2.5

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 “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

GLOSSARY

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

GLOSSARY

Performance Targets:	<p>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.</p>
Service Delivery Budget Implementation Plan	<p>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.</p>
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
K.A. Motswana	FT	Budget steering Committee	Ward 1 (ANC)		
M.O. Stephen	PT	Community Services and Land Use	Ward 6 (ANC)		
G.G. Mosebetsi	PT	Technical services	PR (ANC)		
Y. Moyakhe	PT	Corporate Services	Ward 2 (ANC)		
K.K. Mere	PT	MPAC	PR (ANC)		
M.V. Lee	PT		Ward 4 (ANC)		
N. Masilo	PT	Corporate Services	Ward 5 (ANC)		
J. Modisapodi	PT	Technical services	PR (ANC)		
M. Setshameko	PT	Finance and Budget	PR (ANC)		
T. sepat	PT	Finance and Budget	Ward 8 (ANC)		
L. Mollapele	PT	MPAC	PR (ANC)		
P.M. Maine	PT	Corporate Services	Ward 3 (ANC)		
B. Thekiso	PT	MPAC	PR (COPE)		
C. Herbst	PT	Finance and Budget	Ward 7 (DA)		
S. Strydom	PT	MPAC	PR (DA)		
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

Concerning T A

Delete Directive note before publication: Provide comments on the above table.

T A.1

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26,485	23,572	28,075	23,042	-2%	-22%	
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%	
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%	
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%	
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%	
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%	
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%	
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%	
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%	
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%	
Dividends received	1,254	1,003	1,191	1,354	26%	12%	
Fines	2,516	2,063	2,264	2,340	12%	3%	
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%	
Agency services	12,546	10,413	11,793	11,542	10%	-2%	
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%	
Other revenue	48,542	40,776	48,542	46,115	12%	-5%	
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%	
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%	
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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APPENDICES

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

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	-	-		-	-	-	-	
Infrastructure: Road transport - Total	-	-		-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
Infrastructure: Electricity - Total	-	-		-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
Infrastructure: Water - Total	-	-		-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
Infrastructure: Sanitation - Total	-	-		-	-	-	-	
Reticulation								
Sewerage purification								
Infrastructure: Other - Total	-	-		-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
Community - Total	-	-		-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								
<i>Table continued next page</i>								

APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	-	-		-	-	-	-	
Buildings								
Other								
Investment properties - Total	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

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

T M.1

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0		Planned Capital expenditure				
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	-	-		-	-	-	-	
Infrastructure: Road transport -Total	-	-		-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
Infrastructure: Electricity - Total	-	-		-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
Infrastructure: Water - Total	-	-		-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
Infrastructure: Sanitation - Total	-	-		-	-	-	-	
Reticulation								
Sewerage purification								
Infrastructure: Other - Total	-	-		-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
Community	-	-		-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								
Heritage assets	-	-		-	-	-	-	
Buildings								
Other								

Table continued next page

APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

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

T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					

APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reseviors		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

T.S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



Mamusa Local Municipality
Annual Financial Statements
for the year ended June 30, 2015

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Service delivery
Jurisdiction	Mamusa Local Municipality is a local municipality in Dr Ruth Segomotsi Mompoti District Municipality, North West Province.
Mayoral committee	
Mayor	A Motswana
Councillors	C P Herbst O M Stephanes N G Masilo G G Mosebetsi S D J Strydom P M Maine M Y Moyake B T Thekiso T M Sepato T J Modisapodi L D Motlapele M V Lee
Grading of local authority	Category 3
Accounting Officer	RR Gincane
Chief Finance Officer (CFO)	S Mini
Registered office	28 Schweizer Street Schweizer-Reneke 2780
Postal address	P O Box 05 Schweizer-Reneke 2780
Bankers	First National Bank
Auditors	Auditor General of South Africa
Legislation	Municipal Financial Management Act (MFMA) Municipal Systems Act Municipal Structures Act Division of Revenue Act (DORA)

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Index

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

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Statement of Financial Position	8
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 7 to 59, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
R R Gincane

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Audit Committee Report

We are pleased to present our report for the financial year ended June 30, 2015.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Number of meetings attended
D I Mongwaketse	4
O C Jacobs	4
SAB Ngobeni	4
L Berend	4
MKG Ramorwesi	4
FJ Mudau	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Chairperson of the Audit Committee

Date: _____

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at June 30, 2015, the municipality had accumulated surplus of R 350,609,263 and that the municipality's total assets exceed its liabilities by R 350,609,263.

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. Accounting Officer's interest in contracts

The Accounting officer and all the Directors of the municipality had no business interest in contracts during the financial year.

4. Auditors

Auditor General South Africa will continue in office for the next financial period.

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Position as at June 30, 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	7	895,605	1,401,322
Receivables from exchange transactions	8&10	40,469,301	20,563,510
Receivables from non-exchange transactions	9&10	9,905,582	6,382,211
Cash and cash equivalents	11	1,130,429	3,741,931
		52,400,917	32,088,974
Non-Current Assets			
Investment property	3	20,740,958	20,740,958
Property, plant and equipment		366,325,251	232,944,941
Intangible assets	4	1,070,294	427,502
		388,136,503	254,113,401
Non-Current Assets		388,136,503	254,113,401
Current Assets		52,400,917	32,088,974
Total Assets		440,537,420	286,202,375
Liabilities			
Current Liabilities			
Finance lease obligation	12	366,646	-
Payables from exchange transactions	16	41,197,075	41,478,288
Vat Payable	17	2,371,487	2,828,925
Employee benefit obligation	5	854,744	1,601,000
Unspent conditional grants and receipts	13	6,924,099	9,635,734
Provisions	14	5,595,198	4,951,574
Other liability	15	15,580,349	15,580,349
Income received in advance		848,082	769,108
Bank overdraft	11	-	3,624,070
		73,737,680	80,469,048
Non-Current Liabilities			
Finance lease obligation	12	360,493	-
Employee benefit obligation	5	10,152,000	10,152,000
Provisions	14	5,677,986	10,754,387
		16,190,479	20,906,387
Non-Current Liabilities		16,190,479	20,906,387
Current Liabilities		73,737,680	80,469,048
Total Liabilities		89,928,159	101,375,435
Assets		440,537,420	286,202,375
Liabilities		(89,928,159)	(101,375,435)
Net Assets		350,609,261	184,826,940
Accumulated surplus		350,609,263	357,502,356

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Service charges	20	55,704,537	47,409,521
Rental of facilities and equipment		1,017,937	380,254
Licences and permits		2,712,292	2,263,813
Other income	22	6,471,927	882,585
Interest earned	26	14,255,701	13,124,614
Total revenue from exchange transactions		80,162,394	64,060,787
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	12,867,781	7,592,874
Transfer revenue			
Government grants & subsidies	21	82,112,295	53,251,332
Fines		300,610	41,754
Total revenue from non-exchange transactions		95,280,686	60,885,960
		80,162,394	64,060,787
		95,280,686	60,885,960
Total revenue		175,443,080	124,946,747
Expenditure			
Employee related costs	24	(44,288,716)	(43,468,702)
Remuneration of councillors	25	(4,110,768)	(5,022,043)
Depreciation and amortisation		(27,483,327)	(10,942,631)
Indigent subsidy		(6,849,883)	(4,857,580)
Finance costs	27	(42,804)	(289,584)
Rental equipment		(24,333)	(1,121,555)
Repairs and maintenance		(4,728,197)	(5,179,252)
Bulk purchases	29	(23,093,457)	(21,609,365)
General Expenses	23	(43,769,839)	(50,394,504)
Total expenditure		(154,391,324)	(142,885,216)
		-	-
Total revenue		175,443,080	124,946,747
Total expenditure		(154,391,324)	(142,885,216)
Operating surplus (deficit)		21,051,756	(17,938,469)
Fair value adjustments		-	2,612,363
Surplus (deficit) before taxation		21,051,756	(15,326,106)
Taxation		-	-
Surplus (deficit) for the year		21,051,756	(15,326,106)

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	224,342,040	224,342,040
Adjustments		
Correction of errors	148,486,422	148,486,422
Balance at July 01, 2013 as restated*	372,828,462	372,828,462
Changes in net assets		
Deficit for the year	(15,326,106)	(15,326,106)
Total changes	(15,326,106)	(15,326,106)
Opening balance as previously reported	181,071,086	181,071,086
Adjustments		
Correction of errors	148,486,422	148,486,422
Balance at July 01, 2014 as restated*	329,557,508	329,557,508
Changes in net assets		
Surplus for the year	21,051,755	21,051,755
Total changes	21,051,755	21,051,755
Balance at June 30, 2015	350,609,263	350,609,263
Note(s)		

Mamusa Local Municipality

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Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Property rates		8,145,899	6,760,188
Services charges		31,745,630	29,505,645
Other receipts		3,952,124	3,527,088
Interest income		169,071	232,075
Grants - Operational		47,365,261	38,573,776
Grants - Capital		26,529,000	22,496,000
		<u>117,906,985</u>	<u>101,094,772</u>
Payments			
Employee costs		(47,511,651)	(43,760,263)
Suppliers		(43,909,496)	(75,264,889)
Finance costs		(2,611,858)	(268,612)
		<u>(94,033,005)</u>	<u>(119,293,764)</u>
Total receipts		117,906,985	101,094,772
Total payments		(94,033,005)	(119,293,764)
Net cash flows from operating activities	30	<u>23,873,980</u>	<u>(18,198,992)</u>
Cash flows from investing activities			
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		24,559,337	(18,198,992)
Cash and cash equivalents at the beginning of the year		1,130,429	3,741,931
Cash and cash equivalents at the end of the year	11	<u>25,689,766</u>	<u>(14,457,061)</u>

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	56,749,323	(137,060)	56,612,263	55,704,537	(907,726)	
Rental of facilities and equipment	350,000	-	350,000	1,017,937	667,937	The council had understated the expected revenue.
Licences and permits	2,808,243	-	2,808,243	2,712,292	(95,951)	
Other income	912,597	654,210	1,566,807	-	(1,566,807)	Council had budgeted less than the actual revenue.
Other income - (rollup)	913,018	455,504	1,368,522	6,471,927	5,103,405	
Interest on outstanding debtors	8,643,916	-	8,643,916	14,086,630	5,442,714	
Interest received	604,136	(208,290)	395,846	169,071	(226,775)	Interest was underbudgeted by 57%
Total revenue from exchange transactions	70,981,233	764,364	71,745,597	80,162,394	8,416,797	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	9,500,164	(103,159)	9,397,005	12,867,781	3,470,776	36% more than the projected billing.
Transfer revenue						
Government grants & subsidies	55,360,200	10,500,000	65,860,200	82,112,295	16,252,095	8%
Fines	824,288	-	824,288	300,610	(523,678)	93%. Council to review the set target in the current financial year 2015/16
Total revenue from non-exchange transactions	65,684,652	10,396,841	76,081,493	95,280,686	19,199,193	
'Total revenue from exchange transactions'	70,981,233	764,364	71,745,597	80,162,394	8,416,797	
'Total revenue from non-exchange transactions'	65,684,652	10,396,841	76,081,493	95,280,686	19,199,193	
Total revenue	136,665,885	11,161,205	147,827,090	175,443,080	27,615,990	
Expenditure						
Personnel	(57,146,686)	10,580,286	(46,566,400)	(42,975,369)	3,591,031	7%
Remuneration of councillors	(4,515,082)	(345,991)	(4,861,073)	(4,110,768)	750,305	15% below budget.
Depreciation and amortisation	(900,000)	(9,625,357)	(10,525,357)	(27,483,327)	(16,957,970)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Impairment	(24,243,854)	-	(24,243,854)	(15,829,383)	8,414,471	34% below the budget.
Finance costs	(463,000)	(693,822)	(1,156,822)	(73,387)	1,083,435	94% below the budget.
Repairs and maintenance	(7,400,000)	(2,051,043)	(9,451,043)	(4,663,986)	4,787,057	51% understpending due to chemical expenditure, which was previously classified as RME
Bulk purchases	(26,203,392)	-	(26,203,392)	(23,093,457)	3,109,935	12% below the budget
General Expenses	(25,023,156)	(117,989)	(25,141,145)	(43,744,280)	(18,603,135)	74% above the budget
Total expenditure	(145,895,170)	(2,253,916)	(148,149,086)	(161,973,957)	(13,824,871)	
	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
	-	-	-	-	-	
Surplus before taxation	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Deficit before taxation	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Reconciliation						

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	12,000,000	12,000,000	895,605	(11,104,395)	109% due to land held for resale that was reclassified to Investment property.
Receivables from exchange transactions	-	1,600,000	1,600,000	773,508	(826,492)	52% overstated, to be adjusted by the budget adjustment in the current financial year 2015/16
Receivables from non-exchange transactions	-	-	-	9,905,583	9,905,583	Not provided for
Consumer debtors	40,000,000	105,563,000	145,563,000	154,187,961	8,624,961	Exceeded budget by 6%
Cash and cash equivalents	3,420,000	6,000	3,426,000	1,130,429	(2,295,571)	67% overstatement of projection at year end
	43,420,000	119,169,000	162,589,000	166,893,086	4,304,086	
Non-Current Assets						
Investment property	-	15,674,000	15,674,000	20,740,958	5,066,958	32% under budgeting due to investment property register not in existence.
Property, plant and equipment	137,517,000	133,752,000	271,269,000	366,325,251	95,056,251	45% this was due to council not having a complete asset register hence the under estimation or projection
Intangible assets	999,393	-	999,393	1,070,294	70,901	7% above budget.
	138,516,393	149,426,000	287,942,393	388,136,503	100,194,110	
Non-Current Assets	43,420,000	119,169,000	162,589,000	166,893,086	4,304,086	
Current Assets	138,516,393	149,426,000	287,942,393	388,136,503	100,194,110	
Total Assets	181,936,393	268,595,000	450,531,393	555,029,589	104,498,196	
Liabilities						
Current Liabilities						

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Finance lease obligation	-	-	-	366,646	366,646	
Payables from exchange transactions	12,000,000	18,000,000	30,000,000	41,197,077	11,197,077	37% of creditors were under budgeted for in 2014/15
Taxes and transfers payable (non-exchange)	-	-	-	2,371,487	2,371,487	
Employee benefit obligation	-	-	-	854,744	854,744	
Unspent conditional grants and receipts	1,200,000	420,000	1,620,000	6,924,099	5,304,099	Council did not achieve the set figure of unspent grants.
Provisions	-	-	-	5,595,198	5,595,198	
Other liability	-	-	-	15,580,349	15,580,349	
Income received in advance	791,000	-	791,000	848,082	57,082	Exceeded the budget by 7%
Bank overdraft	1,600,000	1,600,000	3,200,000	-	(3,200,000)	
	15,591,000	20,020,000	35,611,000	73,737,682	38,126,682	
Non-Current Liabilities						
Finance lease obligation	-	-	-	360,493	360,493	
Employee benefit obligation	-	-	-	10,152,000	10,152,000	
Provisions	13,945,000	1,179,387	15,124,387	5,677,986	(9,446,401)	From the total budgeted provision, it is exceeded by 6%
	13,945,000	1,179,387	15,124,387	16,190,479	1,066,092	
	15,591,000	20,020,000	35,611,000	73,737,682	38,126,682	
	13,945,000	1,179,387	15,124,387	16,190,479	1,066,092	
	-	-	-	-	-	
Total Liabilities	29,536,000	21,199,387	50,735,387	89,928,161	39,192,774	
Assets	181,936,393	268,595,000	450,531,393	555,029,589	104,498,196	
Liabilities	(29,536,000)	(21,199,387)	(50,735,387)	(89,928,161)	(39,192,774)	
Net Assets	152,400,393	247,395,613	399,796,006	465,101,428	65,305,422	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	143,240,393	247,395,613	390,636,006	375,574,047	(15,061,959)	

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges	46,900,761	(8,498,761)	38,402,000	36,871,504	(1,530,496)	
Interest income	604,136	(208,290)	395,846	169,071	(226,775)	57% below the budget
Other receipts	-	-	-	34,546,412	34,546,412	
Grants - Operating	55,360,200	10,500,000	65,860,200	47,365,261	(18,494,939)	28% below budget due to withholding of Equitable Share
Grants - Capital	14,991,000	-	14,991,000	26,529,000	11,538,000	76% above budget due to additional MIG received.
	117,856,097	1,792,949	119,649,046	145,481,248	25,832,202	
Payments						
Employee costs	(61,661,768)	10,234,295	(51,427,473)	(50,622,777)	804,696	
Suppliers	(58,626,548)	(2,169,032)	(60,795,580)	(84,924,776)	(24,129,196)	40% below the budget. The municipality was only able to pay 60% of the approved budget on general expenditure.
Finance costs	(463,000)	(693,822)	(1,156,822)	(73,387)	1,083,435	94% below the budget.
	(120,751,316)	7,371,441	(113,379,875)	(135,620,940)	(22,241,065)	
Total receipts	117,856,097	1,792,949	119,649,046	145,481,248	25,832,202	
Total payments	(120,751,316)	7,371,441	(113,379,875)	(135,620,940)	(22,241,065)	
Net cash flows from operating activities	(2,895,219)	9,164,390	6,269,171	9,860,308	3,591,137	
Net increase/(decrease) in cash and cash equivalents	19,274,781	10,808,390	30,083,171	9,860,308	(20,222,863)	
Cash and cash equivalents at the end of the year	19,274,781	10,808,390	30,083,171	9,860,308	(20,222,863)	
Reconciliation						

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 a 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 similar 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.

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

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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 14 - Provisions.

Useful lives of property, plant and equipment

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

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (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 pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

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

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

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

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

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

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

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

Fair value

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

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

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

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

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

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components.

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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 is carried at cost less accumulated depreciation and any impairment losses except for Investment Property which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

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	Average useful life
Land	Infinite
Plant and machinery	6 years

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1.5 Property, plant and equipment (continued)

Infrastructure

• Roads and storm water	5-8 years
• Pedestrian malls	10-100 years
• Electricity	5-80 years
• Water	10-100 years
• Sewer	15-100 years
• Housing	80 years
• Solid water	100 year
• Servitudes	Indefinite
• Rail assets	20-100 years
• ICT	1-120 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at 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 or disposal 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.

Property, plant and equipment 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. These assets are not accounted for as non-current assets held 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.

1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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1.7 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.

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

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

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.

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	10 years

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1.8 Financial instruments

Classification

The municipality classifies financial assets into the following categories:

Class	Category
Investments	Financial assets measured at amortised cost
Consumer debtors	Financial assets measured at amortised cost
Receivables from exchange transaction	Financial assets measured at amortised cost
Receivables from non-exchange transactions	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Inventory	Financial assets measured at amortised cost

The municipality classifies financial liabilities into the following categories:

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Trade payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition and measurement

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular way purchases of financial assets are accounted for at trade date.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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1.8 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

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 entity assesses the classification of each element separately.

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.

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 municipality's incremental borrowing rate.

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.

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

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

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

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

Operating leases - lessee

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

1.10 Inventories

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

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Accounting Policies

1.10 Inventories (continued)

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

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

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

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

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

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

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

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

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

1.11 Impairment of cash-generating assets

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

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

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.

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

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.

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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.

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.

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1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

If an entity 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

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Accounting Policies

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

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

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest

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

1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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.

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. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction 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.

1.18 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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Accounting Policies

1.20 Unauthorised expenditure (continued)

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

1.23 Budget information

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

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

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.24 Related parties

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

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

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1.24 Related parties (continued)

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

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

1.25 Events after reporting date

Events after reporting date that are classified as adjusting events have been accounted for in the financial statements

Events after reporting date are classified as non-adjusting events have been disclosed for in the notes to the financial statements.

1.26 Accumulated surplus

The municipality's surplus or deficit for the year is accounted for in the accumulated surplus reserve in the statement of changes in net assets.

1.27 Value-Added Tax

The municipality applies the payment basis for VAT purpose as per Value-Added Tax Act. Output tax is payable as and when the purchase consideration are received and input will be claimed as and when payment is made.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
----------------------------------	------------------------------------------------------------	-------------------------

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2015	The impact of the amendment is not material
• GRAP 20: Related parties	April 01, 2016	The impact of the amendment is not material
• GRAP32: Service Concession Arrangements: Grantor	April 01, 2016	The impact of the amendment is not material
• GRAP108: Statutory Receivables	April 01, 2016	The impact of the amendment is not material
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 01, 2016	The impact of the amendment is not material
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	April 01, 2016	The impact of the amendment is not material

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

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3. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	20,740,958	-	20,740,958	20,740,958	-	20,740,958

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	20,740,958	20,740,958

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	18,945,738	1,795,220	20,740,958

4. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1,696,397	(626,103)	1,070,294	1,231,687	(804,185)	427,502

5. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

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 Aid 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 the present value of the defined benefit obligation were carried out at 30 June 2015 by Mr Neil Fourie, 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.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11,753,000	8,650,644
Contributions by plan participants	-	3,102,356
	11,753,000	11,753,000

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5. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate used	7.96 %	8.94 %
Health care cost inflation rate	6.33 %	8.05 %
Net effective discount rate	59.00 %	0.25 %
Normal Salary Increase Rate	7.33 %	- %

6. Multi-Employer Retirement Benefit Information

All councillors belong to the Pension Fund for Municipal Councillors

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these aforementioned funds are multi-employer plans. Sufficient information is not available to defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Joint Pension Fund:

Municipal Joint Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers - Pension Fund:

National Fund for Municipal Workers operates as defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

7. Inventories

Maintenance Materials	601,473	691,243
Fuel (Petrol and Diesel)	-	27,722
Prepaid electricity	294,132	682,357
	895,605	1,401,322

Inventory recognised as an expense for the current year R89 769.88

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8. Receivables from exchange transactions		
Prepaid expenses	-	117,149
Sundry debtors	60,791	112,010
Pensioners control account	16,712	121,203
Other debtors	97,597	668,525
Salary deduction control	598,407	923,649
Consumer debtors - Electricity	8,549,055	6,535,563
Consumer debtors - Water	25,977,365	21,707,207
Consumer debtors - Sewerage	29,695,578	35,099,282
Consumer debtors - Refuse	19,694,944	17,594,113
Consumer debtors - Debtors interest	54,125,891	45,146,101
Other consumer debtors	16,145,128	4,630,647
Debt impairment	(114,492,167)	(112,091,939)
	40,469,301	20,563,510
Trade and other receivables pledged as security		
No Trade and other receivable were pledged as security by the municipality.		
9. Receivables from non-exchange transactions		
Traffic debtor	94,519	-
Government grants and subsidies	-	750,000
Property rates	9,811,063	5,632,211
	9,905,582	6,382,211
10. Consumer debtors		
Gross balances		
Electricity	8,549,055	6,535,563
Water	25,977,365	21,707,207
Sewerage	29,695,578	35,099,282
Refuse	19,694,944	17,594,113
Debtors interest	54,125,891	45,146,101
Other Consumer debtors	16,145,128	4,630,647
	154,187,961	130,712,913
Less: Allowance for impairment		
Rates	(6,849,369)	(4,630,024)
Electricity	(5,968,327)	(5,372,635)
Water	(18,135,503)	(17,844,659)
Sewerage	(20,731,288)	(28,853,768)
Refuse	(13,749,575)	(14,463,443)
Debtors interest	(37,786,753)	(37,112,871)
Other consumer debtors	(11,271,352)	(3,814,539)
	(114,492,167)	(112,091,939)

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10. Consumer debtors (continued)

Net balance

Electricity	1,699,686	1,162,928
Water	2,580,728	3,862,548
Sewerage	8,964,290	6,245,514
Refuse	5,945,369	3,130,670
Debtors interest	16,339,138	8,033,230
Other consumer debtors	4,873,776	816,108
	40,402,987	23,250,998

Rates

31 - 60 days	796,257	462,876
61 - 90 days	2,246,947	234,021
91 - 120 days	251,936	124,262
121 - 150 days	225,282	105,865
> 150 days	6,290,641	4,706,742
	9,811,063	5,633,766

Electricity

31 - 60 days	1,706,942	1,632,605
61 - 90 days	688,074	615,156
91 - 120 days	383,268	423,033
121 - 150 days	588,909	347,542
>151 days	5,100,259	3,993,879
	8,467,452	7,012,215

Water

31 - 60 days	1,045,227	756,668
61 - 90 days	736,951	415,269
91 - 120 days	736,951	472,812
121 - 150 days	640,166	536,789
> 151 days	22,886,186	19,525,957
	26,045,481	21,707,495

Sewerage

31 - 60 days	841,991	784,692
61 - 90 days	1,059,383	676,654
91 - 120 days	867,320	655,168
121 - 150 days	696,919	630,198
>151 days	26,229,964	22,523,738
	29,695,577	25,270,450

Refuse

31 - 60 days	533,445	452,536
61 - 90 days	484,765	412,642
91 - 120 days	451,273	396,825
121 - 150 days	415,717	383,020
> 151 days	17,809,744	15,949,090
	19,694,944	17,594,113

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10. Consumer debtors (continued)		
Debtors interest		
31 - 60 days	1,256,620	1,064,370
61 - 90 days	1,327,498	1,097,558
91 - 120 days	1,300,029	1,088,539
121 - 150 days	1,204,575	1,095,266
>151 days	49,037,169	40,800,441
	54,125,891	45,146,174
Sundries		
31 - 60 days	681,486	16,760
61 - 90 days	16,954	12,191
91 - 120 days	13,759	11,646
121 - 150 days	13,530	11,084
> 151 days	3,000,268	3,073,744
	3,725,997	3,125,425
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	17	4,578
Bank balances	1,082,169	-
FNB Investment accounts	48,243	3,737,353
Bank overdraft	-	(3,624,070)
	1,130,429	117,861
Current assets	1,130,429	3,741,931
Current liabilities	-	(3,624,070)
	1,130,429	117,861

The management of the municipality is of the opinion that the carrying value of Cash and Cash equivalents recorded at amortised costs costs in the Annual Financial Statements approximate their fair values.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2015	June 30, 2014	June 30, 2013
FNB Demand Deposit (MIG) 62245772050	19,067	488,987	2,100,995	12,080,786	12,080,786	12,080,786
FNB Demand Deposit (Human Settlement) 62033415771	9,173	9,803	207,151	3,557,584	3,557,584	3,557,584
FNB BANK - Demand Deposit (Library) - 62299708506	20,000	3,238,560	3,801,419	627,549	627,549	627,549
FNB - Current Account - 53630018381	230,648	3,878,077	4,013,948	340,644	3,618,179	4,203,025
Total	278,888	7,615,427	10,123,513	16,606,563	19,884,098	20,468,944

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12. Finance lease obligation		
Minimum lease payments due		
- within one year	322,330	397,228
- in second to fifth year inclusive	51,299	373,628
	373,629	770,856
less: future finance charges	(13,136)	(43,718)
Present value of minimum lease payments	360,493	727,138
Present value of minimum lease payments due		
- within one year	310,335	366,645
- in second to fifth year inclusive	50,157	360,493
	360,492	727,138
Non-current liabilities	360,493	-
Current liabilities	366,646	-
	727,139	-

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure grant	3,592,091	3,749,770
District municipality grant	-	430,219
LG SETA Grant	-	58,776
Library	3,254,041	5,000,000
Boineelo	77,967	396,969
	6,924,099	9,635,734

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

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14. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Provision for Landfill site	9,034,387	(5,076,401)	3,957,986
Provision for long service award	1,720,000	-	1,720,000
Leave provision	4,951,574	440,654	5,392,228
Other provisions	-	202,970	202,970
	15,705,961	(4,432,777)	11,273,184

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Provision for landfill site	8,847,066	187,321	9,034,387
Provision long service award	1,595,091	124,909	1,720,000
Leave provision	4,477,261	474,313	4,951,574
	14,919,418	786,543	15,705,961

Non-current liabilities	5,677,986	10,754,387
Current liabilities	5,595,198	4,951,574
	11,273,184	15,705,961

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse site, the municipality will incur licencing and rehabilitation costs of R30 997 to restore the site at the end of its useful life. Provision has been made for the net present value of this cost, using the the rate associated with the maximum period of 10 years i.e. 2.25% above CPI.

Long Service Award

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2015 by Mr Niel Fourie, 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.

15. Other liability

The Department of Human Settlement indicated to the Municipality in 2014 that the Municipality is indebted to the Department the amount of R15 580 349 for a project of 2006 in Mareezing farm.

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Figures in Rand	2015	2014
16. Payables from exchange transactions		
Trade payables	36,499,156	23,225,562
Stand deposits	375,156	227,632
Other payables	31,564	527
Accrued expenses	-	75,000
Salaries control account	-	1,825
Revenue take on suspense	-	212,889
Cash control	-	10,150,389
Community hall deposits	51,664	46,213
Accrued bonuses	872,692	1,611,301
Private telephone accounts	29,234	186,716
Salary deduction control	969,965	2,511,690
Debtors with credit balances	-	883,597
Retentions	1,184,189	1,509,351
Accruals	1,183,455	835,596
	41,197,075	41,478,288

17. VAT Payable

Vat payable	2,371,487	2,828,925
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18. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	40,468,865	40,468,865
Other receivables from non-exchange transactions	-	9,811,063	9,811,063
Cash and cash equivalents	1,215,437	-	1,215,437
	1,215,437	50,279,928	51,495,365

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	38,021,868	38,021,868

2014

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1,717,245	1,717,245
Other receivables from non-exchange transactions	-	6,382,211	6,382,211
Cash and cash equivalents	3,741,931	-	3,741,931
	3,741,931	8,099,456	11,841,387

Financial liabilities

Mamusa Local Municipality

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. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade and other payables from exchange transactions	41,296,455	41,296,455

19. Property rates

Rates received

Agricultural	2,390,382	475,483
Business	4,513,429	2,983,730
Government property	1,635,812	1,654,687
Industrial	325	-
Residential	4,327,833	2,475,162
Exempt from assessment	-	3,809
	12,867,781	7,592,871

20. Service charges

Sale of electricity	28,042,070	24,124,234
Sale of water	11,443,188	8,488,837
Sewerage and sanitation charges	10,142,614	9,213,514
Refuse removal	6,076,665	5,582,937
	55,704,537	47,409,522

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
21. Government grants and subsidies		
Operating grants		
Equitable share	53,454,000	33,675,000
Department of Sports and agriculture	2,965,959	-
Financial Management Grant	1,800,000	1,650,000
EPWP	1,386,000	2,500,000
Municipal Systems Improvement Grant	934,000	890,000
District Municipality Grant	430,219	169,782
LG Seta Grant	90,037	27,687
Library Grant	550,000	550,000
Boineelo	319,400	342,633
	61,929,615	39,805,102
Capital grants		
Capital grants	20,182,679	13,446,230
	20,182,679	13,446,230
	82,112,294	53,251,332

Equitable Share

This grant is an unconditional grant and it is partially utilised for the provision of indigent support through basic services.

All registered indigents receive a rebate of 100% on assessment rates and are subsidised for other services. This grant is made up of allocations from National Treasury and Dr Ruth Segomotsi Mompati District Municipality for water and sanitation subsidy to indigents.

Municipal Infrastructure Grant

Balance unspent at beginning of year	3,749,770	-
Current-year receipts	25,316,999	22,496,000
Conditions met - transferred to revenue	(20,182,679)	(13,446,230)
Amount withheld	(5,292,000)	(5,300,000)
	3,592,090	3,749,770

Conditions still to be met - remain liabilities (see note 13)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor house holds.

Boineelo

Balance unspent at beginning of year	396,968	515,311
Conditions met - transferred to revenue	(319,400)	(118,343)
	77,568	396,968

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

District Municipal Grants

Balance unspent at beginning of year	430,219	600,000
Conditions met - transferred to revenue	(430,219)	(169,781)
	-	430,219

Conditions still to be met - remain liabilities (see note 13)

Mamusa Local Municipality

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21. Government grants and subsidies (continued)

This grant is the EPWP grant received from Dr Ruth Segomotsi Mompati District Municipality to contribute to the employment creation efforts of the expanded public works program.

LG SETA Grant

Balance unspent at beginning of year	58,776	-
Current-year receipts	31,261	58,776
Conditions met - transferred to revenue	(90,037)	-
	<u>-</u>	<u>58,776</u>

Conditions still to be met - remain liabilities (see note 13)
This grant is for skills development in the municipal area.

Library Grant

Balance unspent at beginning of year	5,000,000	-
Current-year receipts	1,220,000	5,000,000
Conditions met - transferred to revenue	(2,965,959)	-
	<u>3,254,041</u>	<u>5,000,000</u>

Conditions still to be met - remain liabilities (see note 13).

Expanded Public Works Programs

Current-year receipts	1,507,000	1,750,000
Conditions met - transferred to revenue	(1,507,000)	(1,750,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Financial Management Grant

Current-year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	(1,800,000)	(1,650,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Municipal Systems Improvement Grant

Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

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Figures in Rand	2015	2014
22. Other income		
Bid documents	78,534	53,494
Camping & fishing	10,175	-
Cemetery fees	283,427	240,339
Commission auctions	128,204	75,756
Connection fees	1,876	2,536
Discount received	412	17,391
Electricity fines	18,437	15,263
Entrance fees	229,793	-
Insurance income	271,525	301,729
Plan fees	30,367	52,843
Private works	42,517	49,783
Reconnection fees	80,136	66,430
Sundry income	5,272,072	877
Sale of Erf	21,930	-
Valuation and clearance certificates	2,523	5,584
Other income 16	-	560
	6,471,928	882,585

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Figures in Rand	2015	2014
23. General expenses		
Advertising	192,362	259,725
Accommodation	65,226	-
Auditors remuneration	2,271,631	1,895,374
Assets expensed	3,098	167
Bad debts written off	9,330,869	-
Bank charges	366,641	234,145
Billing charges	151,109	115,595
Chemicals	2,663,652	-
Consulting and professional fees	534,594	886,216
Community hall refund	-	4,648
Community development and training	243,187	87,745
Conferences and seminars	82,403	148,923
Consumables	259,316	101,952
Donations	494,137	231,046
Electricity	2,654,359	2,087,351
Entertainment	-	3,750
Fuel and oil	1,146,174	945,721
Fines and penalties	2,452,869	1,206,620
Insurance	1,831,099	1,828,676
IT expenses	191,287	187,321
Magazines, books and periodicals	96,833	45,202
Other expenses	4,576,591	8,593,851
Provision for bad debts	2,400,228	23,706,492
Postage and courier	562,040	260,420
Printing and stationery	688,408	372,208
Protective clothing	30,316	232,950
Licenses	228,461	14,181
Refreshments and meals	248,040	59,981
Security (Guarding of municipal property)	2,217,205	1,409,612
Software expenses	1,121,388	910,498
Subscriptions and membership fees	679,230	500,000
Telephone and fax	1,545,071	633,855
Training	338,108	303,875
Travel - local	3,140,724	2,898,456
Projects	949,582	58,574
Pauper burials	-	22,500
Venue expenses	13,600	146,875
	43,769,838	50,394,505

Mamusa Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
24. Employee related costs		
Basic	23,872,734	20,991,587
Bonus	2,353,228	2,443,044
Medical aid - company contributions	2,965,185	2,797,251
UIF	290,453	258,593
SDL	389,632	337,020
Leave pay provision charge	479,566	578,408
Other short term costs	-	3,275,383
Other allowances	945,522	810,902
Defined contribution plans	3,732,209	3,482,216
Travel, motor car, accommodation, subsistence and other allowances	3,352,934	2,511,397
Overtime payments	4,098,351	3,595,980
Long-service awards	115,629	303,172
Acting allowances	447,151	510,202
Housing benefits and allowances	910,061	1,225,497
Group insurance	245,901	238,993
Bargaining council	15,363	14,223
Less: Employee costs capitalised to PPE	(10,904)	-
	44,203,015	43,373,868
Remuneration of the Municipal Manager		
Annual Remuneration	781,233	810,412
Car Allowance	249,411	123,362
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,032,429	935,559
Remuneration of Chief Finance Officer		
Annual Remuneration	639,714	648,734
Car Allowance	205,836	108,000
Contributions to UIF, Medical and Pension Funds	10,981	11,051
	856,531	767,785
Remuneration of Corporate and Technical Services Director		
Annual Remuneration	1,250,602	693,811
Car Allowance	411,673	360,000
Contributions to UIF, Medical and Pension Funds	24,380	23,732
	1,686,655	1,077,543
Acting Community Services Director		
Annual Remuneration	409,435	398,044
Car Allowance	114,147	93,380
Contributions to UIF, Medical and Pension Funds	36,068	33,452
	559,650	524,876
25. Remuneration of councillors		
Mayor	611,492	396,698
Councillors	3,083,171	2,760,634
Contributions to UIF, Medical and Pension Fund	257,390	258,280
	3,952,053	3,415,612

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
26. Interest earned		
Interest revenue		
Bank	169,071	232,075
Interest charged on trade and other receivables	14,086,630	12,892,540
	14,255,701	13,124,615
	-	-
	14,255,701	13,124,615
27. Finance costs		
Finance leases	41,782	20,972
Bank	1,023	261,240
Other interest paid	-	7,371
	42,805	289,583
28. Auditors' remuneration		
Fees	2,271,631	1,895,374
29. Bulk purchases		
Electricity	23,041,568	21,571,298
Water	51,889	38,067
	23,093,457	21,609,365
30. Cash generated from (used in) operations		
Surplus (deficit)	21,051,755	(15,326,106)
Adjustments for:		
Depreciation and amortisation	27,483,327	10,942,631
Fair value adjustments	-	(2,612,363)
Finance costs - Finance leases	41,782	20,972
Impairment deficit	6,849,883	4,857,580
Movements in retirement benefit assets and liabilities	(746,256)	3,102,356
Movements in provisions	(4,432,777)	3,888,899
Changes in working capital:		
Inventories	505,717	(1,401,322)
Receivables from exchange transactions	(19,905,794)	(162,869)
Consumer debtors	-	(32,381,329)
Other receivables from non-exchange transactions	(3,523,372)	835,064
Payables from exchange transactions	(281,211)	(1,244,041)
Taxes and transfers payable (non exchange)	(457,439)	2,321,750
Unspent conditional grants and receipts	(2,711,635)	8,959,786
	23,873,980	(18,198,992)

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	10,689,957	9,429,104
• Other	3,382,631	3,229,482
	14,072,588	12,658,586
Total capital commitments		
Already contracted for but not provided for	14,072,588	12,658,586

32. Contingencies

Contingent Liabilities

Contingent liabilities for the 2014/15 financial year come to R790 000 between the Municipality and Lateral Unison Insurance Brokers for damages suffered by Lateral Unison insurance Brokers due to the cancellation of the contract by the Municipality before the contract expired.

33. Related parties

Relationships

The Following Councilors, Directors and Employees are related parties

Mr S Strydom

District Municipality

De Kock and Duffy Attorneys

Audit Committee, Internal Audit and Risk Management

Key management information

Refer to disclosure of Directors Remuneration

Note 21

34. Prior period errors

The following prior period error corrections were done for the 2012/13 financial year:

Investment property

The opening balance of Investment property was understated in the prior year by R3 271 457. The correcting entry resulted in an increase of investment property and Accumulated surplus by R3 271 457.

The following prior period error corrections were done for the 2013/14 financial year:

Investment property

Fair value adjustment on Investment property has increased from R817 143 to R1 795 220 and Investment property increased by the same amount in 2013/14.

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Annual Financial Statements for the year ended June 30, 2015

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34. Prior period errors (continued)

Bonus accrual

Bonus accrual was overstated in the prior year due to accrual of non-vested period. The correcting entry resulted in a decrease of bonus accrual under payables and an increase in employee cost by

Other Debtors

Other debtors increased with an amount of R260 942 due to the recognition of all expenditure for the Boineelo grant that we had received. An amount of R419 was written off to accumulated surplus as a prior year error.

Municipal Account

The Municipal account was used to record expenditure that belonged to the Boineelo NGO which had a net effect of -R35 011 which decreased the Municipal account and Increase in the revenue from grants.

Cash and cash equivalents

Decrease in cash and cash equivalents was caused by a prior year correction as the Petty cash was erroneously overstated.

Other Debtors

An amount of R86 749.14 was wrongly classified as as other debtors when it was actually expenditure of the Boineelo Grant, this was corrected in 2014/15

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in Accumulated Surplus - Investment property	-	(3,271,457)
Increase in Investment property opening balance	-	3,271,457
Increase in Investment property	-	1,795,220
Increase in Salary deduction control	-	35,011
Increase in other debtors	-	260,943
Decrease in Cash and cash equivalents	-	(850)
Decrease in Other debtors	-	412
Municipal Account	-	(30,619)
Decrease in inventory	-	(14,962,883)
Accumulated surplus	-	14,962,883
Decrease in Other debtors	-	(86,749)

Statement of Financial Performance

Increase in fair value adjustment	-	(1,795,220)
Increase in Government grants and subsidies	-	342,633
Increase in Equitable share	-	(206,000)

35. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

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35. Comparative figures (continued)

Statement of financial position

Provisions	-	11,753,000
Employee benefit obligation	-	(11,753,000)
Trade debtors	-	(81,995)
Consumer debtors	-	81,995
Consumer debtors	-	(5,632,211)
Receivables from non exchange	-	5,632,211
Trade Payables	-	15,580,349
Other liabilities	-	(15,580,349)
Salary control	-	274,682
Income received in advance	-	(274,682)
Accumulated Surplus	-	342,633
Consumer debtors	-	(9,564)
Community hall deposits	-	(9,564)
Consumer Debtors - Rates	-	(5,632,211)
Receivables from non-exchngne transactions	-	5,632,211
Consumer debtors	-	(130,722,477)
Receivables from exchange transaction	-	130,722,477
Salary deduction control - Payables	-	26,564
Salary deduction control - Receivables	-	(26,564)
Pension control - Payables	-	(63,217)
Salary deduction control	-	63,217
Suspense account	-	(86,800)
Other receivables	-	86,800
Travel & Subsistence control - Receivables	-	(347,011)
Salary deduction control	-	347,011
Debtors suspense account	-	692
Salary deduction control	-	(692)
Salary deduction control	-	(40,273)
Salary deduction control	-	(324,097)
Salary deduction control - Travel & Subsistence	-	324,097
Property, plant and equipment	-	(2,364,713)
Payables fom exchange - Trade debtors	-	3,228,517
Payables from exchange	-	(3,228,517)

Statement of Financial Performance

Government grants and subsidies	-	(342,633)
Commission received	-	(128,204)
Other income	-	128,204
Repairs and Maintenance	-	(2,364,713)

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35. Comparative figures (continued)

Employee Benefit Obligation

Employee benefit obligation was previously disclosed under Provisions, we have therefore disclosed it separately in the face of the Statement of Financial Position. The effect is that provisions reduced by R11 753 000 and Employee benefit obligation increased by the same amount.

Government Grants and Subsidies

The R342 633 was expenditure incurred on an NGO grant, the was journalised to accumulated surplus and is now recorded in the correct financial year, i.e. 2013/14. There was an over expenditure on the EPWP grant of R121 000 and FMG had an over expenditure of R85 000 and it has been correctly allocated to its related expenditure in 2013/14, Equitable share withheld on MIG was R5300 000, R85 000 from FMG and R121 000 for EPWP has been correctly allocated to Unspent conditional grant MIG, FMG and EPWP in 2013/14.

Salary deduction control

Salary deduction control - Payables was reclassified to Salary deduction control - Receivables

Suspense Account

The Suspense account was recalssified to Other receivables.

Travel & Subsistence control

Travel & Subsistence control was reclassified to Salary deduction control account.

Trade Debtors

Consumer agreements have been classified as Consumer debtors.

Consumer Debtors - Rates

Consumer Debtors - Rates has been moved from consumer debtors to Receivbles from non-exchange transactions .

Trade Payables

Trade payables have been reclassified, an amount of R15 580 349 is now disclosed separately under Other liabilities.

Salary Control Account

The salary control included stand deposits in the previous financial year, these have been reclassified under Income in advance.

Consumer debtors

Consumer debtors included Community hall deposits in the last financial year, these have been reclassified to Community hall deposits under Payables from exchange.

Consumer debtors

were reclassified to Receivables from exchange transactions.

Commission received

Commission received was reclassified to Other income

Debtors suspense - Payables

Debtors suspense was reclassified to Salary deduction control .

Salary deduction control

Pension control has been reclassified to Salary deduction control - receivable from payable

Salary deduction control

Travel and subsistence control has been reclassified under Salary control Payables from receivable amounting to R13 207.49

Repairs and Maintenance + PPE

There were repair and maintenance items that actually belonged to the PPE in the 2013/14 financial year, these have been reclassified and the come to cost of R2 364 712.74

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35. Comparative figures (continued)

36. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

37. Unauthorised expenditure

Opening balance	74,976,774	74,976,774
Current year - Unauthorised expenditure	5,693,305	-
Closing balance - awaiting condonement	80,670,079	74,976,774

This is due to actual expenditure exceeding the approved budget and this is to be presented to the council in the 2015/16 financial year.

38. Fruitless and wasteful expenditure

Opening Balance	2,314,555	943,730
Current year - Fruitless and wasteful expenditure	2,342,551	1,370,825
Closing balance - awaiting condonement	4,657,106	2,314,555

These are Penalties and interest that arose due to late payment to service providers.

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
39. Irregular expenditure		
Opening balance	49,296,122	21,949,152
Add: Irregular Expenditure - current year	2,162,172	27,346,970
Closing balance - awaiting condonement	51,458,294	49,296,122
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
None compliance with 3 quote system	MPAC still investigating	1,025,627
Extension of expired contracts	MPAC still investigating	1,136,545
		2,162,172
40. In-kind donations and assistance		
Dr Ruth Segomotsi Mompoti Municipality provides internal audit, risk management and audit committee assistance to the municipality		
Provincial Treasury appointed a consultancy firm, JBFE to implement GRAP 17 in totality.		
Community Works Programme employees assisted the municipality with cleaning of parks.		
The Provincial Treasury support on the Annual Financial Statements.		
41. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Opening balance	500,000	450,100
Current year subscription / fee	225,730	73,900
Amount paid - current year	(33,000)	(24,000)
	692,730	500,000
Material losses		
Water	16,964,362	2,632,278
Electricity	3,968,528	1,991,107
	20,932,890	4,623,385
Audit fees		
Opening balance	3,021,078	1,300,092
Current year subscription / fee	2,897,680	2,332,090
Amount paid - previous years	(2,000,000)	(611,104)
	3,918,758	3,021,078
PAYE and UIF		
Amount paid - current year	5,425,223	4,999,211
Pension and Medical Aid Deductions		
Amount paid - current year	10,910,798	11,351,645
VAT		
VAT output payables and VAT input receivables are shown in note 17.		
All VAT returns have been submitted by the due date throughout the year.		

Mamusa Local Municipality

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41. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2015:

June 30, 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Masilo N G	207	-	207
Sepato T M	21	-	21
Mere M R	1,554	774	2,328
Thekiso S J	22	-	22
Motswana A K	26	-	26
Modisapodi J T	3	(161)	(158)
Lee M V	382	708	1,090
Mosebetsi G G	(199)	-	(199)
Stephen O M	187	-	187
Herbst C P	1,804	-	1,804
Strydom S D J	3,665	-	3,665
	7,672	1,321	8,993

June 30, 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
RM Lee	336	-	336
OM Stephen	314	-	314
A Motswana	181	-	181
SDJ Strydom	4,563	-	4,563
KM Setshameko	79	-	79
LD Motlapele	363	-	363
KM Mere	94	-	94
MY Moyake	706	-	706
CP Herbst	1,240	-	1,240
NG Masilo	744	6,983	7,727
GG Mosebetsi	5,442	9,157	14,599
BT Thekiso	307	-	307
TM Sepato	197	-	197
	14,566	16,140	30,706



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Mamusa Local Municipality

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General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Service delivery
Jurisdiction	Mamusa Local Municipality is a local municipality in Dr Ruth Segomotsi Mompoti District Municipality, North West Province.
Mayoral committee	
Mayor	A Motswana
Councillors	C P Herbst O M Stephanes N G Masilo G G Mosebetsi S D J Strydom P M Maine M Y Moyake B T Thekiso T M Sepato T J Modisapodi L D Motlapele M V Lee
Grading of local authority	Category 3
Accounting Officer	RR Gincane
Chief Finance Officer (CFO)	S Mini
Registered office	28 Schweizer Street Schweizer-Reneke 2780
Postal address	P O Box 05 Schweizer-Reneke 2780
Bankers	First National Bank
Auditors	Auditor General of South Africa
Legislation	Municipal Financial Management Act (MFMA) Municipal Systems Act Municipal Structures Act Division of Revenue Act (DORA)

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Index

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 7 to 59, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
R R Gincane

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Audit Committee Report

We are pleased to present our report for the financial year ended June 30, 2015.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Number of meetings attended
D I Mongwaketse	4
O C Jacobs	4
SAB Ngobeni	4
L Berend	4
MKG Ramorwesi	4
FJ Mudau	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Chairperson of the Audit Committee

Date: _____

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at June 30, 2015, the municipality had accumulated surplus of R 350,609,263 and that the municipality's total assets exceed its liabilities by R 350,609,263.

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. Accounting Officer's interest in contracts

The Accounting officer and all the Directors of the municipality had no business interest in contracts during the financial year.

4. Auditors

Auditor General South Africa will continue in office for the next financial period.

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Position as at June 30, 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	7	895,605	1,401,322
Receivables from exchange transactions	8&10	40,469,301	20,563,510
Receivables from non-exchange transactions	9&10	9,905,582	6,382,211
Cash and cash equivalents	11	1,130,429	3,741,931
		52,400,917	32,088,974
Non-Current Assets			
Investment property	3	20,740,958	20,740,958
Property, plant and equipment		366,325,251	232,944,941
Intangible assets	4	1,070,294	427,502
		388,136,503	254,113,401
Non-Current Assets		388,136,503	254,113,401
Current Assets		52,400,917	32,088,974
Total Assets		440,537,420	286,202,375
Liabilities			
Current Liabilities			
Finance lease obligation	12	366,646	-
Payables from exchange transactions	16	41,197,075	41,478,288
Vat Payable	17	2,371,487	2,828,925
Employee benefit obligation	5	854,744	1,601,000
Unspent conditional grants and receipts	13	6,924,099	9,635,734
Provisions	14	5,595,198	4,951,574
Other liability	15	15,580,349	15,580,349
Income received in advance		848,082	769,108
Bank overdraft	11	-	3,624,070
		73,737,680	80,469,048
Non-Current Liabilities			
Finance lease obligation	12	360,493	-
Employee benefit obligation	5	10,152,000	10,152,000
Provisions	14	5,677,986	10,754,387
		16,190,479	20,906,387
Non-Current Liabilities		16,190,479	20,906,387
Current Liabilities		73,737,680	80,469,048
Total Liabilities		89,928,159	101,375,435
Assets		440,537,420	286,202,375
Liabilities		(89,928,159)	(101,375,435)
Net Assets		350,609,261	184,826,940
Accumulated surplus		350,609,263	357,502,356

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Service charges	20	55,704,537	47,409,521
Rental of facilities and equipment		1,017,937	380,254
Licences and permits		2,712,292	2,263,813
Other income	22	6,471,927	882,585
Interest earned	26	14,255,701	13,124,614
Total revenue from exchange transactions		80,162,394	64,060,787
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	12,867,781	7,592,874
Transfer revenue			
Government grants & subsidies	21	82,112,295	53,251,332
Fines		300,610	41,754
Total revenue from non-exchange transactions		95,280,686	60,885,960
		80,162,394	64,060,787
		95,280,686	60,885,960
Total revenue		175,443,080	124,946,747
Expenditure			
Employee related costs	24	(44,288,716)	(43,468,702)
Remuneration of councillors	25	(4,110,768)	(5,022,043)
Depreciation and amortisation		(27,483,327)	(10,942,631)
Indigent subsidy		(6,849,883)	(4,857,580)
Finance costs	27	(42,804)	(289,584)
Rental equipment		(24,333)	(1,121,555)
Repairs and maintenance		(4,728,197)	(5,179,252)
Bulk purchases	29	(23,093,457)	(21,609,365)
General Expenses	23	(43,769,839)	(50,394,504)
Total expenditure		(154,391,324)	(142,885,216)
		-	-
Total revenue		175,443,080	124,946,747
Total expenditure		(154,391,324)	(142,885,216)
Operating surplus (deficit)		21,051,756	(17,938,469)
Fair value adjustments		-	2,612,363
Surplus (deficit) before taxation		21,051,756	(15,326,106)
Taxation		-	-
Surplus (deficit) for the year		21,051,756	(15,326,106)

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	224,342,040	224,342,040
Adjustments		
Correction of errors	148,486,422	148,486,422
Balance at July 01, 2013 as restated*	372,828,462	372,828,462
Changes in net assets		
Deficit for the year	(15,326,106)	(15,326,106)
Total changes	(15,326,106)	(15,326,106)
Opening balance as previously reported	181,071,086	181,071,086
Adjustments		
Correction of errors	148,486,422	148,486,422
Balance at July 01, 2014 as restated*	329,557,508	329,557,508
Changes in net assets		
Surplus for the year	21,051,755	21,051,755
Total changes	21,051,755	21,051,755
Balance at June 30, 2015	350,609,263	350,609,263
Note(s)		

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Property rates		8,145,899	6,760,188
Services charges		31,745,630	29,505,645
Other receipts		3,952,124	3,527,088
Interest income		169,071	232,075
Grants - Operational		47,365,261	38,573,776
Grants - Capital		26,529,000	22,496,000
		<u>117,906,985</u>	<u>101,094,772</u>
Payments			
Employee costs		(47,511,651)	(43,760,263)
Suppliers		(43,909,496)	(75,264,889)
Finance costs		(2,611,858)	(268,612)
		<u>(94,033,005)</u>	<u>(119,293,764)</u>
Total receipts		117,906,985	101,094,772
Total payments		(94,033,005)	(119,293,764)
Net cash flows from operating activities	30	<u>23,873,980</u>	<u>(18,198,992)</u>
Cash flows from investing activities			
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		24,559,337	(18,198,992)
Cash and cash equivalents at the beginning of the year		1,130,429	3,741,931
Cash and cash equivalents at the end of the year	11	<u>25,689,766</u>	<u>(14,457,061)</u>

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	56,749,323	(137,060)	56,612,263	55,704,537	(907,726)	
Rental of facilities and equipment	350,000	-	350,000	1,017,937	667,937	The council had understated the expected revenue.
Licences and permits	2,808,243	-	2,808,243	2,712,292	(95,951)	
Other income	912,597	654,210	1,566,807	-	(1,566,807)	Council had budgeted less than the actual revenue.
Other income - (rollup)	913,018	455,504	1,368,522	6,471,927	5,103,405	
Interest on outstanding debtors	8,643,916	-	8,643,916	14,086,630	5,442,714	
Interest received	604,136	(208,290)	395,846	169,071	(226,775)	Interest was underbudgeted by 57%
Total revenue from exchange transactions	70,981,233	764,364	71,745,597	80,162,394	8,416,797	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	9,500,164	(103,159)	9,397,005	12,867,781	3,470,776	36% more than the projected billing.
Transfer revenue						
Government grants & subsidies	55,360,200	10,500,000	65,860,200	82,112,295	16,252,095	8%
Fines	824,288	-	824,288	300,610	(523,678)	93%. Council to review the set target in the current financial year 2015/16
Total revenue from non-exchange transactions	65,684,652	10,396,841	76,081,493	95,280,686	19,199,193	
'Total revenue from exchange transactions'	70,981,233	764,364	71,745,597	80,162,394	8,416,797	
'Total revenue from non-exchange transactions'	65,684,652	10,396,841	76,081,493	95,280,686	19,199,193	
Total revenue	136,665,885	11,161,205	147,827,090	175,443,080	27,615,990	
Expenditure						
Personnel	(57,146,686)	10,580,286	(46,566,400)	(42,975,369)	3,591,031	7%
Remuneration of councillors	(4,515,082)	(345,991)	(4,861,073)	(4,110,768)	750,305	15% below budget.
Depreciation and amortisation	(900,000)	(9,625,357)	(10,525,357)	(27,483,327)	(16,957,970)	

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Impairment	(24,243,854)	-	(24,243,854)	(15,829,383)	8,414,471	34% below the budget.
Finance costs	(463,000)	(693,822)	(1,156,822)	(73,387)	1,083,435	94% below the budget.
Repairs and maintenance	(7,400,000)	(2,051,043)	(9,451,043)	(4,663,986)	4,787,057	51% understpending due to chemical expenditure, which was previously classified as RME
Bulk purchases	(26,203,392)	-	(26,203,392)	(23,093,457)	3,109,935	12% below the budget
General Expenses	(25,023,156)	(117,989)	(25,141,145)	(43,744,280)	(18,603,135)	74% above the budget
Total expenditure	(145,895,170)	(2,253,916)	(148,149,086)	(161,973,957)	(13,824,871)	
	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
	-	-	-	-	-	
Surplus before taxation	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Deficit before taxation	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(9,229,285)	8,907,289	(321,996)	13,469,123	13,791,119	
Reconciliation						

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	12,000,000	12,000,000	895,605	(11,104,395)	109% due to land held for resale that was reclassified to Investment property.
Receivables from exchange transactions	-	1,600,000	1,600,000	773,508	(826,492)	52% overstated, to be adjusted by the budget adjustment in the current financial year 2015/16
Receivables from non-exchange transactions	-	-	-	9,905,583	9,905,583	Not provided for
Consumer debtors	40,000,000	105,563,000	145,563,000	154,187,961	8,624,961	Exceeded budget by 6%
Cash and cash equivalents	3,420,000	6,000	3,426,000	1,130,429	(2,295,571)	67% overstatement of projection at year end
	43,420,000	119,169,000	162,589,000	166,893,086	4,304,086	
Non-Current Assets						
Investment property	-	15,674,000	15,674,000	20,740,958	5,066,958	32% under budgeting due to investment property register not in existence.
Property, plant and equipment	137,517,000	133,752,000	271,269,000	366,325,251	95,056,251	45% this was due to council not having a complete asset register hence the under estimation or projection
Intangible assets	999,393	-	999,393	1,070,294	70,901	7% above budget.
	138,516,393	149,426,000	287,942,393	388,136,503	100,194,110	
Non-Current Assets	43,420,000	119,169,000	162,589,000	166,893,086	4,304,086	
Current Assets	138,516,393	149,426,000	287,942,393	388,136,503	100,194,110	
Total Assets	181,936,393	268,595,000	450,531,393	555,029,589	104,498,196	
Liabilities						
Current Liabilities						

Mamusa Local Municipality

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Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Finance lease obligation	-	-	-	366,646	366,646	
Payables from exchange transactions	12,000,000	18,000,000	30,000,000	41,197,077	11,197,077	37% of creditors were under budgeted for in 2014/15
Taxes and transfers payable (non-exchange)	-	-	-	2,371,487	2,371,487	
Employee benefit obligation	-	-	-	854,744	854,744	
Unspent conditional grants and receipts	1,200,000	420,000	1,620,000	6,924,099	5,304,099	Council did not achieve the set figure of unspent grants.
Provisions	-	-	-	5,595,198	5,595,198	
Other liability	-	-	-	15,580,349	15,580,349	
Income received in advance	791,000	-	791,000	848,082	57,082	Exceeded the budget by 7%
Bank overdraft	1,600,000	1,600,000	3,200,000	-	(3,200,000)	
	15,591,000	20,020,000	35,611,000	73,737,682	38,126,682	
Non-Current Liabilities						
Finance lease obligation	-	-	-	360,493	360,493	
Employee benefit obligation	-	-	-	10,152,000	10,152,000	
Provisions	13,945,000	1,179,387	15,124,387	5,677,986	(9,446,401)	From the total budgeted provision, it is exceeded by 6%
	13,945,000	1,179,387	15,124,387	16,190,479	1,066,092	
	15,591,000	20,020,000	35,611,000	73,737,682	38,126,682	
	13,945,000	1,179,387	15,124,387	16,190,479	1,066,092	
	-	-	-	-	-	
Total Liabilities	29,536,000	21,199,387	50,735,387	89,928,161	39,192,774	
Assets	181,936,393	268,595,000	450,531,393	555,029,589	104,498,196	
Liabilities	(29,536,000)	(21,199,387)	(50,735,387)	(89,928,161)	(39,192,774)	
Net Assets	152,400,393	247,395,613	399,796,006	465,101,428	65,305,422	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	143,240,393	247,395,613	390,636,006	375,574,047	(15,061,959)	

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges	46,900,761	(8,498,761)	38,402,000	36,871,504	(1,530,496)	
Interest income	604,136	(208,290)	395,846	169,071	(226,775)	57% below the budget
Other receipts	-	-	-	34,546,412	34,546,412	
Grants - Operating	55,360,200	10,500,000	65,860,200	47,365,261	(18,494,939)	28% below budget due to withholding of Equitable Share
Grants - Capital	14,991,000	-	14,991,000	26,529,000	11,538,000	76% above budget due to additional MIG received.
	117,856,097	1,792,949	119,649,046	145,481,248	25,832,202	
Payments						
Employee costs	(61,661,768)	10,234,295	(51,427,473)	(50,622,777)	804,696	
Suppliers	(58,626,548)	(2,169,032)	(60,795,580)	(84,924,776)	(24,129,196)	40% below the budget. The municipality was only able to pay 60% of the approved budget on general expenditure.
Finance costs	(463,000)	(693,822)	(1,156,822)	(73,387)	1,083,435	94% below the budget.
	(120,751,316)	7,371,441	(113,379,875)	(135,620,940)	(22,241,065)	
Total receipts	117,856,097	1,792,949	119,649,046	145,481,248	25,832,202	
Total payments	(120,751,316)	7,371,441	(113,379,875)	(135,620,940)	(22,241,065)	
Net cash flows from operating activities	(2,895,219)	9,164,390	6,269,171	9,860,308	3,591,137	
Net increase/(decrease) in cash and cash equivalents	19,274,781	10,808,390	30,083,171	9,860,308	(20,222,863)	
Cash and cash equivalents at the end of the year	19,274,781	10,808,390	30,083,171	9,860,308	(20,222,863)	
Reconciliation						

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 a 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 similar 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.

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

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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 14 - Provisions.

Useful lives of property, plant and equipment

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

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (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 pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

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1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

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

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

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

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

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

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

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

Fair value

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

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

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

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

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

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Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components.

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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 is carried at cost less accumulated depreciation and any impairment losses except for Investment Property which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

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	Average useful life
Land	Infinite
Plant and machinery	6 years

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Accounting Policies

1.5 Property, plant and equipment (continued)

Infrastructure

• Roads and storm water	5-8 years
• Pedestrian malls	10-100 years
• Electricity	5-80 years
• Water	10-100 years
• Sewer	15-100 years
• Housing	80 years
• Solid water	100 year
• Servitudes	Indefinite
• Rail assets	20-100 years
• ICT	1-120 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at 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 or disposal 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.

Property, plant and equipment 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. These assets are not accounted for as non-current assets held 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.

1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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Accounting Policies

1.7 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.

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

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

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.

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	10 years

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Accounting Policies

1.8 Financial instruments

Classification

The municipality classifies financial assets into the following categories:

Class	Category
Investments	Financial assets measured at amortised cost
Consumer debtors	Financial assets measured at amortised cost
Receivables from exchange transaction	Financial assets measured at amortised cost
Receivables from non-exchange transactions	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Inventory	Financial assets measured at amortised cost

The municipality classifies financial liabilities into the following categories:

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Trade payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition and measurement

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular way purchases of financial assets are accounted for at trade date.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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Accounting Policies

1.8 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

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 entity assesses the classification of each element separately.

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.

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 municipality's incremental borrowing rate.

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.

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

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

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

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

Operating leases - lessee

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

1.10 Inventories

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

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Accounting Policies

1.10 Inventories (continued)

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

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

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

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

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

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

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

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

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

1.11 Impairment of cash-generating assets

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

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

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.

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

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.

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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.

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.

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1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

If an entity 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

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1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

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

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest

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

1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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.

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. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction 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.

1.18 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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1.20 Unauthorised expenditure (continued)

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

1.23 Budget information

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

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

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.24 Related parties

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

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

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1.24 Related parties (continued)

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

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

1.25 Events after reporting date

Events after reporting date that are classified as adjusting events have been accounted for in the financial statements

Events after reporting date are classified as non-adjusting events have been disclosed for in the notes to the financial statements.

1.26 Accumulated surplus

The municipality's surplus or deficit for the year is accounted for in the accumulated surplus reserve in the statement of changes in net assets.

1.27 Value-Added Tax

The municipality applies the payment basis for VAT purpose as per Value-Added Tax Act. Output tax is payable as and when the purchase consideration are received and input will be claimed as and when payment is made.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
----------------------------------	------------------------------------------------------------	-------------------------

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2015	The impact of the amendment is not material
• GRAP 20: Related parties	April 01, 2016	The impact of the amendment is not material
• GRAP32: Service Concession Arrangements: Grantor	April 01, 2016	The impact of the amendment is not material
• GRAP108: Statutory Receivables	April 01, 2016	The impact of the amendment is not material
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 01, 2016	The impact of the amendment is not material
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	April 01, 2016	The impact of the amendment is not material

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

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3. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	20,740,958	-	20,740,958	20,740,958	-	20,740,958

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	20,740,958	20,740,958

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	18,945,738	1,795,220	20,740,958

4. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1,696,397	(626,103)	1,070,294	1,231,687	(804,185)	427,502

5. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

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 Aid 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 the present value of the defined benefit obligation were carried out at 30 June 2015 by Mr Neil Fourie, 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.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11,753,000	8,650,644
Contributions by plan participants	-	3,102,356
	11,753,000	11,753,000

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5. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate used	7.96 %	8.94 %
Health care cost inflation rate	6.33 %	8.05 %
Net effective discount rate	59.00 %	0.25 %
Normal Salary Increase Rate	7.33 %	- %

6. Multi-Employer Retirement Benefit Information

All councillors belong to the Pension Fund for Municipal Councillors

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these aforementioned funds are multi-employer plans. Sufficient information is not available to defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Joint Pension Fund:

Municipal Joint Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers - Pension Fund:

National Fund for Municipal Workers operates as defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22.00%) is sufficient to fund the benefits accruing from the fund in the future.

7. Inventories

Maintenance Materials	601,473	691,243
Fuel (Petrol and Diesel)	-	27,722
Prepaid electricity	294,132	682,357
	895,605	1,401,322

Inventory recognised as an expense for the current year R89 769.88

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8. Receivables from exchange transactions		
Prepaid expenses	-	117,149
Sundry debtors	60,791	112,010
Pensioners control account	16,712	121,203
Other debtors	97,597	668,525
Salary deduction control	598,407	923,649
Consumer debtors - Electricity	8,549,055	6,535,563
Consumer debtors - Water	25,977,365	21,707,207
Consumer debtors - Sewerage	29,695,578	35,099,282
Consumer debtors - Refuse	19,694,944	17,594,113
Consumer debtors - Debtors interest	54,125,891	45,146,101
Other consumer debtors	16,145,128	4,630,647
Debt impairment	(114,492,167)	(112,091,939)
	40,469,301	20,563,510
Trade and other receivables pledged as security		
No Trade and other receivable were pledged as security by the municipality.		
9. Receivables from non-exchange transactions		
Traffic debtor	94,519	-
Government grants and subsidies	-	750,000
Property rates	9,811,063	5,632,211
	9,905,582	6,382,211
10. Consumer debtors		
Gross balances		
Electricity	8,549,055	6,535,563
Water	25,977,365	21,707,207
Sewerage	29,695,578	35,099,282
Refuse	19,694,944	17,594,113
Debtors interest	54,125,891	45,146,101
Other Consumer debtors	16,145,128	4,630,647
	154,187,961	130,712,913
Less: Allowance for impairment		
Rates	(6,849,369)	(4,630,024)
Electricity	(5,968,327)	(5,372,635)
Water	(18,135,503)	(17,844,659)
Sewerage	(20,731,288)	(28,853,768)
Refuse	(13,749,575)	(14,463,443)
Debtors interest	(37,786,753)	(37,112,871)
Other consumer debtors	(11,271,352)	(3,814,539)
	(114,492,167)	(112,091,939)

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10. Consumer debtors (continued)

Net balance

Electricity	1,699,686	1,162,928
Water	2,580,728	3,862,548
Sewerage	8,964,290	6,245,514
Refuse	5,945,369	3,130,670
Debtors interest	16,339,138	8,033,230
Other consumer debtors	4,873,776	816,108
	40,402,987	23,250,998

Rates

31 - 60 days	796,257	462,876
61 - 90 days	2,246,947	234,021
91 - 120 days	251,936	124,262
121 - 150 days	225,282	105,865
> 150 days	6,290,641	4,706,742
	9,811,063	5,633,766

Electricity

31 - 60 days	1,706,942	1,632,605
61 - 90 days	688,074	615,156
91 - 120 days	383,268	423,033
121 - 150 days	588,909	347,542
>151 days	5,100,259	3,993,879
	8,467,452	7,012,215

Water

31 - 60 days	1,045,227	756,668
61 - 90 days	736,951	415,269
91 - 120 days	736,951	472,812
121 - 150 days	640,166	536,789
> 151 days	22,886,186	19,525,957
	26,045,481	21,707,495

Sewerage

31 - 60 days	841,991	784,692
61 - 90 days	1,059,383	676,654
91 - 120 days	867,320	655,168
121 - 150 days	696,919	630,198
>151 days	26,229,964	22,523,738
	29,695,577	25,270,450

Refuse

31 - 60 days	533,445	452,536
61 - 90 days	484,765	412,642
91 - 120 days	451,273	396,825
121 - 150 days	415,717	383,020
> 151 days	17,809,744	15,949,090
	19,694,944	17,594,113

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10. Consumer debtors (continued)		
Debtors interest		
31 - 60 days	1,256,620	1,064,370
61 - 90 days	1,327,498	1,097,558
91 - 120 days	1,300,029	1,088,539
121 - 150 days	1,204,575	1,095,266
>151 days	49,037,169	40,800,441
	54,125,891	45,146,174
Sundries		
31 - 60 days	681,486	16,760
61 - 90 days	16,954	12,191
91 - 120 days	13,759	11,646
121 - 150 days	13,530	11,084
> 151 days	3,000,268	3,073,744
	3,725,997	3,125,425
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	17	4,578
Bank balances	1,082,169	-
FNB Investment accounts	48,243	3,737,353
Bank overdraft	-	(3,624,070)
	1,130,429	117,861
Current assets	1,130,429	3,741,931
Current liabilities	-	(3,624,070)
	1,130,429	117,861

The management of the municipality is of the opinion that the carrying value of Cash and Cash equivalents recorded at amortised costs costs in the Annual Financial Statements approximate their fair values.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2015	June 30, 2014	June 30, 2013
FNB Demand Deposit (MIG) 62245772050	19,067	488,987	2,100,995	12,080,786	12,080,786	12,080,786
FNB Demand Deposit (Human Settlement) 62033415771	9,173	9,803	207,151	3,557,584	3,557,584	3,557,584
FNB BANK - Demand Deposit (Library) - 62299708506	20,000	3,238,560	3,801,419	627,549	627,549	627,549
FNB - Current Account - 53630018381	230,648	3,878,077	4,013,948	340,644	3,618,179	4,203,025
Total	278,888	7,615,427	10,123,513	16,606,563	19,884,098	20,468,944

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Figures in Rand	2015	2014
12. Finance lease obligation		
Minimum lease payments due		
- within one year	322,330	397,228
- in second to fifth year inclusive	51,299	373,628
	373,629	770,856
less: future finance charges	(13,136)	(43,718)
Present value of minimum lease payments	360,493	727,138
Present value of minimum lease payments due		
- within one year	310,335	366,645
- in second to fifth year inclusive	50,157	360,493
	360,492	727,138
Non-current liabilities	360,493	-
Current liabilities	366,646	-
	727,139	-

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure grant	3,592,091	3,749,770
District municipality grant	-	430,219
LG SETA Grant	-	58,776
Library	3,254,041	5,000,000
Boineelo	77,967	396,969
	6,924,099	9,635,734

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

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14. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Provision for Landfill site	9,034,387	(5,076,401)	3,957,986
Provision for long service award	1,720,000	-	1,720,000
Leave provision	4,951,574	440,654	5,392,228
Other provisions	-	202,970	202,970
	15,705,961	(4,432,777)	11,273,184

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Provision for landfill site	8,847,066	187,321	9,034,387
Provision long service award	1,595,091	124,909	1,720,000
Leave provision	4,477,261	474,313	4,951,574
	14,919,418	786,543	15,705,961

Non-current liabilities	5,677,986	10,754,387
Current liabilities	5,595,198	4,951,574
	11,273,184	15,705,961

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse site, the municipality will incur licencing and rehabilitation costs of R30 997 to restore the site at the end of its useful life. Provision has been made for the net present value of this cost, using the the rate associated with the maximum period of 10 years i.e. 2.25% above CPI.

Long Service Award

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2015 by Mr Niel Fourie, 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.

15. Other liability

The Department of Human Settlement indicated to the Municipality in 2014 that the Municipality is indebted to the Department the amount of R15 580 349 for a project of 2006 in Mareezing farm.

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Figures in Rand	2015	2014
16. Payables from exchange transactions		
Trade payables	36,499,156	23,225,562
Stand deposits	375,156	227,632
Other payables	31,564	527
Accrued expenses	-	75,000
Salaries control account	-	1,825
Revenue take on suspense	-	212,889
Cash control	-	10,150,389
Community hall deposits	51,664	46,213
Accrued bonuses	872,692	1,611,301
Private telephone accounts	29,234	186,716
Salary deduction control	969,965	2,511,690
Debtors with credit balances	-	883,597
Retentions	1,184,189	1,509,351
Accruals	1,183,455	835,596
	41,197,075	41,478,288

17. VAT Payable

Vat payable	2,371,487	2,828,925
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18. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	40,468,865	40,468,865
Other receivables from non-exchange transactions	-	9,811,063	9,811,063
Cash and cash equivalents	1,215,437	-	1,215,437
	1,215,437	50,279,928	51,495,365

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	38,021,868	38,021,868

2014

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1,717,245	1,717,245
Other receivables from non-exchange transactions	-	6,382,211	6,382,211
Cash and cash equivalents	3,741,931	-	3,741,931
	3,741,931	8,099,456	11,841,387

Financial liabilities

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. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade and other payables from exchange transactions	41,296,455	41,296,455

19. Property rates

Rates received

Agricultural	2,390,382	475,483
Business	4,513,429	2,983,730
Government property	1,635,812	1,654,687
Industrial	325	-
Residential	4,327,833	2,475,162
Exempt from assessment	-	3,809
	12,867,781	7,592,871

20. Service charges

Sale of electricity	28,042,070	24,124,234
Sale of water	11,443,188	8,488,837
Sewerage and sanitation charges	10,142,614	9,213,514
Refuse removal	6,076,665	5,582,937
	55,704,537	47,409,522

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Figures in Rand	2015	2014
21. Government grants and subsidies		
Operating grants		
Equitable share	53,454,000	33,675,000
Department of Sports and agriculture	2,965,959	-
Financial Management Grant	1,800,000	1,650,000
EPWP	1,386,000	2,500,000
Municipal Systems Improvement Grant	934,000	890,000
District Municipality Grant	430,219	169,782
LG Seta Grant	90,037	27,687
Library Grant	550,000	550,000
Boineelo	319,400	342,633
	61,929,615	39,805,102
Capital grants		
Capital grants	20,182,679	13,446,230
	20,182,679	13,446,230
	82,112,294	53,251,332

Equitable Share

This grant is an unconditional grant and it is partially utilised for the provision of indigent support through basic services.

All registered indigents receive a rebate of 100% on assessment rates and are subsidised for other services. This grant is made up of allocations from National Treasury and Dr Ruth Segomotsi Mompati District Municipality for water and sanitation subsidy to indigents.

Municipal Infrastructure Grant

Balance unspent at beginning of year	3,749,770	-
Current-year receipts	25,316,999	22,496,000
Conditions met - transferred to revenue	(20,182,679)	(13,446,230)
Amount withheld	(5,292,000)	(5,300,000)
	3,592,090	3,749,770

Conditions still to be met - remain liabilities (see note 13)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor house holds.

Boineelo

Balance unspent at beginning of year	396,968	515,311
Conditions met - transferred to revenue	(319,400)	(118,343)
	77,568	396,968

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

District Municipal Grants

Balance unspent at beginning of year	430,219	600,000
Conditions met - transferred to revenue	(430,219)	(169,781)
	-	430,219

Conditions still to be met - remain liabilities (see note 13)

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21. Government grants and subsidies (continued)

This grant is the EPWP grant received from Dr Ruth Segomotsi Mompati District Municipality to contribute to the employment creation efforts of the expanded public works program.

LG SETA Grant

Balance unspent at beginning of year	58,776	-
Current-year receipts	31,261	58,776
Conditions met - transferred to revenue	(90,037)	-
	<u>-</u>	<u>58,776</u>

Conditions still to be met - remain liabilities (see note 13)
This grant is for skills development in the municipal area.

Library Grant

Balance unspent at beginning of year	5,000,000	-
Current-year receipts	1,220,000	5,000,000
Conditions met - transferred to revenue	(2,965,959)	-
	<u>3,254,041</u>	<u>5,000,000</u>

Conditions still to be met - remain liabilities (see note 13).

Expanded Public Works Programs

Current-year receipts	1,507,000	1,750,000
Conditions met - transferred to revenue	(1,507,000)	(1,750,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Financial Management Grant

Current-year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	(1,800,000)	(1,650,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Municipal Systems Improvement Grant

Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

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Figures in Rand	2015	2014
22. Other income		
Bid documents	78,534	53,494
Camping & fishing	10,175	-
Cemetery fees	283,427	240,339
Commission auctions	128,204	75,756
Connection fees	1,876	2,536
Discount received	412	17,391
Electricity fines	18,437	15,263
Entrance fees	229,793	-
Insurance income	271,525	301,729
Plan fees	30,367	52,843
Private works	42,517	49,783
Reconnection fees	80,136	66,430
Sundry income	5,272,072	877
Sale of Erf	21,930	-
Valuation and clearance certificates	2,523	5,584
Other income 16	-	560
	6,471,928	882,585

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Figures in Rand	2015	2014
23. General expenses		
Advertising	192,362	259,725
Accommodation	65,226	-
Auditors remuneration	2,271,631	1,895,374
Assets expensed	3,098	167
Bad debts written off	9,330,869	-
Bank charges	366,641	234,145
Billing charges	151,109	115,595
Chemicals	2,663,652	-
Consulting and professional fees	534,594	886,216
Community hall refund	-	4,648
Community development and training	243,187	87,745
Conferences and seminars	82,403	148,923
Consumables	259,316	101,952
Donations	494,137	231,046
Electricity	2,654,359	2,087,351
Entertainment	-	3,750
Fuel and oil	1,146,174	945,721
Fines and penalties	2,452,869	1,206,620
Insurance	1,831,099	1,828,676
IT expenses	191,287	187,321
Magazines, books and periodicals	96,833	45,202
Other expenses	4,576,591	8,593,851
Provision for bad debts	2,400,228	23,706,492
Postage and courier	562,040	260,420
Printing and stationery	688,408	372,208
Protective clothing	30,316	232,950
Licenses	228,461	14,181
Refreshments and meals	248,040	59,981
Security (Guarding of municipal property)	2,217,205	1,409,612
Software expenses	1,121,388	910,498
Subscriptions and membership fees	679,230	500,000
Telephone and fax	1,545,071	633,855
Training	338,108	303,875
Travel - local	3,140,724	2,898,456
Projects	949,582	58,574
Pauper burials	-	22,500
Venue expenses	13,600	146,875
	43,769,838	50,394,505

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Figures in Rand	2015	2014
24. Employee related costs		
Basic	23,872,734	20,991,587
Bonus	2,353,228	2,443,044
Medical aid - company contributions	2,965,185	2,797,251
UIF	290,453	258,593
SDL	389,632	337,020
Leave pay provision charge	479,566	578,408
Other short term costs	-	3,275,383
Other allowances	945,522	810,902
Defined contribution plans	3,732,209	3,482,216
Travel, motor car, accommodation, subsistence and other allowances	3,352,934	2,511,397
Overtime payments	4,098,351	3,595,980
Long-service awards	115,629	303,172
Acting allowances	447,151	510,202
Housing benefits and allowances	910,061	1,225,497
Group insurance	245,901	238,993
Bargaining council	15,363	14,223
Less: Employee costs capitalised to PPE	(10,904)	-
	44,203,015	43,373,868
Remuneration of the Municipal Manager		
Annual Remuneration	781,233	810,412
Car Allowance	249,411	123,362
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,032,429	935,559
Remuneration of Chief Finance Officer		
Annual Remuneration	639,714	648,734
Car Allowance	205,836	108,000
Contributions to UIF, Medical and Pension Funds	10,981	11,051
	856,531	767,785
Remuneration of Corporate and Technical Services Director		
Annual Remuneration	1,250,602	693,811
Car Allowance	411,673	360,000
Contributions to UIF, Medical and Pension Funds	24,380	23,732
	1,686,655	1,077,543
Acting Community Services Director		
Annual Remuneration	409,435	398,044
Car Allowance	114,147	93,380
Contributions to UIF, Medical and Pension Funds	36,068	33,452
	559,650	524,876
25. Remuneration of councillors		
Mayor	611,492	396,698
Councillors	3,083,171	2,760,634
Contributions to UIF, Medical and Pension Fund	257,390	258,280
	3,952,053	3,415,612

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Figures in Rand	2015	2014
26. Interest earned		
Interest revenue		
Bank	169,071	232,075
Interest charged on trade and other receivables	14,086,630	12,892,540
	14,255,701	13,124,615
	-	-
	14,255,701	13,124,615
27. Finance costs		
Finance leases	41,782	20,972
Bank	1,023	261,240
Other interest paid	-	7,371
	42,805	289,583
28. Auditors' remuneration		
Fees	2,271,631	1,895,374
29. Bulk purchases		
Electricity	23,041,568	21,571,298
Water	51,889	38,067
	23,093,457	21,609,365
30. Cash generated from (used in) operations		
Surplus (deficit)	21,051,755	(15,326,106)
Adjustments for:		
Depreciation and amortisation	27,483,327	10,942,631
Fair value adjustments	-	(2,612,363)
Finance costs - Finance leases	41,782	20,972
Impairment deficit	6,849,883	4,857,580
Movements in retirement benefit assets and liabilities	(746,256)	3,102,356
Movements in provisions	(4,432,777)	3,888,899
Changes in working capital:		
Inventories	505,717	(1,401,322)
Receivables from exchange transactions	(19,905,794)	(162,869)
Consumer debtors	-	(32,381,329)
Other receivables from non-exchange transactions	(3,523,372)	835,064
Payables from exchange transactions	(281,211)	(1,244,041)
Taxes and transfers payable (non exchange)	(457,439)	2,321,750
Unspent conditional grants and receipts	(2,711,635)	8,959,786
	23,873,980	(18,198,992)

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Figures in Rand	2015	2014
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	10,689,957	9,429,104
• Other	3,382,631	3,229,482
	14,072,588	12,658,586
Total capital commitments		
Already contracted for but not provided for	14,072,588	12,658,586

32. Contingencies

Contingent Liabilities

Contingent liabilities for the 2014/15 financial year come to R790 000 between the Municipality and Lateral Unison Insurance Brokers for damages suffered by Lateral Unison insurance Brokers due to the cancellation of the contract by the Municipality before the contract expired.

33. Related parties

Relationships

The Following Councilors, Directors and Employees are related parties

Mr S Strydom

District Municipality

De Kock and Duffy Attorneys

Audit Committee, Internal Audit and Risk Management

Key management information

Refer to disclosure of Directors Remuneration

Note 21

34. Prior period errors

The following prior period error corrections were done for the 2012/13 financial year:

Investment property

The opening balance of Investment property was understated in the prior year by R3 271 457. The correcting entry resulted in an increase of investment property and Accumulated surplus by R3 271 457.

The following prior period error corrections were done for the 2013/14 financial year:

Investment property

Fair value adjustment on Investment property has increased from R817 143 to R1 795 220 and Investment property increased by the same amount in 2013/14.

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34. Prior period errors (continued)

Bonus accrual

Bonus accrual was overstated in the prior year due to accrual of non-vested period. The correcting entry resulted in a decrease of bonus accrual under payables and an increase in employee cost by

Other Debtors

Other debtors increased with an amount of R260 942 due to the recognition of all expenditure for the Boineelo grant that we had received. An amount of R419 was written off to accumulated surplus as a prior year error.

Municipal Account

The Municipal account was used to record expenditure that belonged to the Boineelo NGO which had a net effect of -R35 011 which decreased the Municipal account and Increase in the revenue from grants.

Cash and cash equivalents

Decrease in cash and cash equivalents was caused by a prior year correction as the Petty cash was erroneously overstated.

Other Debtors

An amount of R86 749.14 was wrongly classified as as other debtors when it was actually expenditure of the Boineelo Grant, this was corrected in 2014/15

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in Accumulated Surplus - Investment property	-	(3,271,457)
Increase in Investment property opening balance	-	3,271,457
Increase in Investment property	-	1,795,220
Increase in Salary deduction control	-	35,011
Increase in other debtors	-	260,943
Decrease in Cash and cash equivalents	-	(850)
Decrease in Other debtors	-	412
Municipal Account	-	(30,619)
Decrease in inventory	-	(14,962,883)
Accumulated surplus	-	14,962,883
Decrease in Other debtors	-	(86,749)

Statement of Financial Performance

Increase in fair value adjustment	-	(1,795,220)
Increase in Government grants and subsidies	-	342,633
Increase in Equitable share	-	(206,000)

35. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

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35. Comparative figures (continued)

Statement of financial position

Provisions	-	11,753,000
Employee benefit obligation	-	(11,753,000)
Trade debtors	-	(81,995)
Consumer debtors	-	81,995
Consumer debtors	-	(5,632,211)
Receivables from non exchange	-	5,632,211
Trade Payables	-	15,580,349
Other liabilities	-	(15,580,349)
Salary control	-	274,682
Income received in advance	-	(274,682)
Accumulated Surplus	-	342,633
Consumer debtors	-	(9,564)
Community hall deposits	-	(9,564)
Consumer Debtors - Rates	-	(5,632,211)
Receivables from non-exchngne transactions	-	5,632,211
Consumer debtors	-	(130,722,477)
Receivables from exchange transaction	-	130,722,477
Salary deduction control - Payables	-	26,564
Salary deduction control - Receivables	-	(26,564)
Pension control - Payables	-	(63,217)
Salary deduction control	-	63,217
Suspense account	-	(86,800)
Other receivables	-	86,800
Travel & Subsistence control - Receivables	-	(347,011)
Salary deduction control	-	347,011
Debtors suspense account	-	692
Salary deduction control	-	(692)
Salary deduction control	-	(40,273)
Salary deduction control	-	(324,097)
Salary deduction control - Travel & Subsistence	-	324,097
Property, plant and equipment	-	(2,364,713)
Payables fom exchange - Trade debtors	-	3,228,517
Payables from exchange	-	(3,228,517)

Statement of Financial Performance

Government grants and subsidies	-	(342,633)
Commission received	-	(128,204)
Other income	-	128,204
Repairs and Maintenance	-	(2,364,713)

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35. Comparative figures (continued)

Employee Benefit Obligation

Employee benefit obligation was previously disclosed under Provisions, we have therefore disclosed it separately in the face of the Statement of Financial Position. The effect is that provisions reduced by R11 753 000 and Employee benefit obligation increased by the same amount.

Government Grants and Subsidies

The R342 633 was expenditure incurred on an NGO grant, the was journalised to accumulated surplus and is now recorded in the correct financial year, i.e. 2013/14. There was an over expenditure on the EPWP grant of R121 000 and FMG had an over expenditure of R85 000 and it has been correctly allocated to its related expenditure in 2013/14, Equitable share withheld on MIG was R5300 000, R85 000 from FMG and R121 000 for EPWP has been correctly allocated to Unspent conditional grant MIG, FMG and EPWP in 2013/14.

Salary deduction control

Salary deduction control - Payables was reclassified to Salary deduction control - Receivables

Suspense Account

The Suspense account was recalssified to Other receivables.

Travel & Subsistence control

Travel & Subsistence control was reclassified to Salary deduction control account.

Trade Debtors

Consumer agreements have been classified as Consumer debtors.

Consumer Debtors - Rates

Consumer Debtors - Rates has been moved from consumer debtors to Receivbles from non-exchange transactions .

Trade Payables

Trade payables have been reclassified, an amount of R15 580 349 is now disclosed separately under Other liabilities.

Salary Control Account

The salary control included stand deposits in the previous financial year, these have been reclassified under Income in advance.

Consumer debtors

Consumer debtors included Community hall deposits in the last financial year, these have been reclassified to Community hall deposits under Payables from exchange.

Consumer debtors

were reclassified to Receivables from exchange transactions.

Commission received

Commission received was reclassified to Other income

Debtors suspense - Payables

Debtors suspense was reclassified to Salary deduction control .

Salary deduction control

Pension control has been reclassified to Salary deduction control - receivable from payable

Salary deduction control

Travel and subsistence control has been reclassified under Salary control Payables from receivable amounting to R13 207.49

Repairs and Maintenance + PPE

There were repair and maintenance items that actually belonged to the PPE in the 2013/14 financial year, these have been reclassified and the come to cost of R2 364 712.74

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35. Comparative figures (continued)

36. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

37. Unauthorised expenditure

Opening balance	74,976,774	74,976,774
Current year - Unauthorised expenditure	5,693,305	-
Closing balance - awaiting condonement	80,670,079	74,976,774

This is due to actual expenditure exceeding the approved budget and this is to be presented to the council in the 2015/16 financial year.

38. Fruitless and wasteful expenditure

Opening Balance	2,314,555	943,730
Current year - Fruitless and wasteful expenditure	2,342,551	1,370,825
Closing balance - awaiting condonement	4,657,106	2,314,555

These are Penalties and interest that arose due to late payment to service providers.

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
39. Irregular expenditure		
Opening balance	49,296,122	21,949,152
Add: Irregular Expenditure - current year	2,162,172	27,346,970
Closing balance - awaiting condonement	51,458,294	49,296,122
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
None compliance with 3 quote system	MPAC still investigating	1,025,627
Extension of expired contracts	MPAC still investigating	1,136,545
		2,162,172
40. In-kind donations and assistance		
Dr Ruth Segomotsi Mompoti Municipality provides internal audit, risk management and audit committee assistance to the municipality		
Provincial Treasury appointed a consultancy firm, JBFE to implement GRAP 17 in totality.		
Community Works Programme employees assisted the municipality with cleaning of parks.		
The Provincial Treasury support on the Annual Financial Statements.		
41. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Opening balance	500,000	450,100
Current year subscription / fee	225,730	73,900
Amount paid - current year	(33,000)	(24,000)
	692,730	500,000
Material losses		
Water	16,964,362	2,632,278
Electricity	3,968,528	1,991,107
	20,932,890	4,623,385
Audit fees		
Opening balance	3,021,078	1,300,092
Current year subscription / fee	2,897,680	2,332,090
Amount paid - previous years	(2,000,000)	(611,104)
	3,918,758	3,021,078
PAYE and UIF		
Amount paid - current year	5,425,223	4,999,211
Pension and Medical Aid Deductions		
Amount paid - current year	10,910,798	11,351,645
VAT		
VAT output payables and VAT input receivables are shown in note 17.		
All VAT returns have been submitted by the due date throughout the year.		

Mamusa Local Municipality

(Registration number NW393)

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

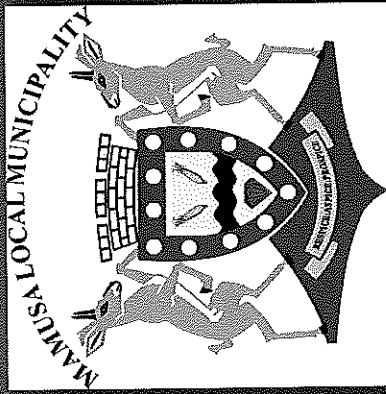
41. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2015:

June 30, 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Masilo N G	207	-	207
Sepato T M	21	-	21
Mere M R	1,554	774	2,328
Thekiso S J	22	-	22
Motswana A K	26	-	26
Modisapodi J T	3	(161)	(158)
Lee M V	382	708	1,090
Mosebetsi G G	(199)	-	(199)
Stephen O M	187	-	187
Herbst C P	1,804	-	1,804
Strydom S D J	3,665	-	3,665
	7,672	1,321	8,993

June 30, 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
RM Lee	336	-	336
OM Stephen	314	-	314
A Motswana	181	-	181
SDJ Strydom	4,563	-	4,563
KM Setshameko	79	-	79
LD Motlapele	363	-	363
KM Mere	94	-	94
MY Moyake	706	-	706
CP Herbst	1,240	-	1,240
NG Masilo	744	6,983	7,727
GG Mosebetsi	5,442	9,157	14,599
BT Thekiso	307	-	307
TM Sepato	197	-	197
	14,566	16,140	30,706



SECTION 46 ANNUAL PERFORMANCE REPORT 2014- 2015

1. INTRODUCTION

The Municipal Planning and Performance Management Regulations (2001) stipulates 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, organized and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

- (1.) A municipality must prepare for each financial year a performance report *reflecting* –
 - (a.) The performance of the municipality and of each external service provider during that financial year;
 - (b.) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - (c.) Measures taken to improve performance.
- (2.) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

This annual performance report is hereby submitted by the Municipal Manager in terms of section 121 of the Municipal Finance management Act, 56 of 2003 read with the Municipal Systems Act, 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 and 63 on annual reporting.

In the year under review (2014/2015), the Mamusa Local Municipality had four Directorates:-

- ▶ Finance
- ▶ Community Services
- ▶ Technical services
- ▶ Corporate Services

This report covers the performance information from 1 July 2014 to 30 June 2015 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the Integrated Development and Plan (IDP).

2. INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2013/2014 financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. The Mamusa Local Municipality has continued to maintain the effective operation of the following mechanisms:

- ▶ The 2014/2015 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- ▶ The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- ▶ After approval of the budget, the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies;
- ▶ Performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Performance Regulations, 2006;
- ▶ Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance reviews
- ▶ A mid-year budget and performance assessment in terms of Section 72 of the Municipal Finance Management Act, which informed the adjustment budget was performed.
- ▶ Quarterly performance reports were objectively and independently audited by the Internal Audit unit (Shared Service with the Dr. R.S. Mompoti District Municipality) to verify and to confirm performance information as reflected in the reports; the unit also confirmed the credibility of evidence that was submitted quarterly; and

3. AUDITING OF PERFORMANCE INFORMATION

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1) (c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001.

Council use the Internal Audit Section of the Dr. R.S. Mompoti District Municipality and they are responsible to perform this function. As part of their scope, auditing of the Performance Management System and Information was performed and reports received for each quarter in terms of the following:-

- ▶ Review the functionality of the Performance Management System and management's compliance thereto; and
- ▶ Ensure compliance with the requirements of the PMS regulations.

4. REMEDIAL ACTIONS FOR PERFORMANCE MANAGEMENT

In order to improve on performance planning, implementation and reporting, the municipality is planning to implement the following actions during the new financial year: -

- ▶ Management to discuss key strategic issues as per section 166 as a standing agenda item at top management meetings

The Top Layer and Technical SDBIP to be discussed as standing agenda items to gauge performance of each departments challenges as in when they are reported to be resolved to assist the municipality to achieve its objectives.

- ▶ That management keep to the proposed schedule of top management meetings and that portfolio of evidence of each meeting be kept
- ▶ The Accounting Officer to review the quarterly performance reports to ensure that quarterly performance targets are achieved as per the SDBIP.
- ▶ That quarterly reports submitted without portfolio of evidence not be accepted and that the relevant Director be informed to comply.
- ▶ That quarterly performance reports be submitted as per dates contained in the Performance Action Plan

5. ANNUAL PERFORMANCE INFORMATION

The Annual Performance Report must be presented to the Auditor General for auditing together with the Annual Financial Statements on 31 August 2015.

As part of the report, the following areas were addressed:-

- ▶ National Key Performance Indicators
- ▶ Outcome 9 indicators of National Government
- ▶ IDP Projects
- ▶ Capital Projects
- ▶ Operational indicators

The Annual Performance Report for the 2014/2015 financial year reflects the performance of the municipality and directorates in a table format, measured on the approved KPI's and targets, as contained the IDP and SDBIP. The achievements, reasons for deviation and planned remedial action are reported by the respective directorates.

Data is supported by the relevant evidence captured and maintained by the directorates to support the data captured on the Performance Management System.

Measurable performance targets with regard to each of the development priorities and objectives were established.

These development priorities are as follows:-

- ▶ Municipal transformation and Organizational Development
- ▶ Basic Service Delivery
- ▶ Infrastructure Development and Service Delivery
- ▶ Local Economic Development (LED)
- ▶ Municipal Financial Viability and Management
- ▶ Good Governance and Public Participation

6.1 ORGANIZATIONAL PERFORMANCE RESULTS

The table below encapsulates the high-level summary of the municipality's 2014/15 performance results with regard to each of the development priorities.

ANNUAL ORGANISATIONAL RESULTS					
Key Performance Indicators	Total No of KPI's	Targets Achieved	On Hold	Targets Not Achieved	Annual % Met
Municipal Transformation and Organizational Development	45	20	0	25	44%

Service Delivery and Infrastructure Development	28	19	0	9	68%
Basic Services	25	21	0	4	84%
Local Economic Development (LED)	11	6	0	5	54%
Municipal Financial Viability and Management	27	19	0	8	70%
Good Governance and Public Participation	21	17	0	4	81%
Annual Overall Percentage	157	102	0	55	65%

6.1.1 Comparison of current performance with previous financial year's performance


COMPARISON OF ANNUAL OVERALL PERFORMANCE		
2012/2013	2013/2014	2014-2015
52%	55%	65%

7. CONCLUSION

During the 2014/15 financial year the overall performance results reflect a 65% success rate caused by mixed performance results of departments in implementing the SDBIPs. The 2014/15 percentage is higher as compared to 2013/14 financial period.

The municipality will continue improving on its performance management system, particularly, in the application of the SMART principle. Challenges still exist on accurate and timorously performance information as well as reporting meaningful deviations and remedial

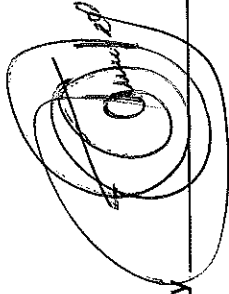
actions for all the targets not met quarterly, plans are underway to improve the organizational culture towards performance management so as to eliminate the hindrances to proper planning and to accurate and credible reporting on performance.



Approved by





R.R. GINCANE
MUNICIPAL MANAGER

Date: 31 August 2015



Compiled by

T.C. LEE
Performance Management System Officer






MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT							
DIRECORATE: FINANCE	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Key Performance Indicator							
R value spend on free basic services		R23 785 000 spent on free basic services	R25.2 million spend on free basic services by June 2015	R6050,653.23 spent on free basic services			
Number of approved households with free basic services (indigents)		9 500 Approved households	Increase to 10 000 or more Approved households with free basic services (indigents) by June 2015	8788 approved households			
% of Reduced number of Exceptions in Audit Report for the Financial year 13/14		Awaiting for Audit report	Reducing the number of Disclaimers in Audit Report for the Financial year 13/14 by 60% in June 2015	Awaiting for Audit report			
Supply Chain Management process improved			Develop 1 procurement plan for 2014/2015 by July 2014	Procurement plan 2014/15 submitted			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Quarterly operational expenditure as a rand value of planned expenditure			Quarterly operational expenditure as a rand of planned expenditure (R145 million) by June 2015	R 133 million by June 2015			
Quarterly capital expenditure as a rand value of planned capital expenditure			Quarterly capital expenditure as a rand of planned capital expenditure (R22 170 000) by June 2015	R 23 million by June 2015			
Rand value of operational budget spent on repairs and maintenance			R7 400 000 of operational budget to be spent on repairs and maintenance by June 2015	R 6 million by June 2015			
100% Grants received as per DoRa			R55,4 million of revenue received per DORA by June 2015	R 29 million by June 2015			





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
% Increase in annual debtors collection rate	Increase of revenue by 20%	R15 747 735	10% Increase from current in annual service debtors collection rate by June 2015	Increase of revenue by 54 %			
2015/16 Budget planning process time table tabled	Tabling the 2015/16 budget planning process time table by 31 August 2013	2014/15 Budget Planning Process Time Table approved by mayor-August 2013	Tabling the 2015/16 budget planning process time table by 31 August 2014	05 September 2014			
2015/16 Draft budget approved	2015/16 Draft budget approved by March 2014	2014/15 Draft budget approved by March 2014	2015/16 Draft budget approved by March 2015	31 March 2015			
2014/15 adjustment budget approved	Approving the 2014/15 adjustment budget by January 2014	14Adjustment Budget approved,	Approving the 2014/15 adjustment budget by January 2015	27 February 2015			
2015/16 Final budget approved	2015/16 Final budget approved by May 2014	2014/15 Final budget approved by May 2014	2015/16 Final budget approved by May 2015	29 May 2015 4/2015			





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
2013/14 financial statements submitted to the Auditor-General	Financial statements submitted to the Auditor-General on 30 August 2014	2012/13 Financial Statements submitted to the Auditor-General on 31 Aug 2012	Submitting the 2013/14 financial statements to the Auditor-General by 31 August 2014	Financial statements submitted to the Auditor-General on 30 August 2015			
SCM Data base implemented	Implementation of a SCM Data base by June 2014	SCM database updated	Implementation of a SCM Data base by June 2015	SCM database updated regularly			
Number of MFMA Section 71 Reports compiled and submitted to Provincial Treasury	To submit 12 Section 71 to the Mayor, Provincial and National treasury by 30 June 2014	12 reports submitted	To submit 12 Section 71 to the Mayor, Provincial and National treasury by 30 June 2015	12 reports submitted			
Number of meetings of the Committee conducted	Conducting at least 12 meetings of the Bid Specification Committee by June 2014	6 meetings held	Conducting at least 12 meetings of the Bid Specification Committee by June 2015	05 meetings held			





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
	Number of meetings of the Evaluation Committee conducted	Conducting at least 12 meetings of the Evaluation Committee by June 2014	9 meetings held	Conducting at least 12 meetings of the Evaluation Committee by June 2015			
Number of meetings of the Adjudication Committee conducted	Conducting at least 12 meetings of the Adjudication Committee by June 2014	9 meetings held	Conducting at least 12 meetings of Adjudication Committee by June 2015	04 meetings held			
Number of SCM workshops for internal & external people conducted		No workshops	Conducting 2 SCM workshops for internal & external people by June 2015	No workshops			
Supply Chain Management process improved		Turnaround is above 3 months	Reducing the turnaround time from 6 months to 3 months by June 2015	Turnaround is less than 2 months			





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
All payments (creditors) be done within 30 days	All payments (creditors) be done within 30 days of receipt of invoice / statement by June 2014	45 days	All payments (creditors) be done within 30 days of receipt of invoice / statement by June 2015	45 days			
Supply Chain Management policy implemented. (Submitting 4 quarterly reports on the implementation of SCM policy to council and make public by June 2015)	4 quarterly reports on the implementation of SCM policy submitted to council and make public by June 2014	No reports	4 quarterly reports on the implementation of SCM policy submitted to council and make public by June 2015	4 reports submitted quarterly but not submitted to council			
Number of Lunch and learn training sessions conducted		5 sessions conducted	36 trainings sessions conducted by June 2015	Not Achieved			
To hold 12 departmental meetings by 30 June 2015 held	To hold 12 departmental meetings by 30 June 2014	12 departmental meetings held	12 departmental meetings held by 30 June 2015	7 departmental meetings held			
Effective and efficient management of risks within the Department	4 updated risk registers	Absence of risk management in the department	4 updated risk registers within the Department by 30 June 2015	4 updated risk registers			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of reports on the implementation of the Audit Action Plan submitted to Council	4 reports	No Reports submitted	3 Reports submitted to council by June 2015	none		Council not seating	
Number of verification of assets performed		One verification of assets performed	Four quarterly verification of assets performed by June 2015	03 verification of assets performed			
Ratio for Cost coverage for 2014/15			Annual Cost coverage ratio for 2013/14 by February 2015				
Ratio for Debt coverage for 2014/15	N/A		Annual Debt coverage ratio for 2014/15 by February 2014	N/A			
% of Outstanding Service Debtors to Revenue ratio for 2014/15		46 % of outstanding services debtors to revenue	Annual Outstanding Service Debtors to Revenue ratio for 2014/15 by February 2014	46% of outstanding services debtors to revenue			

DIRECTORATE TECHNICAL SERVICES						
Basic Service Delivery & Infrastructure development						
Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation
	Target	Actual Performance	Target	Actual Performance		
Asbestos water pipelines Replaced	Business Plan for the Refurbishment of borehole fields and replacement of asbestos pipelines developed	Not Achieved	Replacement of Asbestos water pipelines by June 2015	300m of Asbestos water pipelines replaced		Inadequate Budget WSA and WSP To utilize MIG funds through roads project for the purpose of replacing Asbestos pipelines
Number of kl of water provided to indigent households	To supply 16 983 households with free basic water	Total number of registered indigent household - 8940 Achieved	6 kl of water provided to indigent households by June 2015	6 kl of water provided to indigent households		None Continuous monitoring
Infrastructure's operations and maintenance plan adopted	Infrastructure Operation and Maintenance Plan Developed and adopted by June 2014	Not Achieved	Infrastructure's operations and maintenance plan adopted by December 2014	Draft Roads Infrastructure Asset Management Plan		No capacity internally for the development of plans MISA is currently assisting in terms of the development of Electricity, Water and Sanitation operations and maintenance plans
Water and sanitation SLA signed with DM	Review the SLA and adopt	Achieved	Reviewed SLA with District on Water & Sanitation	SLA signed between the WSA and WSP		None




Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of Households provided with VIP's in Amalia, Migdol and Glaudina	Construction of three oxidation ponds. One in Amalia one in Migdol and Glaudina.	Service provider appointed to construct one Oxidation pond at Amalia. Achieved	780 Households provided with VIP's in Amalia, Migdol and Glaudina) by 31 March 2015	220 H/H provided with VIP's in Amalia		Unavailability of extra funds from the WSA	The remaining H/H will be attended to in the 2015/16 FY
Number of buckets replaced with waterborne sanitation in Ipelegeng	Number of remaining bucket toilets removed (220 households) in Ipelegeng	Not Achieved	220 households provided with waterborne by 30 June 2015	None		Unavailability of funds from the WSA	To request the WSA to bring the project forward
km in Schweizer town Rehabilitated	Kilometers of road re-sealed Wentzel / Theresa street	Achieved – Project completed	700 m of roads in Schweizer town Rehabilitated by March 2015	380m of roads in Schweizer town rehabilitated (Jacobs and		NRUP funds not transferred to the Municipality by the DM	The municipality rehabilitated 380m of roads with Operational and Maintenance Budget
Km of streets bladed	80 streets bladed by June 2014	15 streets bladed	400 Km of streets bladed by 30 June 2015	More than 400km of streets bladed		None	Turn-around time from Mechanical section improved in terms of attending to machinery with mechanical problems

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
% of storm water drainage system maintained	Unblock 4 storm water pipelines in Ipelegeng	2 storm water pipelines unblocked	100 % storm water drainage system unblocked by 30 June 2015	None		No proper equipment's or machinery	Equipment's and machinery to be procured in the 2015/16 FY
Completion of Electricity meters replacement project	Implementation of electricity meter audit correction action plan	Achieved	To replace 640 electricity meters by June 2015	960 electricity conventional meters replaced with pre-paid		None	None
Number of reports on electricity exceptions'	No reports		12 Reports on electricity exceptions attended to by 30 June 2015	12 Reports on electricity exceptions attended to		Mechanical problems of our Cherry-Picker	Cherry-Picker mechanical problems attended to
Number of reports on maintenance of electricity supply network Source funding	Repair of overhead MV network by June 2014	Not Achieved	4 reports on maintenance of electricity supply network Source funding sourced by 30 June 2015	R2 million allocated for refurbishment of aged electricity network		None	The refurbishment of the electricity network deferred to 2015/16FY

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of reports produced on street lights and high mast lights maintenance	Conduct an audit of all non-functional high mast and street lights	Achieved	4 reports produced on street lights and high mast lights maintenance by 30 June 2015	4 reports produced on street lights and high mast lights maintenance		Mechanical problem of our Cherry-Picker	Cherry-Picker mechanical problems attended
Number of reports produced on water and sanitation infrastructure maintenance	No reports	Achieved	24 reports produced on water and sanitation infrastructure maintenance by 30 June 2015	24 reports produced on water and sanitation infrastructure maintenance		None	Turn-around time improved on reported cases
Number reports on Leave management	No reports	Achieved	12 reports on Leave Management by 30 June 2015	Employees with excess leave has taken leave		None	None
Number of Monthly disconnections and reconections of payment defaulters	No reports	Achieved	12 Monthly list on disconnections and reconections by 30 June 2015	12 Monthly list on disconnections and reconections		None	None




Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of Reports on approval of building plans and inspection of the structures	No reports on approval of building plans	Achieved	12 Reports on approval of building plans and inspections of the structures by 30 June 2015	12 Reports on approval of building plans and inspections of the structures		None	Continuous approvals and inspections
A minimum standard of 95% for green and blue drops obtained	No BDS and GDS tests conducted	Not achieved	Obtaining a minimum standard of 95% green and blue drop status by June 2015	The Municipality obtained 22% Blue Drop & 11% Green Drop		Not submitting the required information/documents for assessment. WSA not inviting the Municipality to assessment in time	To improve water quality and increase obtained percentages in both Blue & Green Drop
Number of soccer fields bladed to rudimentary level.	No blading of sports grounds	Achieved	10 sporting grounds to bladed twice by June 2015	10 sporting grounds to bladed twice		None	Continuous servicing of the Grader
Number of Km of various roads constructed in Ipelegeng	Approximately 6km of roads in Molatswaneng and Glandina	Project completed	1.8 km of roads Constructed in Ipelegeng by 31 March 2015	1.8 km of roads Constructed in Ipelegeng		None	None





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
% Km of Road constructed at Ipelegeng Ext 5 Grave Yard	No road leading to grave yard and ablation Block in Ext. 5 Grave Yard	Project Completed	1.1 km Constructed road leading to Grave Yard and ablation Block by 31 March 2015	1.1 km Constructed road leading to Grave Yard and ablation Block		Road leading to graveyard not constructed, however same 1,1km was constructed in the following streets: Morebudi, Bagaetsho, Rev. Vliakazi & Mphuru	Monitoring and Evaluation during implementation
% of New Community Hall at Molatswaneng constructed	No community Hall in Molatswaneng	Not achieved	100% of New Community Hall at Molatswaneng constructed by 31 March 2015	Molatswaneng Community Hall still on construction and anticipated to be completed on 30 September 2015		Contractor absounded site	Meeting held between the Municipality, Contractor and Consultants, and the contractor has resumed site
% New Community Hall at Ward 5 constructed	No community Hall in Ext. 5	Project Completed	100% of New Community Hall at Ward 5 by 31 March 2015	Project is 100% complete		None	Monitoring and Evaluation during implementation
Number of high mast lights installed in Gaudina, Molatswaneng and Ward 8	Erection of 11 masts for all identified areas	Electricity connection to the high mast lights	Seven high mast lights installed in Gaudina (1), Molatswaneng (3) and Ward 8 (3) by 30 September 2014	Seven high mast lights installed in Gaudina (1), Molatswaneng (3) and Ward 8 (3)		One high mast that was for Gaudina erected in Ward 6. Awaiting Eskom for connection point and energizing thereof	Engagement with Eskom





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
	Number of sports grounds upgraded		Project Completed	Two sports grounds upgraded (Amalia and Ipelegeng) by 31 December 2014			
Number of departmental meetings held	No departmental meetings recorded	Not Achieved	12 departmental meetings held by 30 June 2015	No departmental meeting held		Unavailability of either employees or Sectional Heads/Department Management	To ensure regular departmental meetings are held
Number of updated risk registers within the Department	Absence of risk management in the department	Achieved	4 updated risk registers within the Department by 30 June 2015	4 updated risk registers		None	None
Number of reports on the implementation of the Audit Action Plan submitted to Council	No reports	Achieved	3 Reports submitted to council by June 2015	3 Reports submitted		None	None





MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION





CORPORATE SERVICES DIRECTORATE	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
	Key Performance Indicator						
Effective and efficient management of risks within the Department	Absence of risk management in the department	Not achieved	4 updated risk registers within the Department by 30 June 2015	Conducted 4 Risk Registers for the Directorate C/S		None	None
Number of Local Labour Forum meetings held	4 meetings to be held by 30 June 2014	Two LLF meetings held	4 LLF meeting to be held by 30 June 2015	One LLF Meeting held		Meetings of LLF postponed	Attempt to conscientise LLF members about the importance of attendance
Turnaround time in handling Disciplinary Cases	To handle all Disciplinary cases Within 90 days	Conclude the proceedings within the 90 days period	4 reports on handling of Disciplinary cases by 30 June 2015	Handled all disciplinary cases within 90 days		None	Continue to handle the disciplinary cases within 90 days
C	To handle all grievances within 30 days	Grievance attended within 30 days	4 Reports on grievances attended to by 30 June 2015	Handled all disciplinary cases within 30 days		IMATU Various grievances were handled directly by the Municipal Manager and Shop steward, the outcome was positive but an agreement could not be documented.	Have a secretary assigned to future engagement meetings





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
	<p>Training sessions for post level 01 – 14 employees on institution of disciplinary action conducted</p> <p>Human Resource Strategy Reviewed and adopted</p>	No trainings conducted	Not achieved	2 training sessions conducted for post level 01 - 14 employees on the collective agreement on disciplinary procedures by June 2015			
<p>Human Resource Strategy Reviewed and adopted</p>	Human Resource Strategy Reviewed and adopted by December 2013	Developed and adopted by Council	Adopted and reviewed Human Resource Strategy by 31 December 2014	Submitted a Human Resource Strategy to Council for adoption		None	Implement at least four activities of the strategy
<p>Number of municipal Policies reviewed and adopted</p>	To review 5 policies by June 2014	Not Achieved	To have eight municipal policies adopted by 30 June 2015	Achieved		None	Workshop Councillors and Officials on adopted policies
<p>Time taken to complete the recruitment and selection process</p>	90 days taken to complete the recruitment and selection process by 30 June 2014	90 days taken	90 days taken to complete the recruitment and selection process by 30 June 2015	Conduct the recruitment process within 90 days		None	None





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of reports on recruitment and selection processes	4 reports on recruitment and selection processes by 30 June 2014	One report	4 reports on recruitment and selection processes by 30 June 2015	4 reports submitted		None	None
Organisational Structure Revised	Organisational Structure Revised by June 2014	Revised but not adopted	Revised Organisational Structure by 30 September 2014	Rolled out consultation processes with HoDs		Delays in Council reaching a consensus	Submit the Organization structure to Council for approval.
Employee Satisfaction Survey conducted	Conducted by Dec 2013	Developed and given to employees and not returned	Employee satisfaction survey conducted by 31 Dec 2014	Developed a questionnaire for the survey and submitted to Directorates		Questionnaires could not be retrieved	Re-submit the questionnaires and ensure that there is retrieval of at least 60%
Employment Equity Plan(EEP) Reviewed	EEP submitted to DoL	EEP developed and submitted to DoL	To have EEP reviewed and submitted to the department of labour by 30 June 2015	EEP reviewed and submitted to DoL		None	None





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Employment Equity Committee Established	Employment Equity Committee Established by December 2013	Not Achieved	To establish the EEP committee by 30 June 2015	No EEP Committee established		Moratorium laced on filling of vacant positions for a lengthy period	Establish an EPP Committee
Number of reports on EEP implementation submitted to Council	3 reports	Not Achieved	To submit 4 EEP Reports to Council by 30 June 2015	None		No EEP Committee established	EEP Reports to be submitted to Council
Number of people from employment equity target groups employed in the three highest levels of management in compliance with the EE Plan	To fill vacant position of Director Community Services	Not Achieved	4 EEP Reports submitted to Council by 30 June 2015	Advised the vacant position and advertisement closed on 4 January 2014.		Council did not appoint an interviewing panel to commence with the process of filling the vacant position	None
2015/2016 Workplace Skills Plan and ATR 2014/2015 Developed and submitted to LGSETA	2015/2016 Workplace Skills Plan and ATR 2014/2015 Developed and submitted to LGSETA by June 2014	Developed and submitted	2015/2016 Workplace Skills Plan adopted by April 2015	Submitted the WSP and ATR to organized labour for endorsement including Council for noting		None	None

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of meetings of the Training Committee	4 meetings to be held by June 2014	One meeting held	4 meetings of the Training Committee held by 30 June 2015	No meetings of the Training Committee		Busy schedule of members	Convene meetings of the training committee
Number of reports submitted to council on the implementation of the work place skills plan	4 reports to be submitted by June 2014	No report submitted. Not Achieved	4 reports submitted to council on the implementation of the work place skills plan by 30 June 2015	None		No training owing to lack of approval of grant funds by LGSETA	Lobby LGSETA to disburse grant funding on time
Number of by-laws gazetted	5 by-laws	Not achieved	3 new by-laws adopted by 30 June 2015	Three draft by-laws developed and one approved		Further consultation with relevant stakeholders outstanding	Complete the outstanding consultations
Percentage of Litigations against the municipality attended to	100%	One attended 100%	100% of Litigations against the municipality attended to and registered by 30 June 2015	One litigation by a former insurance company on municipal assets		Matter subjudice	None





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of Health and Safety committee meeting held	4 meetings	Not achieved	4 meetings of Health and Safety Committee by 30 June 2015	None		No OHS Committee in place	Establish the OHS Committee a designate an OHS Officer including induction of the committee
Number of health and safety campaigns held	4 campaigns	Not Achieved	4 health and Safety Campaigns conducted by 30 June 2015	None		No OHS committee in place	Establish the OHS Committee a designate an OHS Officer including induction of the committee
Number of health and safety inspections conducted	12 inspections	Not achieved	2 OHS inspections conducted by 30 June 2015	1 Inspection conducted by DoL		None	At least conduct OHS inspections twice a financial year
Timeous distribution of Council agenda	7 days before for normal Council meeting	Achieved	7 days before normal Council meeting and 48 hours before Special Council meeting by June 2015	Held two normal Council meetings and 16 Special Council meetings		Other national and provincial engagements for Councillors and thus meetings not convening as scheduled	Lobby the Committee Chairpersons to have meetings convened per quarter





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of reports on the implementation of Council resolutions	4 reports	Not achieved	4 Reports on implementation of council resolution by 30 June 2015	Updated a Council resolution register after each normal/Special Council meeting		None	Forward resolution register to Senior Managers and track implementation
Contract management system managed and relevant departments informed within 2 months of expiry of contracts	Contract management system managed and relevant departments informed within 2 months of expiry of contracts by June 2014	Not Achieved	Managing the Contract Register of Council and informing relevant departments of expiry dates of contracts within 2 months of expiry of the contract by June 2015	Developed a contract register.		None	Monitor all SLAs and expiry of current contracts
Lease of Council Land Policy approved	Update Lease of Council Land and policy approved	Not Achieved	Lease of Council Land Policy approved to regulate market related rental value by June 2015	Updated lease of Council Land		Currently still benchmarking to draft a policy	Submit the draft policy to Council for approval
Corporate governance of ICT policy Framework and Governance of ICT Framework established and approved			Approved Corporate governance of ICT policy Framework and Governance of ICT Framework by June 2015	Approved Corporate governance of ICT policy Framework and Governance of ICT Framework and appointment letters issued to Senior Managers to serve in the committee		Lack of in-house capacity to induct the committee	Invite the District municipality's IT Unit together with Local Government and Human Settlements department and Auditor General's IT Unit to conduct an induction





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Functional ICT Steering committee	No ICT Steering Committee	Submitted a frame work to Council for approval and ICT Security Policy	To have 4 ICT Steering Committee meetings by June 2015	Submitted the matter to the District ICT Forum to conduct induction		Lack of in-house capacity	Ensure functionality of the committee
Approved Municipal Information Security Strategy and Plan	No Information Security strategy and Plan	Not Achieved	Approved and implementation of information security and Plan by June 2015	Not Achieved		Lack of in-house capacity	Request the District municipality's IT Unit together with Local Government and Human Settlements department and Auditor General's IT Unit to assist
IT Steering Committee and ToR established and developed	No ICT Steering Committee	ICT Steering Committee Established	Functional IT Steering Committee established and ToR developed by 30 June 2015	Not Achieved		Lack of in-house capacity	Request the District municipality's IT Unit together with Local Government and Human Settlements department and Auditor General's IT Unit to assist
Municipal Website developed and functional	December 2013	Service provider appointed and Website developed	To have Fully functional Website by 30 June 2015	Uploaded all reports in terms of Sec 75 of MFMA and signed the SLA		None	Upload photos of Councillors and Senior Managers to the website





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of IT back-ups performed	36 back ups	48 back-ups performed	48 IT Backups performed by 30 June 2015	48 backups		None	None
Employee wellness programme Established	Implement employee wellness programme	Employee Wellness Programme and Policy approved by Council	Employee wellness programme Established by 30 June 2015	Employee Wellness Programme and Policy approved by Council		None	Wrote to Naledi Local Municipality for inter-municipal collaboration
Number of reports on the implementation of the employee wellness programme	4 Reports	Not Achieved	4 reports on the implementation of employee wellness programme by June 2015	Not achieved		None	Target at least three activities for implementation
Number of employee wellness campaigns implemented	No programmes	Not Achieved	2 employees wellness campaigns conducted by 30 June 2015	Not achieved		None	Target at least three activities for implementation



Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of Fleet Management reports and movable assets Status reports	4 reports	Not Achieved	Management reports and movable assets status reports by 30 June 2015	Not achieved		Lack of in-house capacity	Fill the vacant post with an appropriately qualified person
Maintenance plans for Municipal buildings developed	December 2013	Not Achieved	Developed Maintenance plans and 3 Reports for Municipal buildings by 30 September 2014	No maintenance plan developed but periodic maintenance done		Lack of in-house capacity	Submitted a request to Supply Chain Unit for maintenance of halls and buildings
Number of departmental meetings held	No meetings	Not Achieved	12 departmental meetings held by 30 June 2015	Three meetings		Employees targeting to utilize the meetings to advance personal interests on notch upgrading	Utilize the participation in the Job evaluation process to achieve results
Number of sec.79 committees meetings (Portfolio Meetings) conducted	Have 4 meetings	Held 1 meeting	To conduct 8 portfolio (sec.79) committees meeting by 30 June 2015	16 Section 79 Committee meetings		National and provincial engagements for Councillors	Convene quarterly meetings for both council and its committees
Number of ordinary council meetings conducted	Have 4 meetings	2 meetings	4 Council meetings conducted by June 2015	2 Normal Council meetings		National and provincial engagements for Councillors	Convene quarterly meetings for both council and its committees





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Rand value of Training Expenditure for 2014/15			Grant Spend on Training Expenditure for 2014/15 by June 2015	Not Achieved		New KPI	To keep records in the next financial year
Training Levy for 2014/15			Rand value spend on Training Levy for 2014/15 by June 2015	Not Achieved		New KPI	To keep records in the next financial year
SETA Expenditure for 2014/15			spend on SETA Expenditure for 2014/15 by June 2015			New KPI	To keep records in the next financial year
SETA Income/Rec for 2014/15			collected for SETA Income/Rec for 2014/15 by June 2015			New KPI	To keep records in the next financial year




Good Governance and Public Participation				Rating	Reason for Deviation	Measures Taken To Improve Performance
Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15			
		Target	Actual Performance	Target	Actual Performance	
2015 – 2016 IDP Process Plan approved	August 2014	Achieved	2015 – 2016 IDP Process Plan Adopted by August 2015	Approved		None
Tabling of the draft 2015/16 IDP	April 2015	Achieved	Tabling the draft 2015/16 IDP by Council by March 2015	Tabled		
Public comments invited by Council after tabling of the draft 2015/16 IDP	April 2014	Achieved	Inviting public comments after the tabling of the draft 2015/16 IDP for inputs from the community by May 2015	Public Comments Invited		
Final 2015/16 IDP approved by council	May 2014	Achieved	Approving final 2015/16 IDP by Council by May 2015	Approved		

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number IDP Rep Forum meetings conducted	3 meetings	Achieved	4 Rep Forum meetings conducted by 30 June 2015	4 meetings conducted			
Number of community consultations meetings conducted	4 meetings	Achieved	4 community consultations meetings conducted by 30 June 2015	4 meetings conducted			
Draft 2015/16 SDBIP tabled by Council	May 2014	Achieved	Tabling draft 2015/16 SDBIP by Council by May 2015	Tabled			
Final 2015/16 SDBIP approved by Mayor	June 2014	Achieved	2015/16 SDBIP approved by Mayor (28 days after approval of budget) by June 2015	Approved. 26 June 2015			





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
2015/16 Performance Agreements with section 56 employees signed	June 2014	Achieved	Signing 2015/16 performance agreements with section 56 employees by June 2015	Signed.			
2013/14 Annual Performance Report approved by Municipal Manager	August 2014	Achieved	2013/14 Annual Performance Report approved by Municipal Manager by August 2014				
2014/15 Mid-Year Assessment Report approved by the Mayor	January 2014	Achieved	2014/15 Mid-Year Assessment Report approved by the Mayor by 20 January 2015	Approved: 20 January 2015			
2013/14 Annual Report tabled before Council	January 2014	Achieved	Tabling the 2013/14 Annual Report before Council by 29 January 2015	Tabled.			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Approved PMS Framework			Approved PMS Framework by 31 March 2015	Approved: May 2015			
quarterly reviews with section 56 employees			4 quarterly reviews conducted with section 56 employees by June 2015	2 Quarterly reviews			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Fraud and Anti-Corruption Policy approved		No Policy	Fraud and Anti-Corruption Policy approved by March 2015	Approve			
Fraud and Anti-Corruption workshops conducted with Councillors and Officials			Conducting 2 Fraud and Anti-Corruption workshops with Councillors and Officials by March 2015	Not achieved			
Public Participation Strategy adopted		Draft Public Participation Strategy	Public Participation Strategy adopted by March 2015	Only tabled but not adopted			
Number of Ward Committee meetings facilitated per ward		No record keeping	8 ward committee meetings conducted by 30 June 2015	11 per ward Achieved			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of ward community meeting held		No record Keeping	8 ward community meetings conducted per ward by 30 June 2015	23 meetings held		None	None
Youth Development Strategy adopted	New Project	No strategy	Approving Youth development Strategy by March 2015	Not Achieved		Consultation on the Draft Strategy with youth structures could not be realised	Differed to Next FY
Established Municipal Youth Council	New Project	No Youth council	Established Municipal Youth Council by 30 June 2015	Not Achieved		There was no proper coordination in identifying youth Structures	Differed to the 2015-2016 FY to Special Programmes

DIRECTORATE COMMUNITY SERVICES	BASIC SERVICE DELIVER						Measures Taken To Improve Performance
	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	
	Target	Actual Performance	Target	Actual Performance			
Key Performance Indicator							
Developed Cemetery management system		Not all Records of graves allocated are available	Developed Cemetery management system by 30 June 2015	Records of all new graves allocated		None	None
Fencing of cemeteries registered on MiG MIS		New Project	Registration of Fencing of cemeteries on MiG MIS by 30 June 2015	Fencing of cemeteries project registered on MiG MIS		None	None
Geo-technical report for future cemeteries		No coordinates and geo-tech report for graves	Geo-technical report developed by 30 June 2015	Geo-tech report developed		None	None
Site hand over Report on the upgraded Sports Grounds		Two Sports ground upgraded as per phase 1	Site hand over Report on the upgraded Sports Grounds by February 2015	Not achieved		Ipelegeng transformer installed and will be handed over on 03/09/15 and Amalia is awaiting Eskom	To facilitate meeting the between the municipality and Eskom.



Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Signed SLA's for DoT		Outdated SLA's	Signed SLA's for DoT, by March 2015	The SLA signed		None	None
Reviewed Disaster Management Plan		2008 Disaster Management Plan in place	Disaster Management Plan reviewed by 30 December 2014	Not achieved		The district removed the project during budget adjustment	The intervention of the Political office through council engagement between Dr R.S Mompoti District and Mamusa Local Municipality.
R value income collected from traffic fines		Traffic fines collected R63 685.00	Collecting R120 000 on traffic fines by June 2015	R16 650 (up to quarter 3)		Some written fines being cancelled and wrong address given by offenders.	An office at the Magistrate office to be opened where the municipal official will be deployed.
R value income collected from warrants of arrest		Income collected from warrants of arrests R7400.00	Collecting R40 000.00 on warrant of arrests by June 2014	R 10 150 (Up to quarter 3)		Untraceable offenders as result of wrong addresses and some missing documents between Traffic office and Magistrate office.	Appointment of the Administrator by municipality to handle all warrants of arrest.





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
	R value income collected from driver's licenses		R770 000 collected from drivers licenses	Collecting R600 000 income from driver's licenses (excluding prodiba fees) by June 2015			
Registration and licensing of vehicles			R1.1 million income from driver's licenses (excluding prodiba fees) by June 2015	R 3 331 151.98		None	None
R value income collected from vehicle testing station			Collecting R550 000 from vehicle testing station by June 2015	R 605 925.00		None	None
Number of traffic and road safety campaigns conducted at schools and crèches			Conducting 4 traffic and road safety campaigns at schools and crèches by June 2015	7 Campaigns		None	None





Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of (K78) multi road blocks			Conducting 4 (K78) multi road blocks with all law enforcement agencies in the Municipality by June 2015	5 Road blocks		None	None
Number of refuse bins collected per household monthly		Removal of 4 refuse bins per household monthly	48 refuse bins be removed per household per annum by 30 June 2015	48 refuse bins removed per household		N/A	None
Developed Credible budget for refuse collection		None	To develop credible budget for refuse removal for 2015/16 FY by June 2015	The budget developed		N/A	None
Developed Business plan for the Cost of rehabilitating waste disposal sites		None	Business plan for the cost of rehabilitating waste disposal sites developed by 30 June 2015	The business plan developed		N/A	None




Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of reports on the cleaning status of dumping sites		21 dumping sites identified	28 reports on dumping sites cleaned continuously by 30 June 2015	12 reports on 28 dumping sites		none	None
Number of households with access to basic level of refuse removal		14 695 Households with access to basic level of Refuse removal	14 695 (Households with access to basic level of refuse removal by June 2015	14 635		None	None
Number of reports on the library functions		12 Reports	12 reports on the library functions by 30 June 2015	12 reports		None	None
Number of library awareness /interest events conducted		54 Library awareness conducted	10 major Library interest events/ library awareness in the municipality by 30 June 2015	15		None	None

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Establishment of Sports Council		No Sports Council	Establishment of Sports council by December 2015	The Sports Council established		None	None
Number of sport council meetings held		None	2 Sports Council Meeting held by June 2015	3 Meetings held		None	None
Number of departmental meetings held		1 meeting held	12 departmental meetings held by 30 June 2015	14 Meetings held		None	None

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of updated risk registers within the Department		Absence of risk management in the department	4 updated risk registers within the Department by 30 June 2015	4 Updated risk registers		None	None
Number of reports on the implementation of the Audit Action Plan submitted to Council		None	3 Reports submitted to council by June 2015	3		None	None

LED UNIT	LOCAL ECONOMIC DEVELOPMENT						Measures Taken To Improve Performance
	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	
	Target	Actual Performance	Target	Actual Performance			
Reviewed LED Strategy		Strategy in place and adopted	Reviewed LED Strategy adopted by 30 June 2015	Not achieved		<ul style="list-style-type: none"> - Follow-ups done with the Department of Trade and industry. - Continued to implement certain parts of the Strategy which still remain relevant. 	
LED policy adopted		No policy and support strategy in place	LED policy adopted by 30 June 2015	Not achieved		<ul style="list-style-type: none"> - Dependency on DTI to assist in the review of the strategy. 	
Number of supported existing and new developmental programmes initiated by the Municipality		8 new developmental programmes and 7 programmes supported	4 new developmental programmes initiated and supported by 30 June 2015	Achieved 8 developmental programmes initiated.		N/A	
Number of SMME's workshops conducted to capacitate SMME's		One SMME's workshop conducted	4 SMME workshops to capacitate SMME's conducted by 30 June 2015	Achieved 6 workshops conducted			

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Number of LED and Tourism Forum held		LED and Tourism Forum in place	8 meetings of the LED and Tourism Forum by 30 June 2015	Achieved 13 tourism related meetings held and attended.		N/A	N/A
Number of LED consultation meetings with all stakeholders		New project	4 LED consultation meetings with stakeholders held by 30 June 2015	Achieved 8 consultations held		N/A	N/A
Developed LED Projects Monitoring tool		LED Monitoring Tool in Place and not adopted	Developed LED Projects Monitoring tool by 30 September 2015	Draft LED monitoring tool developed but not yet adopted.			
Developed Business licensing and regulation system		No Business Licensing and regulation System	Developed Business licensing and regulation system by 30 June 2015	Tariffs for business licensing adopted and implemented.		None	None

Key Performance Indicator	Previous Financial Year 2013/14		Financial Year Under Review 2014/15		Rating	Reason for Deviation	Measures Taken To Improve Performance
	Target	Actual Performance	Target	Actual Performance			
Report on the status of Social and Labour Plans in the municipal area		No report on the status quo on SLP's	status quo report of SLP's submitted to Council by 30 June 2015	Not achieved. No status quo report developed.		Dependency on the Department of Minerals and Energy on furnishing the Office with the existing SLPs.	<ul style="list-style-type: none"> - Letter written to the department soliciting information. - Follow-ups made through emails done to the departments.
% monitoring of implementation of Social Labour Plans		No monitoring	100% monitoring of all SLP's by 30 June 2015	Not achieved. No existing SLP's presented to the municipality upon ratification.		Dependency on the Department of Minerals and Energy on furnishing the Office with the existing SLPs.	<ul style="list-style-type: none"> - Letter written to the department soliciting information. - Follow-ups made through emails done to the departments.
Number of jobs created through EPWP		205 jobs created	To increase the number by 69 by 30 June 2015	Not Achieved 209		The allocation for the 2014/15 was reduced to cover only 209 beneficiaries.	<ul style="list-style-type: none"> - Deferred to 2015/16 F.Y.