

Sol Plaatje Municipality

# Annual Report

2016/2017



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*Pick n Pay in Seochaoreng Street, Galeshewe – Replaced vandalised mini*

*Tsiamo Shool Galeshewe – replaced mini that were damaged by vehicle*



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*Emergency fire fighting services attending a typical house fire*

*Veld fire on the Boshoff Road*



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*GURP projects*

*GURP projects*





# CHAPTER 1

## MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD


#### 1.1 MAYOR'S FOREWORD

We have had an eventful year as a country which affected government performance and public perception at the same time. The triple challenges of inequality, poverty and joblessness of our people especially youth is now becoming a crisis. The problem is exacerbated by the dwindling economy, higher interest rates and continuing job losses across various sectors of our economy.

As the new council that had just been inaugurated after local government elections that took place on 3 August 2016, we pride ourselves for having worked hard and supported the efforts of the administration in ensuring that we continuously strive to serve our people and provide much needed access to services. One of the lessons we have learnt is to be efficient in communicating and feeding back to the community. We have been on the ground since the inauguration and have ensured that every ward is visited and understand the level of service provided, key challenges of the people and areas of improvement, which has been welcomed by the community.

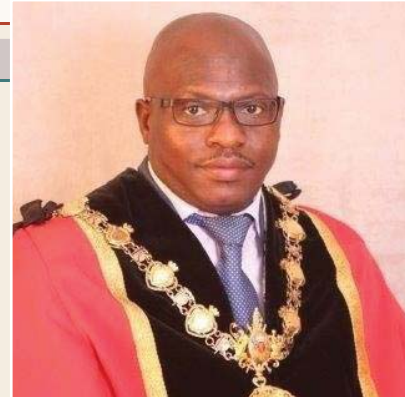
As much as clean audits are being strived for, we must remain focused on our key mandate as local government, which is providing access to basic services as enshrined in the constitution. The Municipality has managed to retain an unqualified audit opinion with significant improvements on the impact and extent of matters of emphasis. Clean governance and administration are the foundation to the success that is reported herein.

We indeed pride ourselves on the achievements that we have seen and looking forward to more work in the future.



**Mangaliso Matika**

Executive Mayor





## COMPONENT B: EXECUTIVE SUMMARY

### 1.2 MUNICIPAL MANAGER'S OVERVIEW

The 2016/2017 financial year was the fifth and the last year of the IDP Cycle 2012 to 2017. This has been the most difficult and complex period characterised by political, economic and social issues that affected the people of the country in one way or the other.

The municipality is classified as high capacity and reports directly to National Treasury in as far as financial management and budget performance. For the 2016/2017 financial year, National Treasury visited the municipality to assess mid-term IDP and Budget Performance and their report was presented to Council. The inputs received from National Treasury are indicating significant improvements in terms of quality and timeliness of reporting, and also confirm commendable practices in liquidity and sustainability.

The strategic objectives of the organisation for the period were simply put and summarised as focusing on *Infrastructure led Growth and Development for sustainability and continuity*. I believe we have achieved this to the best of our ability as an organisation, and the performance report for the period shows significant strides made in the improved performance management and reporting audit outcomes. It is important in the same breath to indicate upfront that the economic performance of the country has been worrisome for some time now.

Though inflation remained within the bracket, economic growth however been low to moderate compared to the projections as made by National Treasury. This situation has direct effect on the successful collection of revenue and recovery of debt from consumers.

For the first time in years the cash generated from the operations of the municipality as per the audited cash flow statement for 30 June 2017 was negative, meaning that the receipts fell below the payments, with the average collection rate of 82% calculated from total cash receipts against annual billed revenue.

In completing our strategic objective of infrastructure led growth, we have implemented three major projects which will reach completion in the new cycle of IDP, the construction of a new pump station, the installation of new pumps and commissioning of the pump station, the construction of water reservoirs in Ritchie as part of Ritchie Bulk Water Augmentation, and the upgrade of the storm water system in Galeshewe in partnership with National Treasury through the NDPG.

As a brief overview on service delivery performance, we have achieved the objectives set out in the organisational scorecard, with distribution losses still being, for both water and electricity, a concern. We have since commissioned an electricity cost of supply study to give a clear analysis of the infrastructure, the network and commercial side of the service. Once the study is completed, critical projects would be identified and shall be prioritised for implementation, with the anticipated outcomes of significantly contributing to the reduction of losses.

The Sol Plaatje Municipality comprises of areas such as Ritchie, Riverton and Platfontein, and access roads have been a problem. It is for this reason that the NDPG has been used to construct access roads to the extent of 20km for all areas. This is

very critical for emergency services and other critical services of government, especially those provided through mobile service infrastructure.

Water losses have reduced marginally over the years and as at 30 June 2017, 50% losses had been reported. This average percentage loss remains higher than the norm, and hence we are still continuing with the implementation of the recommendations as made in the Feasibility Study for Non-Revenue Water and Water Losses Minimisation.

Over the past four years, the municipality managed to increase own contribution to capital replacement reserve fund which has wisely been invested on key infrastructure required for service delivery (bulk) and investment attraction (roads). Whilst the conditional grant allocations were reducing as a result of the review in equitable share allocation, much was achieved in the last three years.

As we strive for compliance, the landfill site management and upgrade also became a concern. It is for this reason that the upgrade became inevitable. The project is funded from MIG and has since been completed and launched. The upgrade involves the upgrade of the landfill site itself, the construction of roads at the landfill site as well as infrastructure for proper management of the landfill site. The project is not meant to extend the remaining useful life, but good management and dumping practices will automatically lead to the extension of useful life.

Funding for water and sanitation reticulation was held back by COGHSTA, however, projects that were earmarked for implementation during the 2016/2017 financial year had been implemented. The electrification programme was also well executed.

The municipality remained strong for the entire financial year though it experienced difficulties on the collection rate. The liquidity ratio remained strong at 6.32 times, due to the increase in current assets and decrease in current liabilities against a norm of two times. On the other hand, the cost coverage ratio reduced as a result of increasing average monthly expenditure against a decline cash and cash equivalent balances, from 2,77 times in 2015 to 1,53 times in 2017. The cost coverage ratio is quite an important measure of liquidity. Inadequate cash reserves pose a risk not only to the settlement of creditors invoices as they become due, but the ability of the municipality to pay its critical creditors, service delivery and staff salaries becomes a concern.

This subsequently affects the availability of uncommitted reserves for contribution to Capital Replacement Reserves for funding of capital budget. The growing trend of outstanding debtors is very concerning. Outstanding debtors were 32,67% of billed revenue in 2017, against a collection rate of 80% set as a key performance objective of the municipality. To improve the situation and complement the work done by credit control, and a debt collection company has been appointed to turn the situation around.

Service delivery is dependent on the availability of materials and productivity of human resources and capital assets. Procurement as such becomes central, as well as compliance with Supply Chain Management Policy of the municipality. This has been achieved thus far.

There was no litigation against the municipality as a result of non-compliance with SCM, nor serious challenges and objections on awards made. The municipality has established a process for the management and resolution of the objections and this is very efficient thus far.

Irregular expenditure is one area that does not go away with ease; we fought the battle, and finally there is light at the end of the tunnel. As much as the expenditure declared in the 2014/2015 financial statements was one of the highest since the reporting requirement to disclose this, non-compliance is mainly the cause of irregular expenditure.

We are continuously improving SCM Processes and the Council takes their role of ensuring compliance within the organisation, seriously. MPAC plays a critical role in investigating the causes and proposed remedial actions necessary to avoid these instances from recurring. The municipality is targeting a clean audit, and this is possible.

Human Resources is central to service delivery, and professionalization of local government has been discussed. It is for this

reason that the need for highly professional staff in key positions has been driving the recruitment drive across the board, with competitive salaries being offered to attract and retain such in the organisation for a long time. Skills development and implementation of Affirmation Action where necessary is high on the agenda of the Local Labour Forum. However, there is still reluctance in staff in accepting opportunities without compensation, as knowledge gained puts one in an advantageous position.

Our local SMMEs are our pride in ensuring that there is economic activity in every corner of our streets. This however, needs to be streamlined in a manner where fruitful engagement and facilitation of conversation with sector specific departments takes place to ensure growth and development for prosperity. A draft investment incentive policy has been on the cards for quite some time, seeing that there is opportunity for foreign direct investment; the policy is very critical.

In closing, the municipality has implemented the mSCOA Regulations successfully with effect from 1 July 2016 as a pilot municipality. The regulations are effective from 1 July 2017 for all municipalities in the country.

### 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Sol Plaatje Municipality is located in the capital city of the Northern Cape Province, Kimberley. It is where the Northern Cape Legislature is located as well as the Frances Baard District Municipality. Sol Plaatje has approximately 25% of the population of the Northern Cape, thus making it the biggest municipality in the province, and the only high capacity municipality.

The municipality provides basic services directly, and it is only in Ritchie where Eskom is contracted to distribute electricity to approximately 5 000 customers of the municipality, including businesses and farms in this area.

In the current IDP 2012 to 2017, major investments had been made to upgrade bulk infrastructure for water, sanitation and electricity. Electricity Bulk Project has been completed, and water sanitation are still underway into the next financial year.

The municipality also provides engineering services of electricity, water and sanitation and roads and storm water. Civil engineering services are also provided internally especially with regard to construction of roads and other built environment projects, storm water and housing.

Refuse removal is also executed using internal staff and resources, where needs be, co-sourcing of fleet is opted for to ensure that the service is provided regularly in accordance with our schedules. In terms of the Census 2011 outcomes, the municipality has highest access levels for water, sanitation and electricity with refuse removal lagging behind. The municipality is planning to focus on this matter in the next IDP Cycle to resume soon.

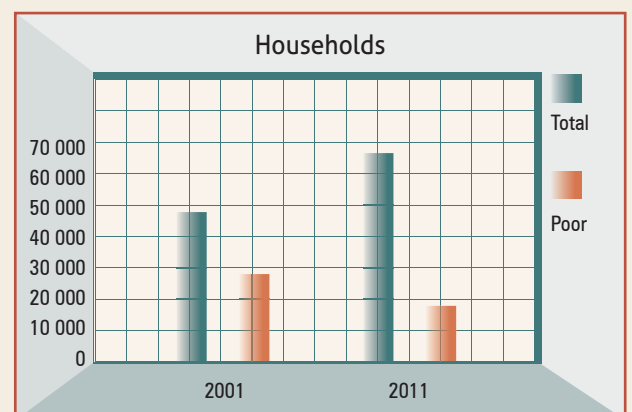
#### 1.3.1 Introduction

The Northern Cape as a province is the largest in the country in terms of the extent, with low human densities per square metre compared with other provinces. The economy of the province was supported by the mining sector which had been deteriorating since the late 1990s and beginning of 2000 thus leaving many people unemployed. The table below indicates the population statistics of the municipality as extracted from the Census 2011 report.

#### 1.3.2 Population Details

Population Details						
Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 0 – 19	39 792	40 000	79 792	47 383	45 908	93 291
Age: 20 -59	50 102	55 456	105 558	64 516	69 568	134 084
Age: 60+	6 424	9 692	16 116	6 424	12 350	18 774

#### 1.3.3 Bar Chart depicting Socio-Economic Status from 2001 to 2011





### 1.3.4 Socio Economic Status

#### NUMBER OF HOUSEHOLDS BY POPULATION GROUP

If the number of households is growing at a faster rate than that of the population it means that the average household size is decreasing, and vice versa. In 2015, the Sol Plaatje Local Municipality comprised of 64 100 households. This equates to an average annual growth rate of 1.67% in the number of households from 2005 to 2015. With an average annual growth rate of 2.22% in the total population, the average household size in the Sol Plaatje Local Municipality is by implication increasing. This is confirmed by the data where the average household size in 2005 increased from approximately 3.8 individuals per household to 4.1 persons per household in 2015.



TABLE 1 - NUMBER OF HOUSEHOLDS

Sol Plaatje, Frances Baard, Northern Cape and national total, 2005-2015 [Number Percentage]

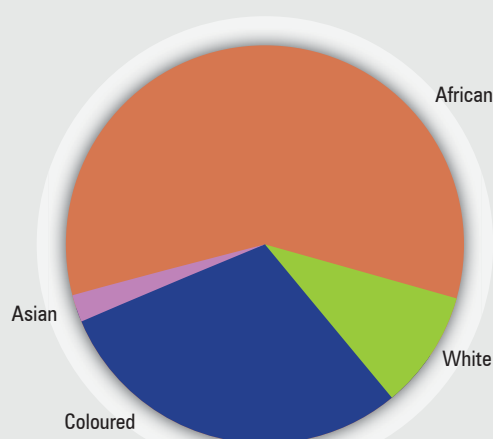
Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	54 300	89 200	279 000	12 800 000	60.9%	19.5%	0.42%
2006	54 800	89 500	281 000	13 000 000	61.2%	19.5%	0.42%
2007	55 300	89 600	284 000	13 100 000	61.7%	19.5%	0.42%
2008	56 000	89 800	288 000	13 400 000	62.3%	19.4%	0.42%
2009	55 700	88 500	288 000	13 700 000	63.0%	19.3%	0.41%
2010	56 300	88 800	292 000	13 900 000	63.4%	19.3%	0.40%
2011	57 700	90 600	299 000	14 200 000	63.6%	19.3%	0.41%
2012	59 600	93 200	307 000	14 500 000	63.9%	19.4%	0.41%
2013	61 500	95 800	315 000	14 700 000	64.2%	19.5%	0.42%
2014	62 900	97 600	320 000	15 000 000	64.5%	19.7%	0.42%
2015	64 100	99 100	324 000	15 400 000	64.7%	19.8%	0.42%
<b>Average Annual growth</b>							
2005-2015	1.67%	1.06%	1.52%	1.86%			

Relative to the district municipality, the Sol Plaatje Local Municipality had a higher average annual growth rate of 1.67% from 2005 to 2015. In contrast, the province had an average annual growth rate of 1.52% from 2005. South Africa as a whole had a total of 15.4 million households, with a growth rate of 1.86%, thus growing at a higher rate than the Sol Plaatje.

The composition of the households by population group consists of 59.2% which is ascribed to the African population group with the largest number of households by population group. The Coloured population group had a total composition of 27.7% (ranking second). The White population group had a total composition of 11.3% of the total households. The smallest population group by households is the Asian population group with only 1.8% in 2015.



NUMBER OF HOUSEHOLDS BY POPULATION GROUP  
Sol Plaatje, 2015



The growth in the number of African headed households was on average 2.79% per annum between 2005 and 2015, which translates in the number of households increasing by 9,110 in the period. Although the Asian population group is not the biggest in size, it was however the fastest growing population group between 2005 and 2015 at 2.87%. The average annual growth rate in the number of households for all the other population groups has increased with 1.65%.

## HIV+ AND AIDS ESTIMATES

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; mother-to-child transmission; child treatment; adult treatment; and the percentage by which

the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately ten years before reaching the final stage of the disease (called AIDS). When patients reach this stage, recovery is highly unlikely.

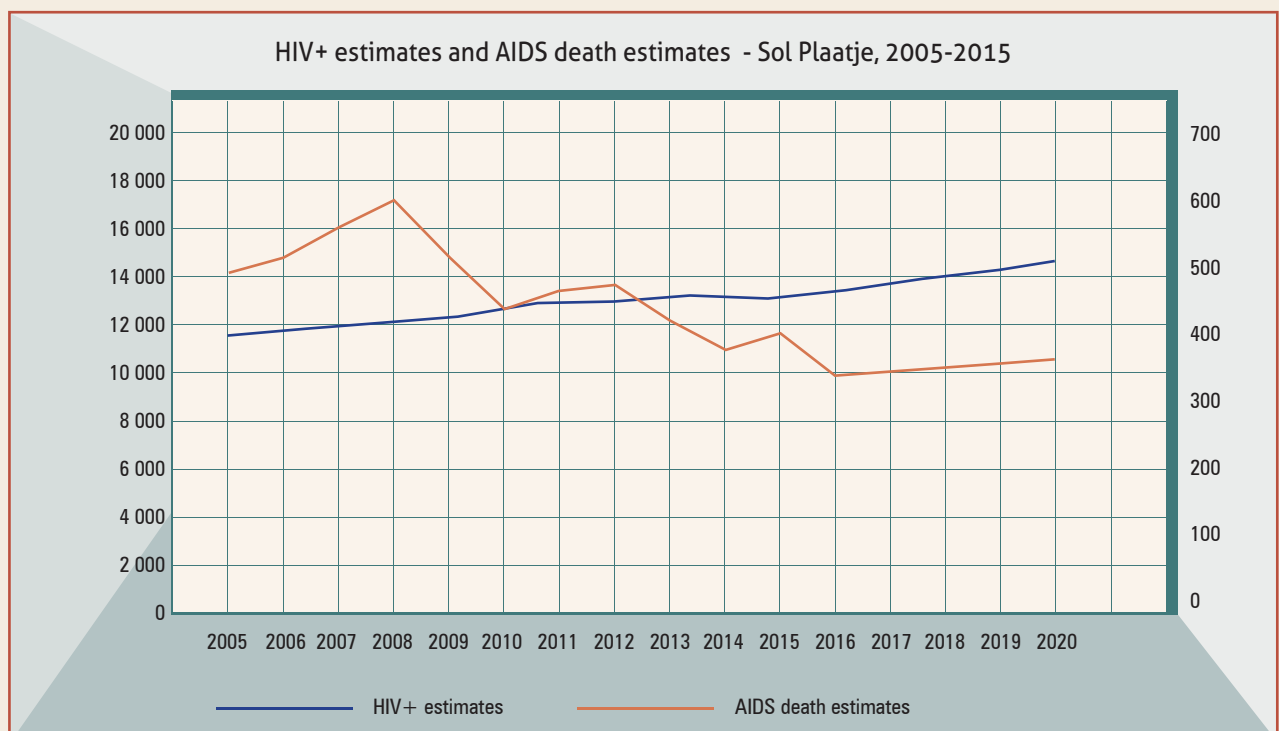
**TABLE 2 - Number Of HIV+ people**  
Sol Plaatje, Frances Baard, Northern Cape and national total, 2005-2015 [Number and Percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	11 100	18 100	43 300	5 260 000	61.6%	25.7%	0.21%
2006	11 400	18 400	44 200	5 320 000	62.1%	25.8%	0.21%
2007	11 800	18 800	45 200	5 370 000	62.7%	26.1%	0.22%
2008	12 100	19 200	46 500	5 410 000	63.4%	26.1%	0.22%
2009	12 900	20 200	48 200	5 490 000	64.0%	26.8%	0.23%
2010	13 000	20 200	50 200	5 600 000	64.5%	26.0%	0.23%
2011	13 600	21 000	51 900	5 690 000	64.8%	26.2%	0.24%
2012	13 300	20 400	53 500	5 770 000	65.2%	24.8%	0.23%
2013	14 000	21 400	55 300	5 880 000	65.5%	25.3%	0.24%
2014	14 600	22 200	57 300	6 010 000	65.8%	25.5%	0.24%
2015	15 200	23 000	59 200	6 140 000	66.0%	25.6%	0.25%
<b>Average Annual growth</b>							
2005-2015	3.12%	2.42%	3.18%	1.56%			

In 2015, 15 200 people in the Sol Plaatje Municipality were infected with HIV. This reflects an increase at an average annual rate of 3.12% since 2005, and in 2015 represented 5.82% of the local municipality's total population. Frances Baard District Municipality had an average annual growth rate of 2.42% from 2005 to 2015 in the number of people infected with HIV, which

is lower than that of the Sol Plaatje Municipality. The number of infections in Northern Cape Province increased from 43 300 in 2005 to 59 200 in 2015. When looking at South Africa as a whole it can be seen that the number of people that are infected increased from 2005 to 2015 with an average annual growth rate of 1.56%.

**AIDS PROFILE AND FORECAST**  
Sol Plaatje Local Municipality, 2005-2020 [Numbers]





Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 529 in 2005 and 370 for 2015. This number denotes a decrease from 2005 to 2015 with a high average annual rate of -3.51% (or -159 people). For the year 2015, they represented 0.14% of the total population of the entire local municipality.

## ECONOMY

The economic state of Sol Plaatje Municipality is put in perspective by comparing it on a spatial level with its neighbouring locals, Frances Baard District Municipality, Northern Cape Province and South Africa.

The Sol Plaatje Municipality does not function in isolation from Frances Baard, Northern Cape Province, South Africa and the world; and now, more than ever, it is crucial to have reliable

information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

## GROSS DOMESTIC PRODUCT BY REGION (GDP-R)

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

GDP-R can be measured using either current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

TABLE2 - Gross Domestic Product (GDP)

Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [R billions, Current prices]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	9.4	12.6	33.7	1 639.3	75.2%	28.0%	0.58%
2006	11.5	15.1	40.3	1 839.4	76.0%	28.5%	0.62%
2007	13.3	17.8	47.8	2 109.5	75.1%	27.9%	0.63%
2008	15.0	20.2	54.7	2 369.1	74.1%	27.4%	0.63%
2009	14.6	19.6	54.4	2 507.7	74.3%	26.8%	0.58%
2010	16.2	21.5	60.1	2 748.0	75.4%	26.9%	0.59%
2011	17.9	23.3	64.0	3 023.7	77.0%	28.0%	0.59%
2012	18.9	24.2	68.2	3 254.0	78.1%	27.7%	0.58%
2013	20.1	25.6	73.0	3 549.2	78.5%	27.5%	0.57%
2014	22.7	28.7	80.1	3 812.6	79.2%	28.3%	0.60%
2015	23.2	29.4	82.8	4 013.6	78.8%	28.0%	0.58%

With a GDP of R23.2 billion in 2015 (up from R9.45 billion in 2005), Sol Plaatje Municipality contributed 78.85% to the Frances Baard District Municipality GDP of R29.4 billion in 2015 increasing in the share of the Frances Baard from 75.16% in 2005. Sol Plaatje Municipality contributes 27.99% to the GDP of

Northern Cape Province and 0.58% the GDP of South Africa which had a total GDP of R4.01 trillion in 2015 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2005 when it contributed 0.58% to South Africa, but it is lower than the peak of 0.63% in 2008.

TABLE 3 - Gross Domestic Product (GDP)

Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [Annual percentage change, Constant 2010 prices]

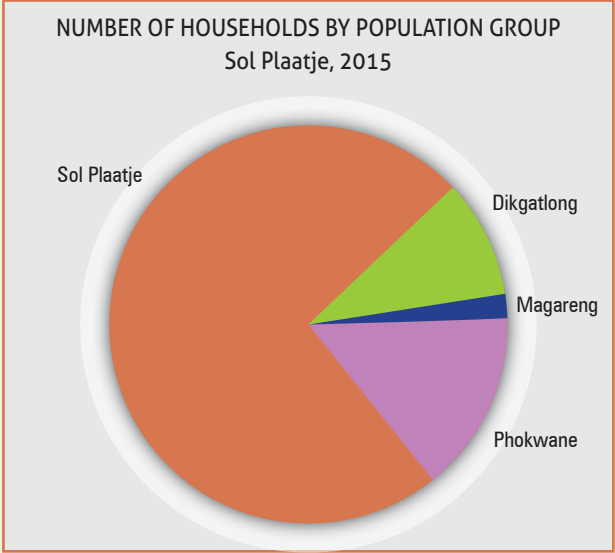
Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	4.6%	5.4%	3.2%	5.1%
2006	7.5%	6.6%	3.8%	5.3%
2007	3.3%	3.7%	3.3%	5.4%
2008	2.2%	2.7%	1.7%	3.2%
2009	-5.4%	-6.0%	-2.3%	-1.5%
2010	1.6%	0.5%	2.2%	3.0%
2011	4.0%	2.3%	2.0%	3.3%
2012	0.2%	-1.2%	3.2%	2.2%
2013	1.6%	0.6%	2.2%	2.3%
2014	1.5%	0.7%	2.8%	1.6%
2015	-0.9%	-0.6%	-1.8%	1.2%
<b>Average Annual growth</b>				
2005-2015+	1.51%	0.89%	1.70%	2.58%

In 2015, Sol Plaatje Municipality attained an annual growth rate of -0.94% which is a significantly higher GDP growth than the Northern Cape Province's -1.82%, and is lower than that of South Africa, where the 2015 GDP growth rate was 1.17%. Similar to the short-term growth rate of 2015, the longer-term average growth rate for Sol Plaatje (1.51%) is also significantly lower than that of South Africa (2.58%). The economic growth in Sol Plaatje peaked in 2006 at 7.52%.

GROSS DOMESTIC PRODUCT (GDP)

Sol Plaatje Municipality and the rest of Frances Baard, 2015

[Percentage]



Sol Plaatje Municipality had a total GDP of R23.2 billion and in terms of total contribution towards Frances Baard District Municipality, Sol Plaatje Municipality ranked highest relative to all the regional economies to total Frances Baard District Municipality GDP. This ranking in terms of size compared to other regions of Sol Plaatje remained the same since 2005. In terms of its share, it was in 2015 (78.8%) significantly larger compared to what it was in 2005 (75.2%). For the period 2005 to 2015, the average annual growth rate of 1.5% of Sol Plaatje was the highest relative to its peers in terms of growth in constant 2010 prices.

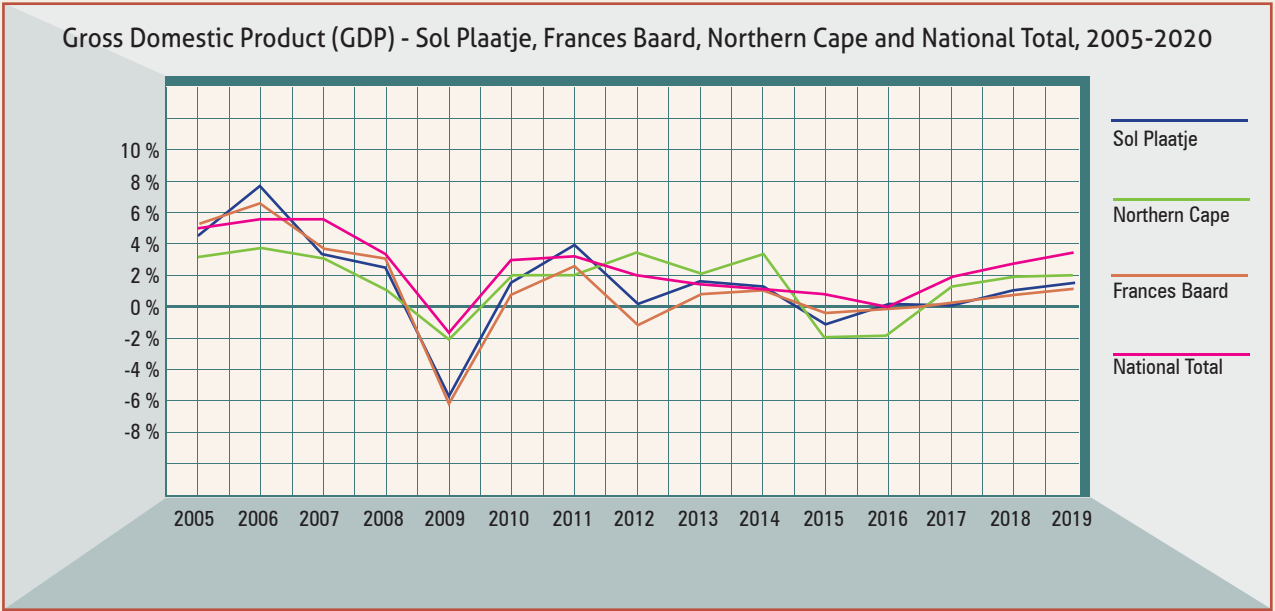
ECONOMIC GROWTH FORECAST

It is expected that Sol Plaatje Municipality will grow at an average annual rate of 0.47% from 2015 to 2020. The average annual growth rate in the GDP of Frances Baard District Municipality and Northern Cape Province is expected to be 0.43% and 0.82% respectively. South Africa is forecast to grow at an average annual growth rate of 1.79%, which is higher than that of Sol Plaatje Municipality.



TABLE 4 - Gross Domestic Product (GDP)

Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2020 [Average annual growth rate, constant 2010 prices]



In 2020, Sol Plaatje's forecasted GDP will be an estimated R17.6 billion (constant 2010 prices) or 79.1% of the total GDP of Frances Baard District Municipality. The ranking in terms of size of the Sol Plaatje Municipality will remain the same between 2015 and 2020, with a contribution to the Frances Baard District Municipality GDP of 79.1% in 2020 compared to the 78.9% in 2015. At a 0.47% average annual GDP growth rate between 2015 and 2020, Sol Plaatje ranked the second compared to the other regional economies.

GROSS VALUE ADDED BY REGION (GVA-R)

The Sol Plaatje Local Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its value added produced in the local economy.

The summary table below puts the Gross Value Added (GVA) of all the regions in perspective to that of the Sol Plaatje Local Municipality.



TABLE 5 - Gross Value Added (GVA) by broad economic sector  
Sol Plaatje Local Municipality, 2015 [R billions, current prices]

Sector	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
Agriculture	0.3	0.7	5.8	85.1	37.5%	4.3%	0.30%
Mining	2.8	3.6	17.3	286.0	77.8%	16.3%	0.99%
Manufacturing	0.7	1.2	2.5	474.5	57.1%	26.1%	0.14%
Electricity	0.7	1.2	3.2	131.6	58.0%	22.0%	0.53%
Construction	0.6	0.7	1.9	145.3	80.1%	29.1%	0.39%
Trade	3.1	3.8	9.5	539.0	80.5%	32.6%	0.57%
Transport	3.8	4.3	9.3	368.0	87.4%	40.7%	1.02%
Finance	3.0	3.5	7.5	739.1	84.9%	39.5%	0.40%
Community services	6.1	7.3	17.0	821.2	84.0%	35.8%	0.74%
<b>Total Industries</b>	<b>20.9</b>	<b>26.3</b>	<b>74.0</b>	<b>3,589.8</b>	<b>79.6%</b>	<b>28.3%</b>	<b>0.58%</b>

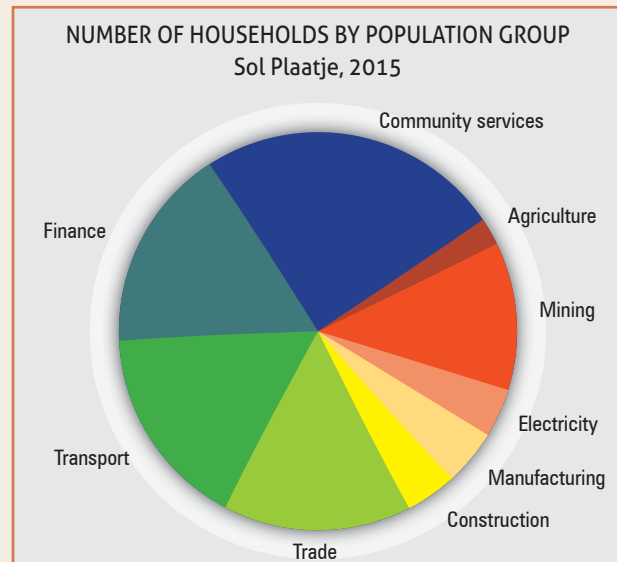
In 2015, the community services sector was the largest within Sol Plaatje Municipality accounting for R6.11 billion or 29.2% of the total GVA in the municipality's economy. The sector that contributes the second most to the GVA of the Sol Plaatje Municipality is the transport sector at 18.0%, followed by the trade sector with 14.8%. The sector that contributes the least to the economy of Sol Plaatje Municipality is the agriculture sector with a contribution of R252 million or 1.20% of the total GVA.

The community sector, which includes the government services, is generally a large contributor towards GVA. When looking at all the regions within the Frances Baard District Municipality, it is clear that Sol Plaatje contributes the most community services towards its own GVA, with 84.02%, relative to the other regions within Frances Baard District Municipality. Sol Plaatje contributed R20.9 billion or 79.63% to the GVA of Frances Baard District Municipality. Sol Plaatje also contributes the most the overall GVA of Frances Baard District Municipality.

#### HISTORICAL ECONOMIC GROWTH

For the period 2015 and 2005, the GVA in the construction sector had the highest average annual growth rate in Sol Plaatje at 4.42%. The industry with the second highest average annual growth rate is the community services sector averaging at 2.85% per year.

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR  
Sol Plaatje Local Municipality, 2015 [percentage]



The mining sector had an average annual growth rate of -1.22%, while the agriculture sector had the lowest average annual growth of -1.60%. Overall a negative growth existed for all the industries in 2015 with an annual growth rate of -0.74% since 2014.

TABLE 6 - Gross Value Added (GVA) by broad economic sector  
Sol Plaatje Local Municipality, 2005, 2010 and 2015 [R billions, 2010 constant prices]

Sector	2005	2010	2015	Average Annual Growth
Agriculture	0.20	0.19	0.17	-1.60%
Mining	2.34	2.15	2.07	-1.22%
Manufacturing	0.40	0.48	0.52	2.69%
Electricity	0.37	0.38	0.38	0.03%
Construction	0.28	0.42	0.44	4.42%
Trade	2.01	2.19	2.35	1.56%
Transport	1.96	2.18	2.38	1.98%
Finance	2.56	2.83	3.14	2.07%
Community services	3.28	3.89	4.34	2.85%
<b>Total Industries</b>	<b>13.41</b>	<b>14.72</b>	<b>15.79</b>	<b>1.65%</b>

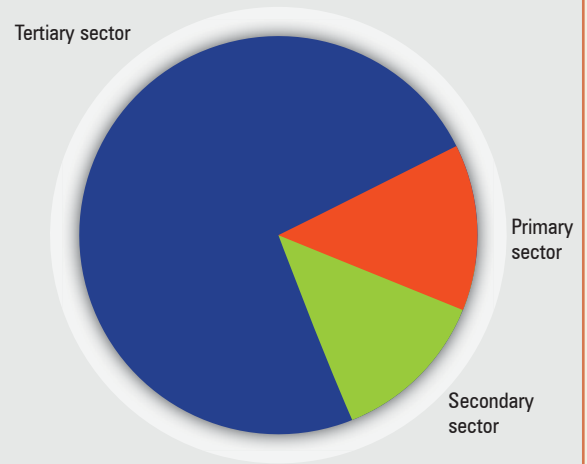
The tertiary sector contributes the most to the Gross Value Added within Sol Plaatje Municipality at 76.1%. This is slightly higher than the national economy (68.7%). The primary sector contributed a total of 14.7% (ranking second), while the secondary sector contributed the least at 9.2%.

The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

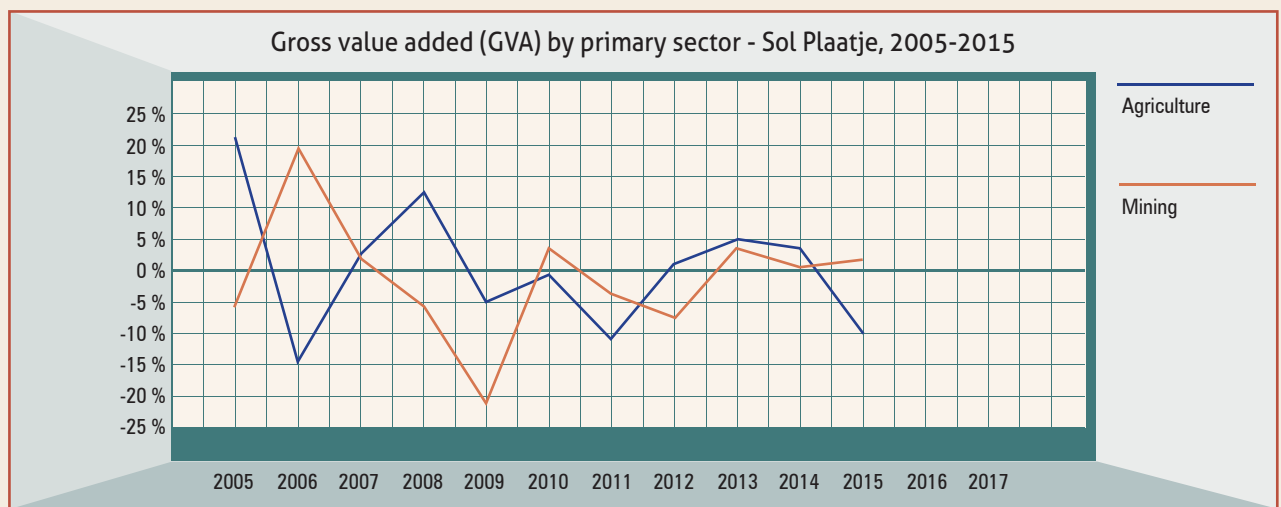
#### PRIMARY SECTOR

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. The following chart represents the average growth rate in the GVA for both of these sectors in Sol Plaatje Municipality from 2005 to 2015.

GROSS VALUE ADDED (GVA) BY AGGREGATE ECONOMIC SECTOR - Sol Plaatje Local Municipality, 2015 [percentage]



GROSS VALUE ADDED (GVA) BY PRIMARY SECTOR - Sol Plaatje, 2005-2015 [Annual percentage change]

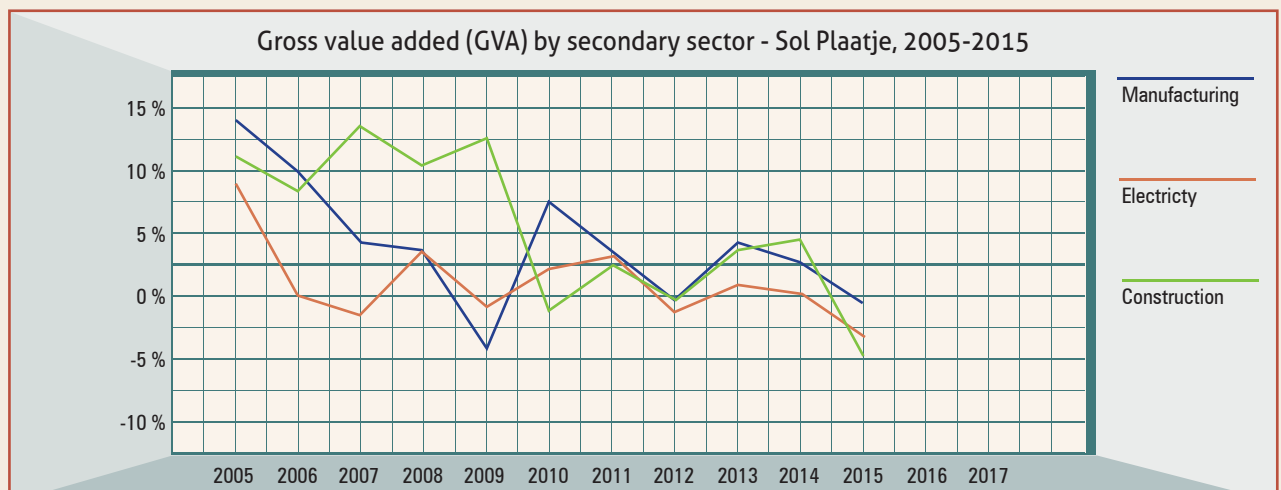


Between 2005 and 2015, the agriculture sector experienced the highest positive growth in 2005 with an average growth rate of 20.8%. The mining sector reached its highest point of growth of 19.2% in 2006. The agricultural sector experienced the lowest growth for the period during 2006 at -14.3%, while the mining sector reaching its lowest point of growth in 2009 at -21.4%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

#### SECONDARY SECTOR

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. The following chart represents the average growth rates in the GVA for these sectors in Sol Plaatje Municipality from 2005 to 2015.

GROSS VALUE ADDED (GVA) BY SECONDARY SECTOR - Sol Plaatje, 2005-2015 [Annual percentage change]



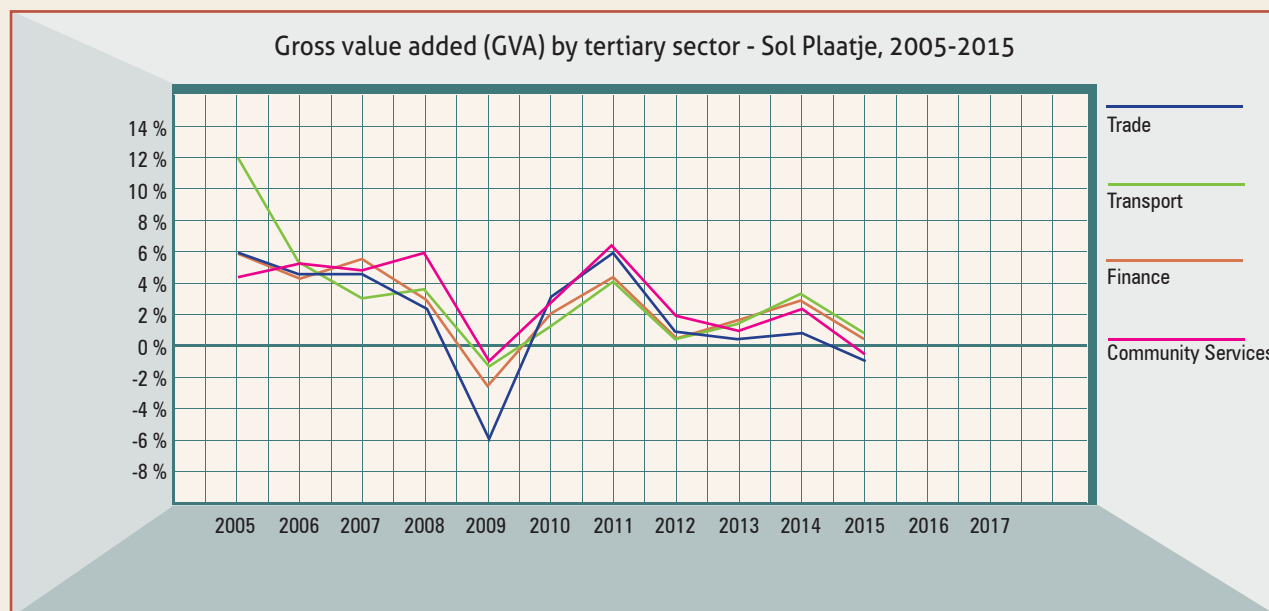


Between 2005 and 2015, the manufacturing sector experienced the highest positive growth in 2005 with a growth rate of 13.9%. The construction sector reached its highest growth in 2007 at 13.4%. The manufacturing sector experienced its lowest growth in 2015 of -4.1%, while the construction sector reached its lowest point of growth in 2015 with a -4.7% growth rate. The electricity sector experienced the highest growth in 2005 at 8.2%, while it recorded the lowest growth of -3.7% in 2015.

## TERTIARY SECTOR

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector. The following chart represents the average growth rates in the GVA for these sectors in Sol Plaatje Municipality from 2005 to 2015.

GROSS VALUE ADDED (GVA) BY TERTIARY SECTOR - Sol Plaatje, 2005-2015 [Annual percentage change]



The trade sector experienced the highest positive growth in 2011 with a growth rate of 6.1%. The transport sector reached its highest point of growth in 2005 at 6.0%. The finance sector experienced the highest growth rate in 2005 when it grew by 12.1% and recorded the lowest growth rate in 2009 at -1.1%. The Trade sector also had the lowest growth rate in 2009 at -5.9%.

The community services sector, which largely consists of government, experienced its highest positive growth in 2011 with 6.6% and the lowest growth rate in 2015 with -1.0%.

## LABOUR

The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e. people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work.

TABLE 7 - WORKING AGE POPULATION

Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005 and 2015 [Number]

Age Group	Sol Plaatje		Frances Baard		Northern Cape		National Total	
	2005	2015	2005	2015	2005	2015	2005	2015
15-19	22 700	22 300	35 700	33 900	108 000	105 000	5 340 000	4 550 000
20-24	22 000	23 600	34 100	35 000	101 000	107 000	5 150 000	5 110 000
25-29	19 400	24 800	30 000	35 700	88 200	108 000	4 380 000	5 660 000
30-34	15 600	23 000	23 600	33 300	72 100	99 300	3 460 000	5 150 000
35-39	13 600	19 600	20 700	28 600	63 700	85 000	2 910 000	4 030 000
40-44	12 800	15 200	19 700	21 900	59 500	68 200	2 600 000	2 990 000
45-49	11 400	12 600	17 600	18 500	53 600	59 800	2 260 000	2 490 000
50-54	9 570	11 700	14 800	17 300	44 700	55 100	1 830 000	2 240 000
55-59	7 310	10 400	11 800	15 400	35 800	49 500	1 470 000	1 940 000
60-64	5 650	8 580	9 110	12 800	28 300	40 400	1 150 000	1 570 000
<b>Total</b>	<b>139 950</b>	<b>171 807</b>	<b>217 072</b>	<b>252 632</b>	<b>655 246</b>	<b>776 801</b>	<b>30 554 969</b>	<b>35 730 681</b>

The working age population in Sol Plaatje in 2015 was 172 000, increasing at an average annual rate of 2.07% since 2005. For the same period the working age population for Frances Baard District Municipality increased at 1.53% annually, while that of Northern Cape Province increased at 1.72% annually. South Africa's working age population has increased annually by 1.58% from 30.6 million in 2005 to 35.7 million in 2015.

## ECONOMICALLY ACTIVE POPULATION (EAP)

The economically active population (EAP) is a good indicator of how many of the total working age population are in reality participating in the labour market of a region. If a person is economically active, he or she forms part of the labour force.

**TABLE 8 - ECONOMICALLY ACTIVE POPULATION (EAP)**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [number, PERCENTAGE]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	82 800	124 000	367 000	17 100 000	66.5%	22.6%	0.48%
2006	84 600	126 000	375 000	17 500 000	67.0%	22.5%	0.48%
2007	86 300	127 000	383 000	18 000 000	67.7%	22.5%	0.48%
2008	87 700	128 000	388 000	18 400 000	68.5%	22.6%	0.48%
2009	86 900	125 000	381 000	18 300 000	69.4%	22.8%	0.47%
2010	86 000	123 000	374 000	18 100 000	70.2%	23.0%	0.48%
2011	88 700	125 000	384 000	18 300 000	70.7%	23.1%	0.48%
2012	91 500	129 000	401 000	18 700 000	70.9%	22.8%	0.49%
2013	96 800	136 000	422 000	19 300 000	71.0%	22.9%	0.50%
2014	101 000	142 000	441 000	20 100 000	71.1%	22.9%	0.50%
2015	103 000	145 000	450 000	20 700 000	71.2%	22.9%	0.50%
<b>Average Annual growth</b>							
2005-2015	2.21%	1.53%	2.06%	1.92%			

Sol Plaatje Municipality's EAP was 103 000 in 2015, which is 39.61% of its total population of 260 000, and roughly 71.15% of the total EAP of the Frances Baard District Municipality. From 2005 to 2015, the average annual increase in the EAP in the Sol Plaatje Municipality was 2.21%, which is 0.683

percentage points higher than the growth in the EAP of Frances Baard's for the same period.

The following is the labour participation rate of the Sol Plaatje, Frances Baard, Northern Cape and National Total as a whole.

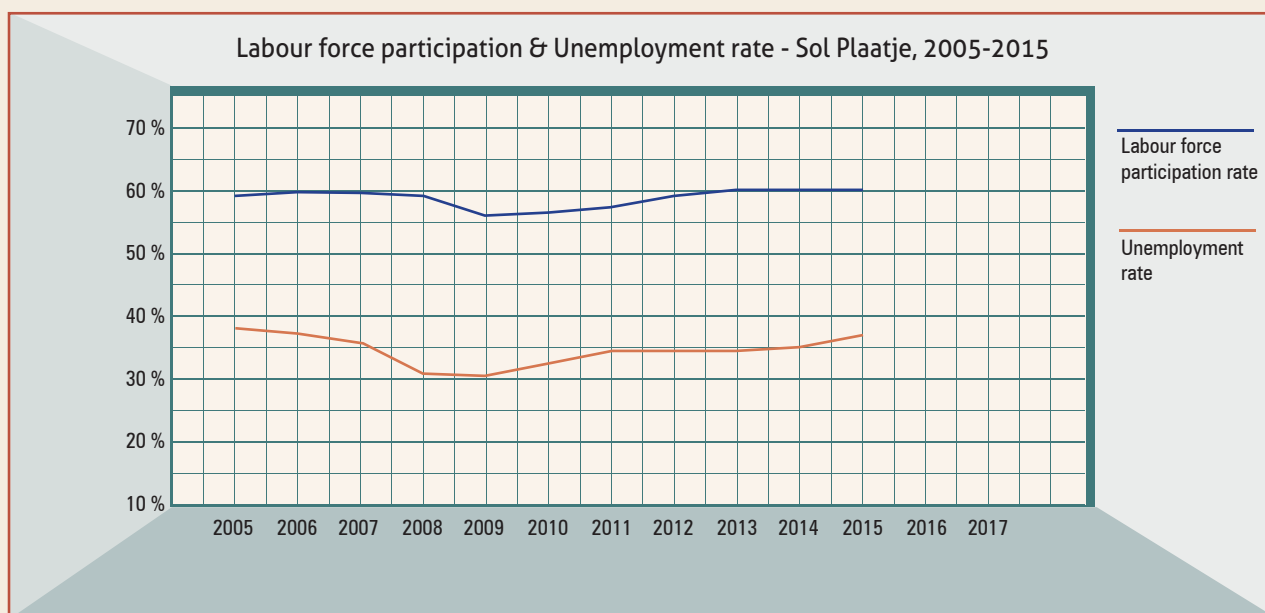
**TABLE 9 - THE LABOUR FORCE PARTICIPATION RATE**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	59.2%	57.3%	56.0%	55.9%
2006	59.7%	57.7%	56.7%	56.4%
2007	59.9%	57.7%	57.0%	57.0%
2008	59.4%	57.0%	56.6%	57.4%
2009	57.4%	54.8%	54.5%	56.2%
2010	55.4%	52.6%	52.4%	54.5%
2011	55.8%	52.9%	52.7%	54.3%
2012	56.4%	53.5%	54.1%	54.7%
2013	58.4%	55.6%	56.0%	55.7%
2014	59.9%	57.1%	57.6%	57.1%
2015	60.0%	57.4%	57.9%	57.9%

Sol Plaatje Municipality's labour force participation rate increased from 59.18% to 60.01% which is an increase of 0.83 percentage points. Frances Baard District Municipality increased from 57.34% to 57.35%, Northern Cape Province increased from 56.01% to 57.91% and South Africa increased from 55.93% to 57.85% from 2005 to 2015. Sol Plaatje Mu-

nicipality labour force participation rate exhibited a lower percentage point change compared to the Northern Cape Province from 2005 to 2015. Sol Plaatje Municipality had a higher labour force participation rate when compared to South Africa in 2015.





In 2015 the labour force participation rate for Sol Plaatje was at 60.0% which is very similar when compared to the 59.2% in 2005. The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2005, the unemployment rate for Sol Plaatje was 36.6% and decreased overtime to 36.0% in 2015. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for employment within Sol Plaatje Municipality.

#### TOTAL EMPLOYMENT

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

TABLE 10 - TOTAL EMPLOYMENT

Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [numbers]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	54 500	79 700	252 000	12 500 000
2006	56 200	81 600	260 000	13 000 000
2007	58 700	84 200	272 000	13 500 000
2008	61 700	87 500	285 000	14 100 000
2009	60 800	85 100	281 000	14 000 000
2010	58 300	80 600	273 000	13 600 000
2011	59 200	81 100	278 000	13 800 000
2012	61 900	83 400	289 000	14 000 000
2013	65 700	87 700	302 000	14 500 000
2014	68 400	90 700	313 000	15 100 000
2015	68 200	90 700	316 000	15 400 000
<b>Average Annual growth</b>				
2005-2015	2.27%	1.30%	2.28%	2.07%

In 2015, Sol Plaatje employed 68 200 people which is 75.19% of the total employment in Frances Baard District Municipality (90 700), 21.59% of total employment in Northern Cape Province (316 000), and 0.44% of the total employment of 15.4 million in South Africa. Employment within Sol Plaatje in-

creased annually at an average rate of 2.27% from 2005 to 2015. Sol Plaatje Municipality average annual employment growth rate of 2.27% exceeds the average annual labour force growth rate of 2.21% resulting in unemployment decreasing from 36.59% in 2005 to 36.03% in 2015 in the municipality.

**TABLE11 - TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR**  
Sol Plaatje and the rest of Frances Baard, 2015 [Numbers]

Sector	Sol Plaatje	Dikgatlong	Magareng	Phokwane	Total Frances Baard
Agriculture	1 380	536	303	1 060	3 279
Mining	3 770	1 260	223	702	5 956
Manufacturing	2 040	360	89	351	2 844
Electricity	678	41	54	138	911
Construction	4 070	437	258	762	5 528
Trade	12 700	1 370	555	2 370	17 022
Transport	2 460	248	119	217	3 048
Finance	9 350	683	319	1 130	11 480
Community services	26 100	2 140	1 120	3 300	32 660
Households	5 630	895	301	1 160	7 982
<b>Total</b>	<b>68 200</b>	<b>7 980</b>	<b>3 340</b>	<b>11 200</b>	<b>90 708</b>

Sol Plaatje Municipality employs a total number of 68 200 people within its local municipal area. Sol Plaatje Municipality also employs the highest number of people within Frances Baard District Municipality. The municipality that employs the lowest number of people relative to the other regions within Frances Baard District Municipality is Magareng Municipality with a total number of 3 340 employed people.

In Sol Plaatje Municipality the economic sectors that recorded the largest number of employment in 2015 were the community services sector with a total of 26 100 employed people or 38.3% of total employment in the local municipality. The trade sector with a total of 12 700 (18.7%) employs the second highest number of people relative to the rest of the sectors. The electricity sector with 678 (1.0%) is the sector that employs the least number of people in Sol Plaatje Municipality, followed by the agriculture sector with 1 380 (2.0%) people employed.

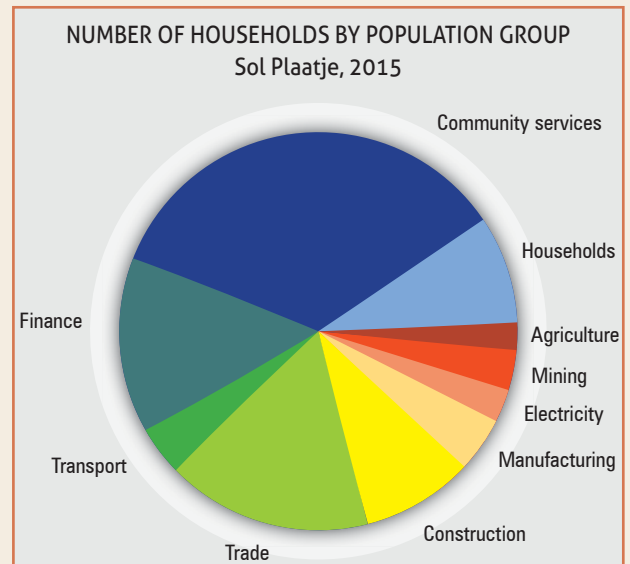
#### FORMAL AND INFORMAL EMPLOYMENT

Total employment can be broken down into formal and informal sector employment. Formal sector employment is measured from the formal business side, and the informal employment is measured from the household side where formal businesses have not been established.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the



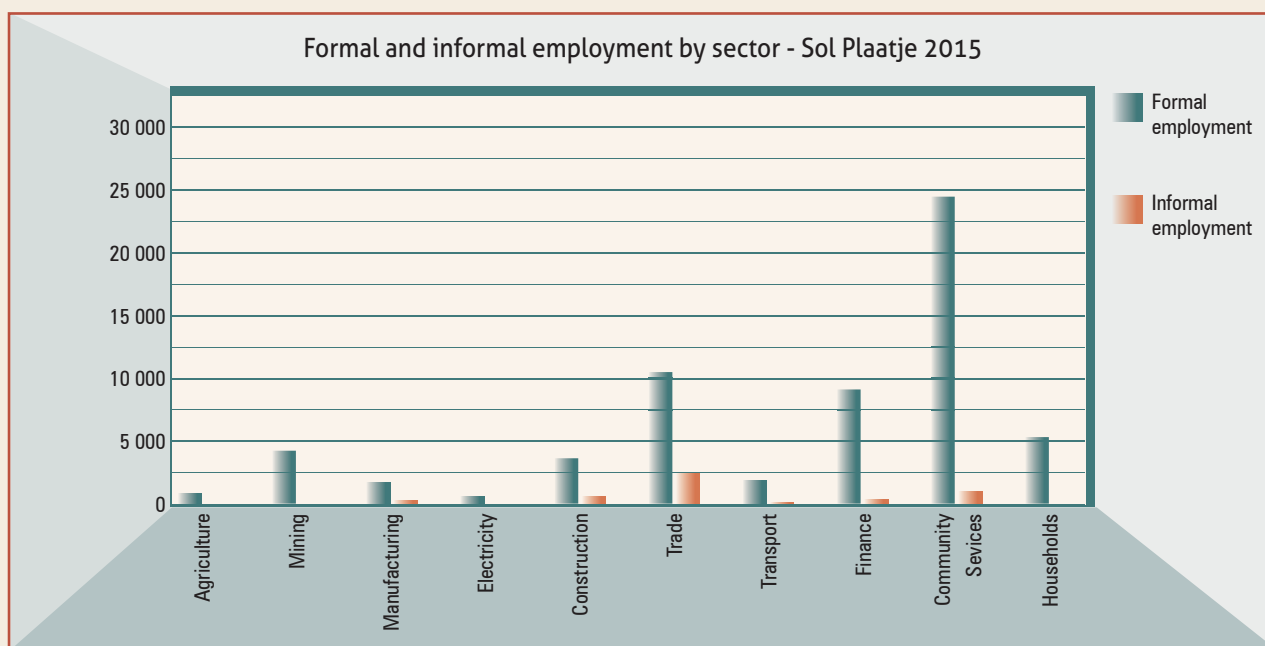
**TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR**  
Sol Plaatje Local Municipality, 2015 [percentage]



formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored.

The number of formally employed people in Sol Plaatje Local Municipality counted 62 300 in 2015, which is about 91.29% of total employment, while the number of people employed in the informal sector counted 5 940 or 8.71% of the total employment. Informal employment in Sol Plaatje increased from 2 870 in 2005 to an estimated 5 940 in 2015.





### UNEMPLOYMENT

The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).



TABLE 12 - UNEMPLOYMENT (OFFICIAL DEFINITION)

Sol Plaatje, Frances Baard, Northern Cape and National total, 2005-2015 [Number Percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	30 300	46 200	116 000	4 550 000	65.6%	26.0%	0.67%
2006	30 300	46 100	117 000	4 510 000	65.6%	26.0%	0.67%
2007	29 200	44 400	112 000	4 460 000	65.7%	26.0%	0.65%
2008	27 300	41 300	104 000	4 350 000	66.0%	26.3%	0.63%
2009	27 000	40 600	101 000	4 370 000	66.4%	26.6%	0.62%
2010	27 700	41 500	103 000	4 490 000	66.8%	26.9%	0.62%
2011	29 100	43 500	107 000	4 570 000	67.0%	27.1%	0.64%
2012	31 400	47 500	114 000	4 690 000	66.1%	27.7%	0.67%
2013	33 200	50 900	122 000	4 850 000	65.3%	27.2%	0.68%
2014	34 800	54 000	131 000	5 060 000	64.5%	26.6%	0.69%
2015	37 100	56 900	137 000	5 280 000	65.3%	27.2%	0.70%
<b>Average Annual growth</b>							
2005-2015	2.06%	2.11%	1.63%	1.50%			

In 2015, there were a total number of 37 200 people unemployed in Sol Plaatje, which is an increase of 6 840 from 30 300 in 2005. The total number of unemployed people within Sol Plaatje constitutes 65.33% of the total number of unemployed people in Frances Baard District Municipality. Sol

Plaatje Municipality experienced an average annual increase of 2.06% in the number of unemployed people, which is better than that of the Frances Baard District Municipality which had an average annual increase in unemployment of 2.11%.



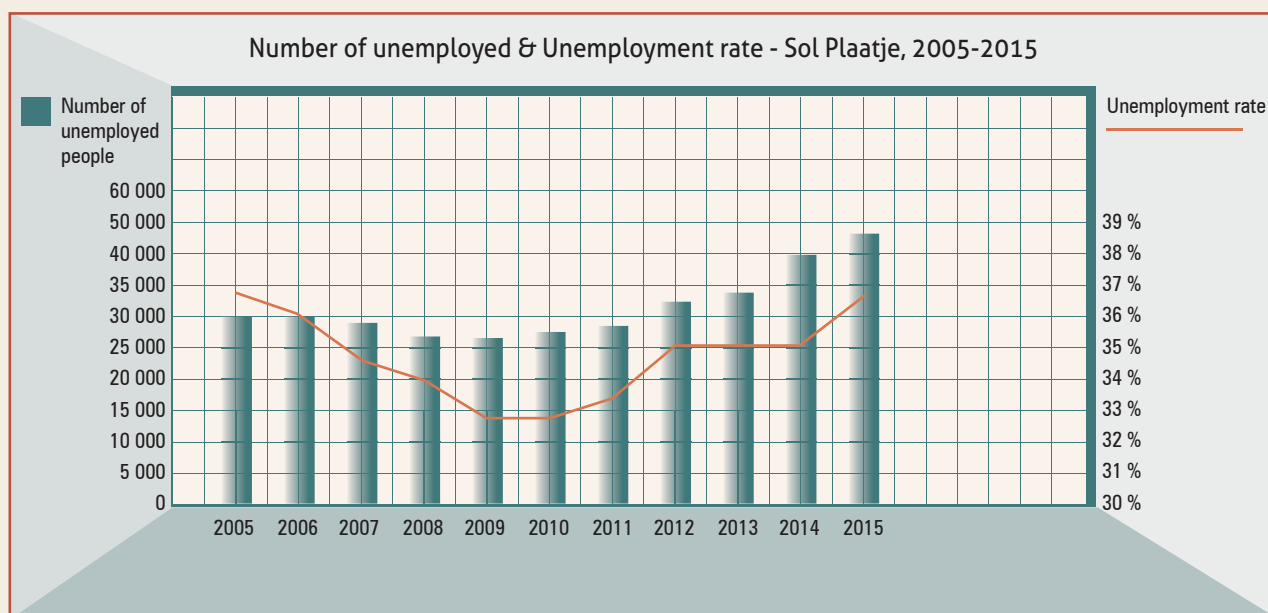
**TABLE 13 - UNEMPLOYMENT RATE (OFFICIAL DEFINITION)**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [Percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	36.6%	37.1%	31.7%	26.6%
2006	35.8%	36.6%	31.0%	25.8%
2007	33.8%	34.8%	29.3%	24.8%
2008	31.1%	32.3%	26.8%	23.6%
2009	31.0%	32.4%	26.6%	23.8%
2010	32.2%	33.8%	27.5%	24.8%
2011	32.8%	34.7%	28.0%	24.9%
2012	34.3%	36.8%	28.3%	25.0%
2013	34.3%	37.3%	29.0%	25.1%
2014	34.4%	38.0%	29.7%	25.1%
2015	36.0%	39.2%	30.4%	25.5%

In 2015, the unemployment rate in Sol Plaatje Municipality (based on the official definition of unemployment) was 36.03%, which is a decrease of -0.559 percentage points. The unemployment rate in Sol Plaatje Municipality is lower than that of Frances Baard. Comparing to the Northern Cape Prov-

ince it can be seen that the unemployment rate for Sol Plaatje Municipality was higher than that of Northern Cape which was 30.41%. The unemployment rate for South Africa was 25.53% in 2015, which is a decrease of 1.07 percentage points from 26.60% in 2005.

**UNEMPLOYMENT AND UNEMPLOYMENT RATE (OFFICIAL DEFINITION)**  
Sol Plaatje Local Municipality, 2005-2015 [number percentage]



When comparing unemployment rates among regions within Frances Baard District Municipality, Magareng Municipality has indicated the highest unemployment rate of 53.7%, which has increased from 46.1% in 2005. It can be seen that Sol Plaatje Municipality had the lowest unemployment rate of 36.0% in 2015, this decreased from 36.6% in 2005.

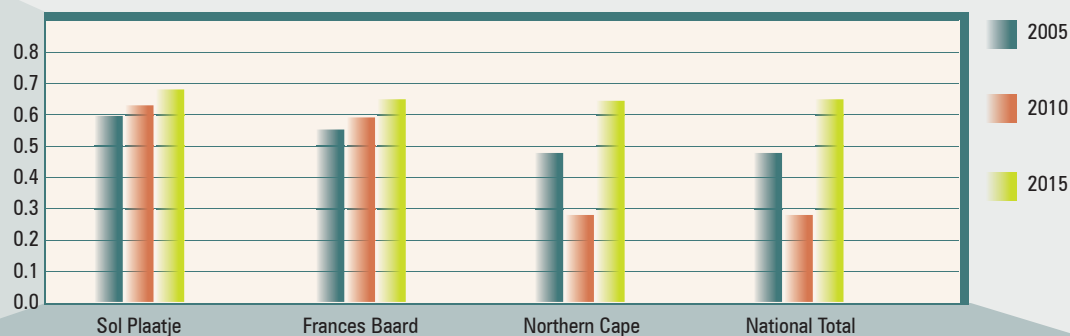
#### DEVELOPMENT

Indicators of development, like the Human Development Index (HDI), Gini Coefficient (income inequality), poverty and the poverty gap, and education, are used to estimate the level of development of a given region in South Africa relative to the rest of the country.

Another indicator that is widely used is the number (or percentage) of people living in poverty. Poverty is defined as the deprivation of those things that determine the quality of life, including food, clothing, shelter and safe drinking water. More than that, other "intangibles" is also included such as the opportunity to learn, and the privilege to enjoy the respect of fellow citizens. Curbing poverty and alleviating the effects thereof should be a premise in the compilation of all policies that aspire towards a better life for all.



Human Development Index (HDI) Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005, 2010, 2015

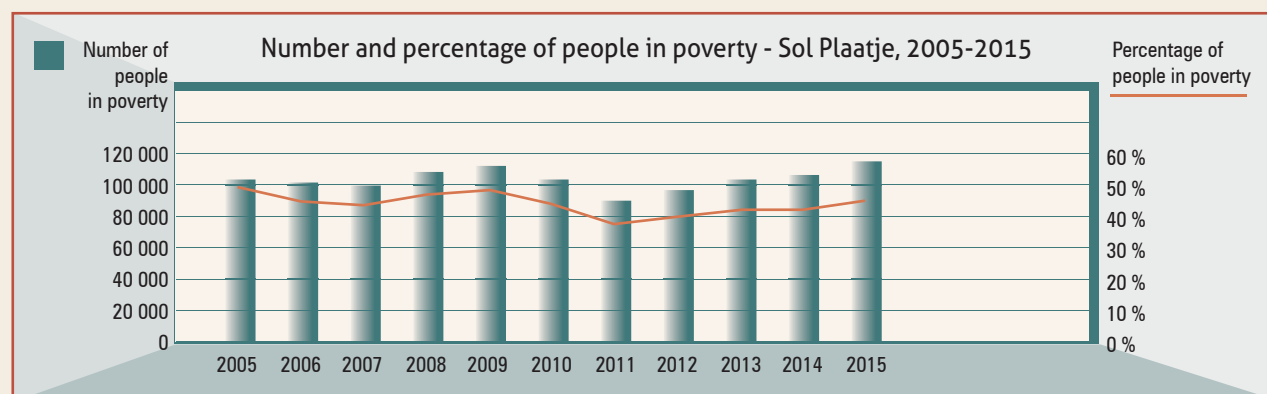


In 2015 Sol Plaatje Municipality had an HDI of 0.673 compared to Frances Baard with a HDI of 0.654, 0.65 of Northern Cape and 0.652 of National Total as a whole. Seeing that South Africa recorded a lower HDI in 2015 when compared to Sol Plaatje Mu-

nicipality which translates to better human development for Sol Plaatje Municipality compared to South Africa. South Africa's HDI increased at an average annual growth rate of 1.86% and this increase is higher than that of Sol Plaatje Municipality (1.08%).

## POVERTY

NUMBER AND PERCENTAGE OF PEOPLE LIVING IN POVERTY  
Sol Plaatje Local Municipality, 2005-2015 [Number percentage]



In 2015, there were 114 000 people living in poverty, using the upper poverty line definition, across Sol Plaatje Municipality - this is 8.94% higher than the 105 000 in 2005.

The percentage of people living in poverty has decreased from 50.06% in 2005 to 43.76% in 2015, which indicates a decrease of 6.3 percentage points.

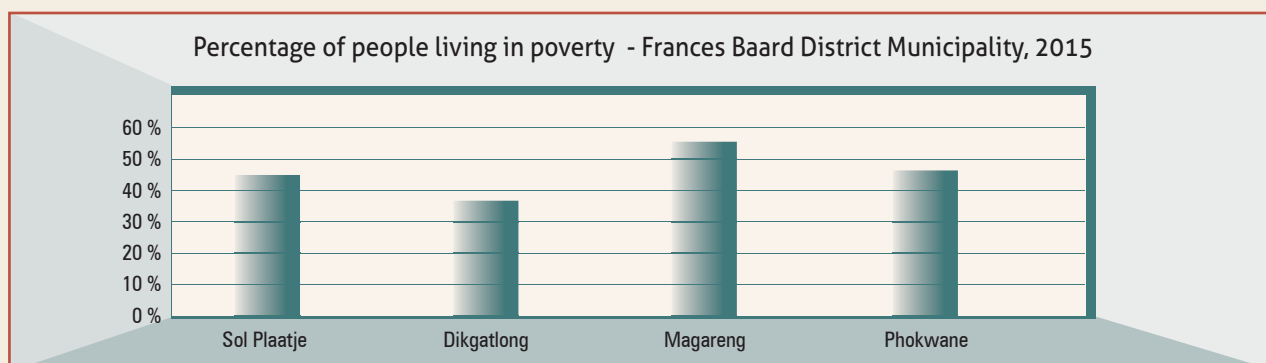
TABLE 14 - PERCENTAGE OF PEOPLE LIVING IN POVERTY BY POPULATION GROUP  
Sol Plaatje, 2005-2015 [Percentage]

Period	African	White	Coloured	Asian
2005	61.3%	0.9%	52.1%	8.4%
2006	59.3%	0.8%	48.8%	6.3%
2007	58.7%	1.1%	44.9%	5.6%
2008	61.5%	1.6%	43.9%	6.5%
2009	63.7%	1.7%	40.9%	7.8%
2010	57.6%	1.1%	34.5%	4.4%
2011	51.1%	0.7%	29.6%	2.3%
2012	52.4%	0.6%	30.1%	2.3%
2013	53.3%	0.5%	30.3%	2.3%
2014	52.7%	0.4%	30.0%	2.1%
2015	55.8%	0.3%	31.9%	2.0%

In 2015, the population group with the highest percentage of people living in poverty was the Coloured population group with a total of 52.1% people living in poverty, using the upper poverty line definition. The proportion of the Coloured population group, living in poverty, decreased by 20.2 percentage points, as can be seen by the change from

52.09% in 2005 to 31.90% in 2015. In 2015 55.80% of the African population group lived in poverty, as compared to the 61.29% in 2005. The White and the Asian population group saw a decrease in the percentage of people living in poverty, with a decrease of 0.575 and 6.45 percentage points respectively.

**TABLE 15 - PERCENTAGE OF PEOPLE LIVING IN POVERTY**  
Sol Plaatje, Dikgatlong, Magareng and Phokwane, 2015 [percentage]

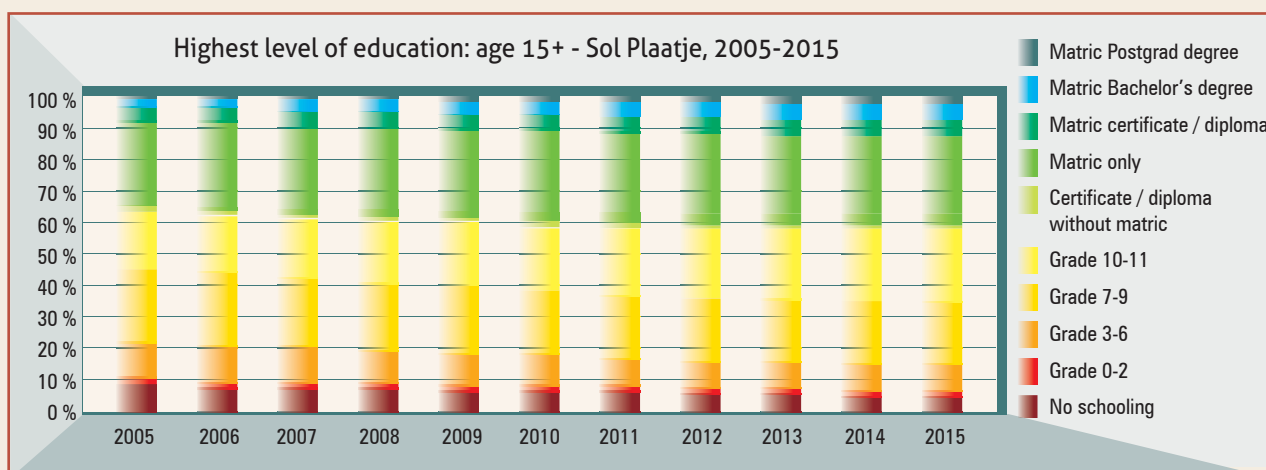


In terms of the percentage of people living in poverty for each of the regions within the Frances Baard District Municipality, Magareng Municipality has the highest percentage of people living in poverty, with a total of 54.8%. The lowest percentage of people living in poverty can be observed in the Dikgatlong Municipality with a total of 36.6% living in poverty, using the upper poverty line definition.

## EDUCATION

Education is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

**HIGHEST LEVEL OF EDUCATION: AGE 15+ - Sol Plaatje Local Municipality, 2005-2015 [Percentage]**



Within Sol Plaatje Municipality, the number of people without any schooling decreased from 2005 to 2015 with an average annual rate of -3.43%, while the number of people within the 'matric only' category, increased from 32 100 to 49 200. The number of people with 'matric and a certificate/diploma' in-

creased with an average annual rate of 3.65%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 7.82%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

**TABLE 16 - HIGHEST LEVEL OF EDUCATION: AGE 15+**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2015 [Numbers]

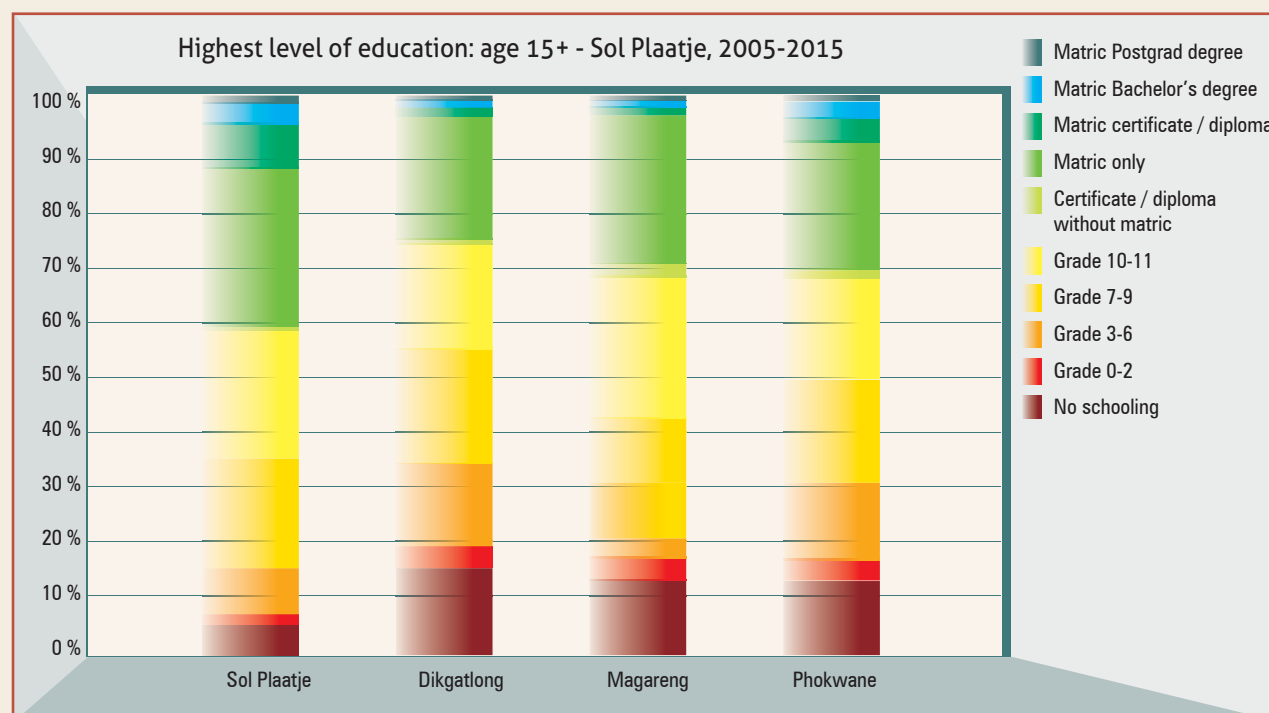
Level of Education	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
No schooling	8 240	20 400	68 200	2 370 000	40.4%	12.1%	0.35%
Grade 0-2	2 820	5 340	20 400	729 000	52.9%	13.9%	0.39%
Grade 3-6	13 800	24 700	97 100	3 170 000	56.0%	14.2%	0.44%
Grade 7-9	34 200	49 100	172 000	5 950 000	69.6%	19.9%	0.57%
Grade 10-11	38 000	53 000	149 000	7 780 000	71.6%	25.4%	0.49%
Certificate / diploma without matric	763	1 030	2 640	171 000	73.8%	28.9%	0.45%
Matric only	49 200	67 300	178 000	9 790 000	73.1%	27.7%	0.50%
Matric certificate / diploma	9 850	12 100	34 700	2 000 000	81.5%	28.4%	0.49%
Matric Bachelor's degree	6 240	7 560	19 700	1 490 000	82.5%	31.7%	0.42%
Matric Postgrad degree	2 560	3 080	7 880	678 000	83.3%	32.5%	0.38%



The number of people without any schooling in Sol Plaatje Municipality accounts for 40.40% of the number of people without schooling in the district municipality, 12.08% of the province and 0.35% of the national. In 2015, the number of people in Sol Plaatje Municipality with a matric only was 49 200 which

is a share of 73.14% of the district municipality's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 82.51% of the district municipality, 31.67% of the province and 0.42% of the national.

**TABLE 17 - HIGHEST LEVEL OF EDUCATION: AGE 15+**  
Sol Plaatje, Dikgatlong, Magareng and Phokwane 2015 [Percentage]



## FUNCTIONAL LITERACY

Functional literacy describes the reading and writing skills that are adequate for an individual to cope with the demands of everyday life - including the demands posed in the workplace.

This is contrasted with illiteracy in the strictest sense, meaning the inability to read or write. Functional literacy enables individuals to enter the labour market and contribute towards economic growth thereby reducing poverty.

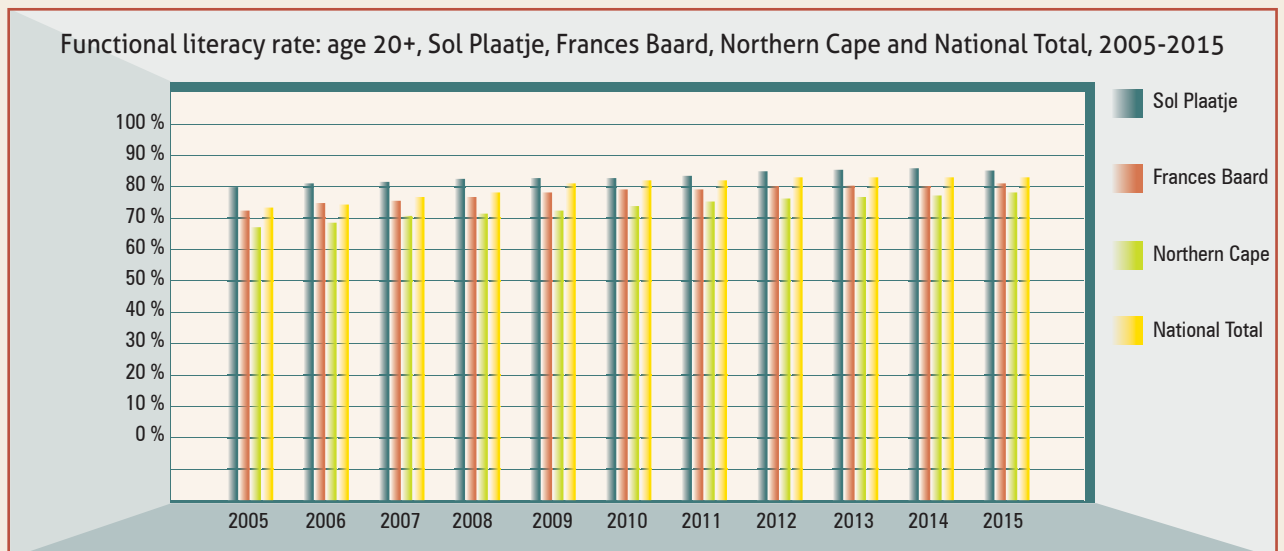
**TABLE 18 - FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER**  
Sol Plaatje Local Municipality, 2005-2015 [Number percentage]

Period	Illiterate	Literate	%
2005	31 489	119 807	79.2%
2006	29 878	123 371	80.5%
2007	28 867	127 150	81.5%
2008	28 145	131 887	82.4%
2009	27 582	136 718	83.2%
2010	26 881	141 899	84.1%
2011	26 136	146 847	84.9%
2012	25 685	151 278	85.5%
2013	25 710	155 109	85.8%
2014	25 396	159 095	86.2%
2015	25 805	162 150	86.3%
<b>Average Annual growth</b>			
2005-2015	-1.97%	3.07%	0.86%

A total of 162 000 individuals in Sol Plaatje Municipality were considered functionally literate in 2015, while 25 800 people were considered to be illiterate. Expressed as a rate, this amounts to 86.27% of the population, which is an increase of

0.071 percentage points since 2005 (79.19%). The number of illiterate individuals decreased on average by -1.97% annually from 2005 to 2015, with the number of functional literate people increasing at 3.07% annually.

**FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [Percentage]



Sol Plaatje Municipality's functional literacy rate of 86.27% in 2015 is higher than that of Frances Baard at 81.20% and is higher than the province rate of 77.34%. When comparing to

National Total as whole, which has a functional literacy rate of 82.93%, it can be seen that the functional literacy rate is lower than that of the Sol Plaatje Municipality.



*Library Services*

### 1.3.5 Overview of Neighbourhoods within Sol Plaatje Municipality

Population statistics are important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

**TABLE 19 - TOTAL POPULATION**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2005-2015 [Numbers percentage]

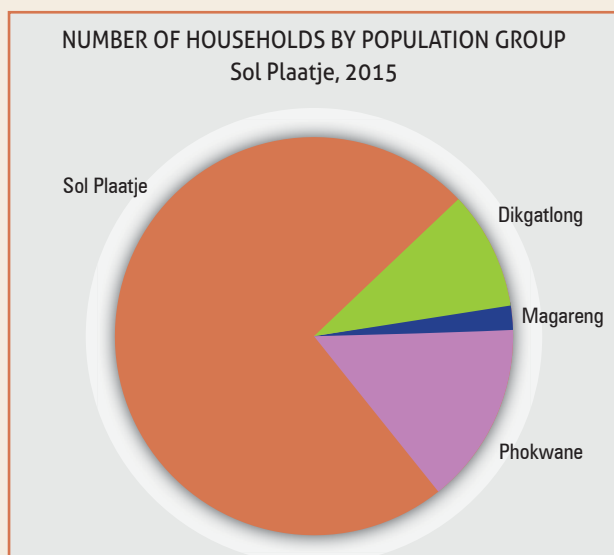
Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	209 000	330 000	1 020 000	47 200 000	63.4%	20.4%	0.44%
2006	211 000	332 000	1 030 000	47 800 000	63.7%	20.5%	0.44%
2007	215 000	335 000	1 040 000	48 400 000	64.1%	20.6%	0.44%
2008	220 000	341 000	1 060 000	49 100 000	64.5%	20.8%	0.45%
2009	226 000	348 000	1 080 000	49 800 000	64.9%	20.9%	0.45%
2010	232 000	356 000	1 100 000	50 700 000	65.2%	21.1%	0.46%
2011	238 000	364 000	1 120 000	51 500 000	65.5%	21.3%	0.46%
2012	244 000	371 000	1 140 000	52 400 000	65.7%	21.4%	0.47%
2013	250 000	379 000	1 160 000	53 200 000	65.9%	21.5%	0.47%
2014	255 000	386 000	1 180 000	54 100 000	66.1%	21.7%	0.47%
2015	260 000	393 000	1 200 000	54 900 000	66.2%	21.8%	0.47%
<b>Average Annual growth</b>							
2005-2015	2.22%	1.78%	1.56%	1.51%			

With 260 000 people, the Sol Plaatje Municipality housed 0.5% of South Africa's total population in 2015. Between 2005 and 2015 the population growth averaged 2.22% per annum which is slightly higher than the growth rate of South Africa as

a whole (1.51%). Compared to Frances Baard's average annual growth rate (1.78%), the growth rate in Sol Plaatje's population at 2.22% was slightly higher than that of the district municipality.

#### TOTAL POPULATION

Sol Plaatje and the rest of Frances Baard, 2015 [Percentage]



#### POPULATION PROJECTIONS

Based on the present age-gender structure and the present fertility, mortality and migration rates, Sol Plaatje's population is projected to grow at an average annual rate of 1.9% from 260 000 in 2015 to 285 000 in 2020.





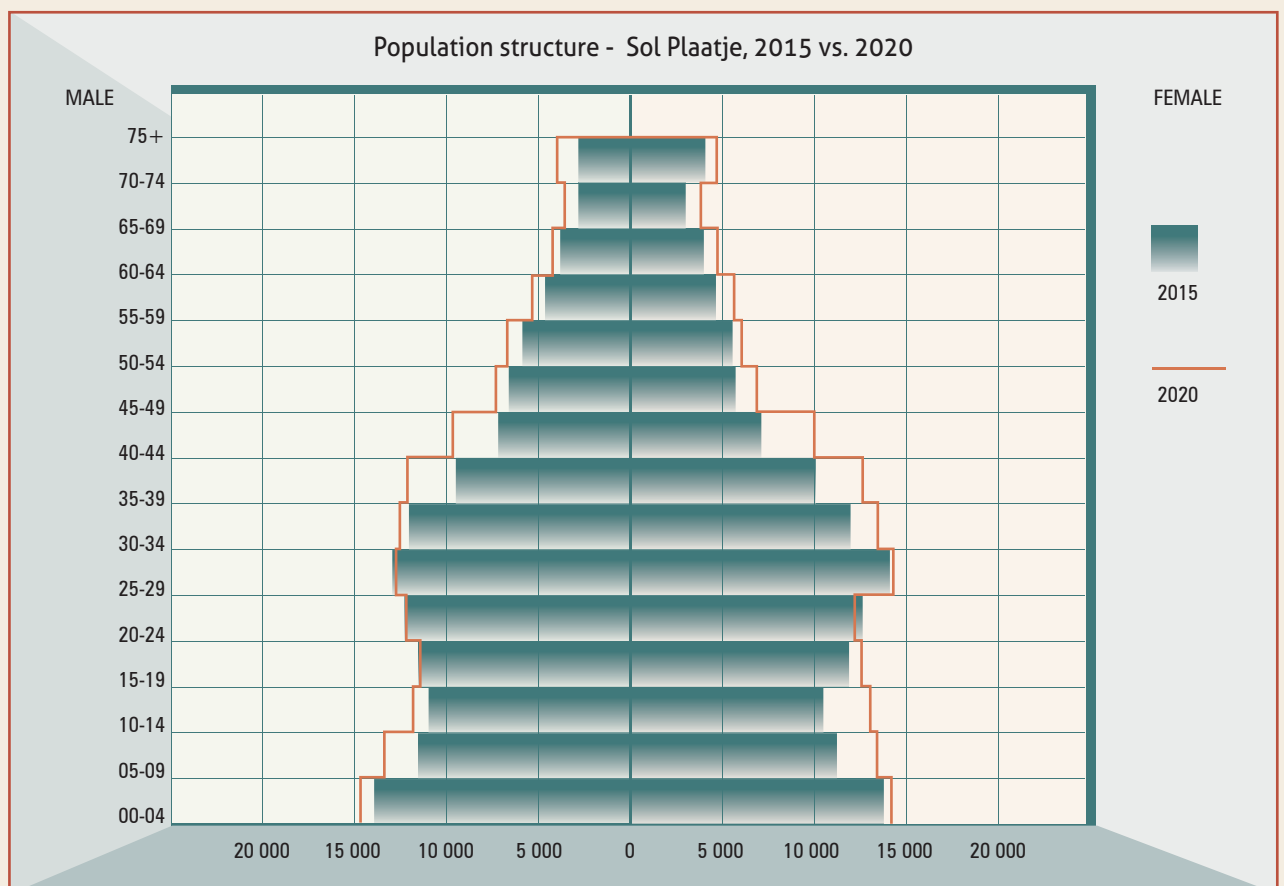
**TABLE 20 - POPULATION PROJECTIONS**  
Sol Plaatje, Frances Baard, Northern Cape and National Total, 2015-2020 [Numbers percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2015	260 000	393 000	1 200 000	54 900 000	66.2%	21.8%	0.47%
2016	265 000	400 000	1 210 000	55 700 000	66.3%	21.9%	0.48%
2017	271 000	407 000	1 230 000	56 500 000	66.5%	21.9%	0.48%
2018	276 000	414 000	1 250 000	57 400 000	66.6%	22.0%	0.48%
2019	281 000	421 000	1 270 000	58 100 000	66.6%	22.1%	0.48%
2020	285 000	428 000	1 290 000	58 900 000	66.7%	22.2%	0.48%
<b>Average Annual growth</b>							
2015-2020	1.85%	1.70%	1.46%	1.42%			

When looking at the population projection of Sol Plaatje Municipality shows an estimated average annual growth rate of 1.9% between 2015 and 2020. The average annual growth rate in the population over the projection period for

Frances Baard District Municipality, Northern Cape Province and South Africa is 1.7%, 1.5% and 1.4% respectively and is lower than the average annual growth in Sol Plaatje Municipality.

**POPULATION PYRAMID - Sol Plaatje Local Municipality, 2015 vs. 2020 [Percentage]**



The population pyramid reflects a projected change in the structure of the population from 2015 and 2020. The differences can be explained as follows:

In 2015, there is a significantly larger share of young working age people between 20 and 34 (27.4%), compared to what is estimated in 2020 (25.4%). This age category of young working age population will decrease over time.

The fertility rate in 2020 is estimated to be slightly higher compared to that experienced in 2015. The share of children

between the ages of 0 to 14 years is projected to be slightly smaller (27.4%) in 2020 when compared to 2015 (27.6%).

In 2015, the female population for the 20 to 34 year age group amounts to 14.3% of the total female population while the male population group for the same age amounts to 13.2% of the total male population.

In 2020, the male working age population at 12.1% does not exceed that of the female population working age population at 13.3%, although both are at a lower level compared to 2015.

## POPULATION BY POPULATION GROUP, GENDER AND AGE

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The

population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into five-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

**TABLE 21 - POPULATION BY GENDER**  
Sol Plaatje and the rest of Frances Baard District Municipality, 2015 [Number].

Municipal Area	Male	Female	Total
Sol Plaatje	126 000	135 000	260 000
Dikgatlong	23 800	24 400	48 200
Magareng	11 700	12 200	24 000
Phokwane	29 200	31 400	60 600
<b>Frances Baard</b>	<b>191 000</b>	<b>203 000</b>	<b>393 000</b>

Sol Plaatje Municipality's male/female split in population was 93.5 males per 100 females in 2015. The Sol Plaatje Municipality appears to be a fairly stable population with the share of female population (51.68%) being very similar to the national average of (51.09%). In total there were 134 000 (51.68%) fe-

males and 126 000 (48.32%) males. This is different from Frances Baard District Municipality as a whole where the female population counted 203 000 which constitutes 51.54% of the total population of 393 000.

**TABLE 22 - POPULATION BY POPULATION GROUP, GENDER AND AGE**  
Sol Plaatje Local Municipality, 2015 [Number].

Age Group	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00 04	9 300	9 590	539	583	3 490	3 410	128	155
05 09	7 650	8 130	538	503	3 030	3 130	122	90
10 14	6 980	6 920	496	485	3 250	3 260	39	48
15 19	6 900	6 910	743	553	3 640	3 440	69	78
20 24	7 520	6 890	733	731	3 870	3 750	99	50
25 29	8 420	7 670	805	768	3 610	3 340	93	107
30 34	7 930	7 170	774	839	3 140	2 790	176	127
35 39	6 440	5 800	801	737	2 860	2 720	127	157
40 44	4 420	4 420	690	598	2 560	2 320	60	88
45 49	3 270	3 610	698	585	2 240	2 060	50	78
50 54	3 240	3 040	778	673	2 060	1 820	69	62
55 59	3 050	2 400	895	730	1 730	1 460	42	57
60 64	2 570	1 980	742	655	1 400	1 140	49	41
65 69	1 770	1 580	613	568	1 020	711	45	29
70 74	1 310	1 080	523	372	771	597	41	20
75+	1 670	866	963	607	801	535	57	46
<b>Total</b>	<b>82 500</b>	<b>78 100</b>	<b>11 300</b>	<b>9 990</b>	<b>39 500</b>	<b>36 500</b>	<b>1 260</b>	<b>1 230</b>

In 2015, Sol Plaatje Municipality's population consisted of 61.67% African (160 000), 8.19% White (21 300), 29.18% Coloured (76 00) and 0.96% Asian (2 490) people.

The largest share of population is within the young working age (25-44 years) age category with a total number of 82 600 or 31.7% of the total population. The age category with the second largest number of people is the babies and children (0-14 years) age category with a total share of 27.6%, followed by the teenagers and youth (15-24 years) age category with 46 000 people.



### 1.3.6 Natural Resources

There are no natural resources within the Sol Plaatje Municipal area.

### 1.3.7 Comment on Background Data

It is estimated that just over 63 000 people were employed by formal and informal sectors in the municipality – which represents 25% of the total population while 29 514 were unemployed (12%). The unemployment rate is relatively high at 31.9% - the youth unemployment rate is 41.7%.

The annual per capita income in Sol Plaatje Municipality is estimated at R40 500 which is substantially higher than the provincial average of R30 200. The distribution of income is unequal, and the Gini coefficient is therefore relatively high. In 2010 the Sol Plaatje Municipality had a Gini of 0.65. Between 2004 and 2010, income inequality remained stable and barely decreased which means that little improvement is seen in the income distribution. Over 7 000 (12% of the 60 270 households) do not have any income.

The total number of individuals with an education level higher than a matric certificate is 64 994 (26%) while 13 737 (23%) had no schooling at all. The total number of individuals having obtained a matric certificate without any other education was 47 578.

Sol Plaatje Municipality is committed towards ensuring a brighter future for all inhabitants in the region, and its investment strategies aim to enhance competitiveness and encourage sustainable growth that is inclusive. A stimulus should be created for the local economy to grow, compete and create more jobs. It is all about competitiveness, about enterprises thriving in competitive markets and locations with the aim to create sustainable employment at the local level. The main approach to do so is to ensure that:

- An environment and opportunities for more labour-absorbing economic activities is established;
- The fruits of growth are shared in such a way that poverty is largely eliminated; and
- Severe inequalities that still plague South Africa are considerably reduced.

Attracting private investors to Sol Plaatje Municipality – and assisting them in establishing and growing their businesses within the region – will ultimately result in the generation of income and wealth, as well as increased profit margins that invariably lead to more investment. Once the cycle of investment and positive returns on investment has been established within Sol Plaatje Municipality, the economic and socio-economic welfare of the entire community becomes a reality.

## 1.4 SERVICE DELIVERY OVERVIEW

### 1.4.1 Introduction to Service Delivery Overview

Sol Plaatje Municipality performs functions of both Water Services Authority (WSA) and Water Services Provider (WSP) in its area of jurisdiction. Thus, in terms of Section 27 of the Constitution and Section 11 of Water Services Act, Sol Plaatje Municipality has an obligation to ensure progressive access to quality and reliable water services to its communities, which is their right as enshrined in the Bill of Rights and Section 3 of Water Services Act. In terms of Water Services Act, these services must be provided progressively, efficiently, economically, sustainably and must be affordable to consumers.

Kimberley is an old city that was designed as a mining town which grew with time. Infrastructure is very old, retrofitted with time and buried under other structures with no accurate “as built” information. This poses a challenge with maintenance and upgrading of infrastructure for all basic services.

Generally, bulk infrastructure for water and electrical services is inadequate for long term future growth, and the existing capacity is impacted by condition due to ageing and poor maintenance. This requires major upgrading and refurbishment, while addressing capacity for future demand.

The minimum requirement in terms of water provision is that all households living in informal settlements be provided with stand taps at a distance of 200m. In this regard, the municipality has ensured that all households living in informal settlements have access to communal stand taps. This service is provided freely to all households living in informal settlements.

Electrification remains a challenge due to continuous growth of informal settlements on vacant land. Electrical infrastructure and electrification of houses cannot be installed in informal settlements prior to township establishment.

All these challenges are exacerbated by the availability of funding to timeously address challenges of maintenance, refurbishment, upgrading and development of new infrastructure at the same rate as demand and growth. With immigration to Sol Plaatje Municipality due to several factors, infrastructure improvement and development interventions are chasing a moving target, and funding sources are inadequate to catch up with the demand without impacting on affordability and economical provision of services.

Service	Backlog Census 2011	2014/2015 Provision	2015/2016 Provision	2016/2017 Provision	Balance
New Erven Planned and Surveyed	7 846	507	405	701	6 233
Erf connected to Water	8 743	1 710	3 222	280	1 087
Erf connected to Sanitation	9 343	1 710	1 821	274	1 093
Houses connected to Electricity	9 127	2 161	2 136	751	4 079
Houses provided with Refuse Removal	9 490	9 490	0	0	0



#### 1.4.2 Comment on Access to Basic Services

Although significant in-roads were made in eradicating backlogs in terms of access to services such as housing, water, sanitation, roads and solid waste as discussed above, various service backlogs still exist that need to be addressed.

Sol Plaatje Municipality, like any other secondary city, is faced with difficulty of:

- Addressing historical backlog with regard to adequate access to quality basic services
- Influx of people which increases demand for basic services additional to normal growth demand
- Achieving progressive development of services provided above basic level of service, whilst trying to address ageing infrastructure.

#### ELECTRICITY

The number of households not connected to electricity decreased from 2 601 in 2015/2016 to 1 850 in 2016/2017 due to the two Snake Park Electrification Projects that were implemented, entailing of 165 and 586 households respectively. However, this reduction is based on the actual Census 2011 figures and does not take into consideration the estimated growth of about 2 458 of formalised developments that is not reflected in the above backlog.

Taking into account this above statement pertaining to the Census, areas which have been formalised, 2016/2017 remaining backlog and, the current electrification backlog actually sits at approximately  $4\,701 + 1\,850 = 6\,551$  households.

#### WATER AND SANITATION SERVICES

The minimum requirement in terms of water provision is that all households living in informal settlements be provided with stand taps at a distance of 200m. Minimum standard for sanitation services is a ventilated pit latrine or ventilation improved pit latrine (VIP) or chemical toilet. In this regard, the municipality has ensured that all households living in informal settlements have access to communal stand taps, and at least a VIP or chemical toilet. This service is provided freely to all households living in informal settlements.

#### ROADS & STORM WATER

Sol Plaatje Municipality strives to maintain a high level of service in respect of Roads and Storm Water management and maintenance. All residents have access to a road meeting basic level of service within 500m of their dwelling, although most streets may have challenges with regard to surface quality and effective storm water management. The municipality's roads network has risen to approximately 812km due to new township developments, with some of the new roads already paved and some being dirt or gravel roads.

#### SERVICE DELIVERY TO INDIGENTS

In order for the municipality to appropriately make provision for servicing its poor residents who are unable to afford to pay for services, it has to consistently update and review its indigent policy and register.

Whilst a number of poor households remain unregistered, there has been a significant improvement in the reliability and quality of our indigent registration processes, which has seen a steady increase in the number of registrations.

### 1.5 FINANCIAL HEALTH OVERVIEW

For the 2016/2017 year, Sol Plaatje Municipality has once again performed very well financially. A net profit of R254 974 million was realised for the period.

Financial Overview – 2016/2017			
Details	Original budget	Adjustment Budget	Actual
	R'000		
Revenue			
Grants received	247 461	266 907	253 447
Taxes, levies and tariffs	1 574 596	1 532 596	1 431 542
Other	159 059	204 179	219 987
Sub-total	1 981 116	2 003 682	1 904 976
Less Expenditure	(1 891 344)	(1 920 681)	(1 650 002)
Net operational surplus (deficit)	89 772	83 001	254 974

The key operating ratios are shown in the table below:

Operating Ratios		
Detail	2017	2016
Employee costs as a % of total expenditure	34.34%	37.25%
Repairs and maintenance as a % of total expenditure	7.38%	8.26%
Bulk Purchases as a % of total expenditure	29.82%	28.05%
Finance charges as a % of total expenditure	1.68%	1.79%
Debtors impairment as a % of total expenditure	11.53%	9.86%

In addition to this, the current ratio as at year end was standing at 5.42:1 against a norm of 2:1. A cost coverage ratio of two months (the norm is one – three months) was achieved. This is an indication that the municipality is liquid and able to meet its short to medium term obligations.

In terms of budget implementation, the municipality also performed extremely well. Total actual operating expenditure for the year amounted to 86% of the budgeted amount, whilst the actual revenue received represents 95% of the budgeted figure. The spending on the capital budget for the year amounted to 77% of the total capital budget. This reflects positively on the municipality's ability to produce a realistic, credible and funded budget.

The main area of concern during this financial year remained the debtors' collection rate which was standing at 84% at year-end – this against a National Treasury norm of 95%. Specific and focused efforts are required to improve the collection rate in next financial periods in order to ensure financial sustainability of the municipality. New Integrated Credit Solutions (NICS) was appointed during the financial year to assist with collection of long outstanding debt.

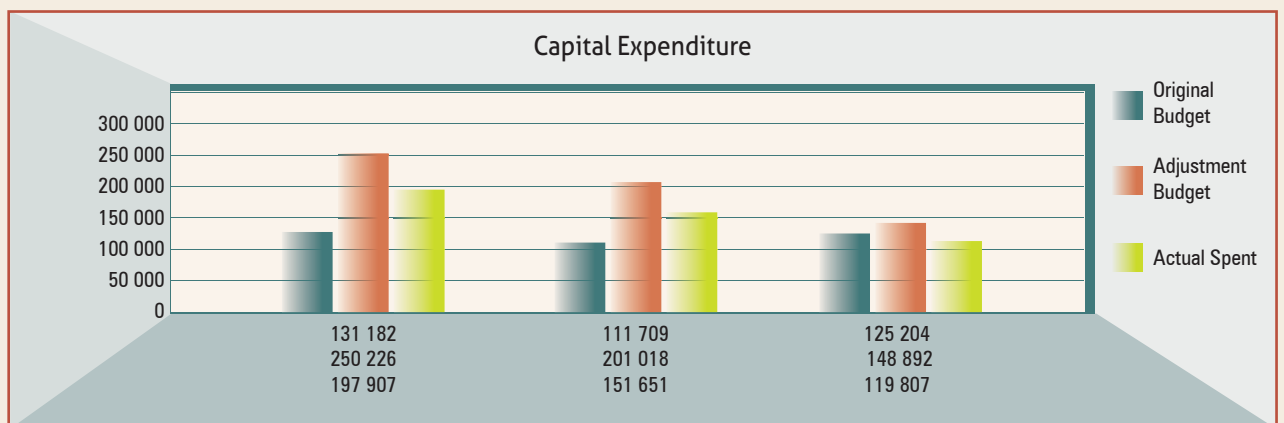
The cash flow situation of the Municipality on 30 June 2017 reflected that cash and cash equivalents reduced by R32.7 million from R259.28 million (2015/2016) to R226,56 million (2016/2017). See table below.

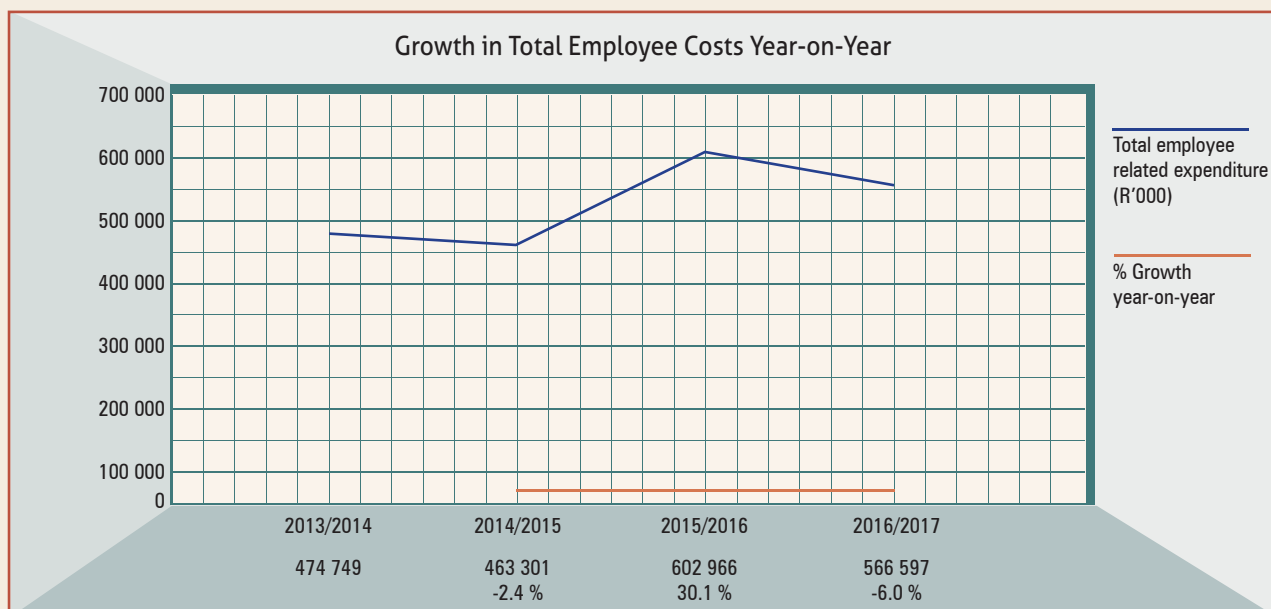
Detail	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Cash and cash equivalents at year end	305 199 110	275 457 274	259 275 698	226 561 404

Diligent financial management is a pivotal element of any successful organisation. The municipality's financial results for the period therefore, is a reflection of the commitment of a

dedicated finance team. As public servants, we strive towards continuous improvement within the ever-changing local government environment.

Total Capital Expenditure			
Description	2014/2015	2015/2016	2016/2017
	R'000		
Original Budget	131 182	111 709	125 204
Adjustment Budget	250 226	201 018	148 892
Actual Spent	197 907	151 651	119 807
Percentage Actual vs Original Budget	99.75%	135.76%	95.69%
Percentage Actual vs Adjustment Budget	80.09%	75.44%	80.47%





## 1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

As a municipality, we are striving to address developing our employees of the municipality. Our financial and administrative capacity to achieve in training objectives which could consequently have a detrimental impact on skills development due to limited funding from LGSETA to address the diverse skills needed within the municipality.

The following table provides a breakdown of training beneficiaries as a percentage of the total per group:

Employment Category	Total (Percentage)	
	2016/2017	2015/2016
Legislators	26.78	0
Directors and Corporate Managers	4.32	0.26
Professionals	8.21	3.71
Technicians and Trade Workers	23.11	9.81
Community and Personal Service Workers	14.25	9.23
Clerical and Administration Workers	9.07	9.23
Machine Operators and Drivers	9.29	32.09
Labourers	4.97	32.09

A breakdown of ABET attendance is as follows:

ABET Level 2	1
ABET Level 3	1
ABET Level 4	2

### Summary of Beneficiaries Trained Data

Detail	2016/2017	2015/2016	2014/2015
Total number of Beneficiaries	463	184	324
Black beneficiaries as % of total beneficiaries	53.56	64	11
Total number of women beneficiaries	215	58	72
Women beneficiaries as % of total beneficiaries	46.43	31.5	23

The following information is indicative of the total number of beneficiaries receiving training:

Detail	2016/2017	2015/2016	2014/2015
Total number of beneficiaries	463	184	324
Beneficiaries as % of total workforce	17.32	11.54	15.55



The following table indicates the number of employees trained per course:

Training Course	No. of employees trained		
	2016/2017	2015/2016	2014/2015
ABET Level 2	1	1	0
ABET Level 3	1	1	0
ABET Level 4	2	1	0
Air Brakes	0	0	0
Aerial Platform Training	0	0	0
Assertiveness Training	0	0	0
Auto Electrical Training	0	0	0
Backhoe Loader Novice Operator Training	0	0	7
Basic Cleaning Principles	0	0	0
Basic Health and Safety	20	22	63
Basic Supervision	21	4	15
Batho Pele	17	0	0
Branding of Animals	0	0	0
Brush Cutter Operator	0	0	0
Business Plan Accredited Training	0	0	0
Call Centre Training	0	0	0
Cherry Picker	0	0	9
Code 10 Drivers Licence	3	0	2
CPMD	4	6	0
Competent Assessor Programme	0	0	0
Confined Space Entry Accredited Training	4	0	0
Contract Law for Project Managers and Engineers	0	0	0
Disciplinary Skills	0	0	0
Earthing and Lighting Protection	0	0	0
Effective Report Writing, Minute Taking and Excel	7	0	0
Employee Rights and Obligations	7	14	0
Evacuation Chair	0	0	9
Examiner of Driving Licence (Grade C)	0	0	0
Examiner of Driving Licence (Grade D)	0	0	0
Examiner of Driving Licence (Grades A & B)	0	0	0
Examiner of Vehicles	0	0	0
Excavator Training	0	0	0
Excel Basic Training	0	0	0
Firearm Training (Level 1)		0	16
Firearm Training (Combination Manual)	19	4	10
Firearm Skills Instructor		0	0
First Aid Level 1 + 2	40	17	79
Gas welding	0	0	0
Hazardous Chemicals: Herbicide and Pesticide	0	0	0
Health and Safety Representative	20	14	0
Health and Safety Training for Supervisors	0	0	0
Hira Accredited Training	0	0	0
Human Resource Accredited Training	0	0	0
HV Regulations	0	0	0
Induction Training	69	9	16
Integrated Development Training	0	2	0
Job Access and Speech	0	0	0

Training Course	No. of employees trained		
	2016/2017	2015/2016	2014/2015
Advanced Principles of Labour Law		0	4
Advance Petrochemical Fire Fighting	27	0	2
Assessor Training	0	7	8
Basic Principles of Labour Law	46	0	4
Bid Committee Training	0	0	4
Capacity building for Tourism Practitioners at Local Government	0	0	3
Local Government Orientation Programme	28	0	18
Civil Designer Training	0	0	8
Competency to possess firearm, shotgun, handgun		0	1
Finance for Non-Financial Managers	0	0	1
Middle management coaching	16	0	0
Misconduct Investigation and Report Writing	20	0	1
Moderator Training	0	7	8
Security Management Oxbridge Academy	0	0	1
K53 Learners Licence	3	17	0
Lawnmower Training	0	0	0
Mobile Truck Mounted Crane Training	1	0	12
MS Word 2010 Level 1	19	0	0
N2 Electrical Diploma	2	0	0
National Certificate: Local Government Law and Administration	29	0	0
National Diploma: Local Government Law and Administration	2	0	0
Peace Officer	3	0	0
Quality Insurance	0	0	0
Range Officer	0	0	0
Regulation 21	21	11	14
Ripple Control	0	0	0
Safety for Executives	0	0	0
Strategic Fleet and Transport Management	0	0	0
Safety, Health, Environment Representative	0	0	13
Tram Operator Training	0	0	6
Water and Waste Water: Operate a sand filter	0	0	0
Welding Low Hydrogen Rods	0	8	8
Workplace Communication	11	0	0
	<b>463</b>	<b>145</b>	<b>342</b>

Most importantly training is crucial for organisational success. It is also valuable to employers and employees of the organisation and assist employees to become efficient and productive in their respective work environment.

Hence it is important for organisational development to constantly provide training to the employees of the municipality on two crucial factors:

- Ensuring that new employees in the municipality are given training; to familiarise them with the organisational mission, vision, rules and regulations, and working conditions.
- And also, the existing employees are trained to refresh and enhance their knowledge to enable them to render an effective service.

## 1.7 AUDITOR-GENERAL REPORT

Audit report status (2017)	Unqualified Audit Opinion
Audit Findings	None
Emphasis of matter paragraphs	
Restatement of corresponding figures	
Material losses and impairments	
Irregular expenditure	

## 1.8 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	1 July 2017
2	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	August 2017
3	Finalise the fourth quarter Report for previous financial year	August 2017
4	Audit committee considers draft Annual Financial Statements, performance report and draft annual report of municipality and entities (where relevant)	26 August 2017
5	Municipal entities submit draft annual reports to MM	N/A
6	Submit draft year 2016/2017 Annual Report to Internal Audit and Auditor-General	31 October 2017
7	Auditor-General audits Annual Report including consolidated Annual Financial Statements and Performance data	August to November 2017
8	Municipalities receive and start to address the Auditor-General's comments	August to November 2017
9	Mayor tables the unaudited Annual Report	31 January 2018
10	Municipality submits the Annual Report including the audited annual financial statements and performance report to Auditor-General	February 2018
11	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase	August 2018
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	January 2018
13	Audited Annual Report is made public and representation is invited	January/February 2018
14	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	February/March 2018
15	MPAC Committee assesses Annual Report	February/March 2018
16	Council adopts Oversight report	31 March 2018
17	MPAC report is made public	14 April 2018
18	MPAC report is submitted to relevant provincial councils	17 April 2018

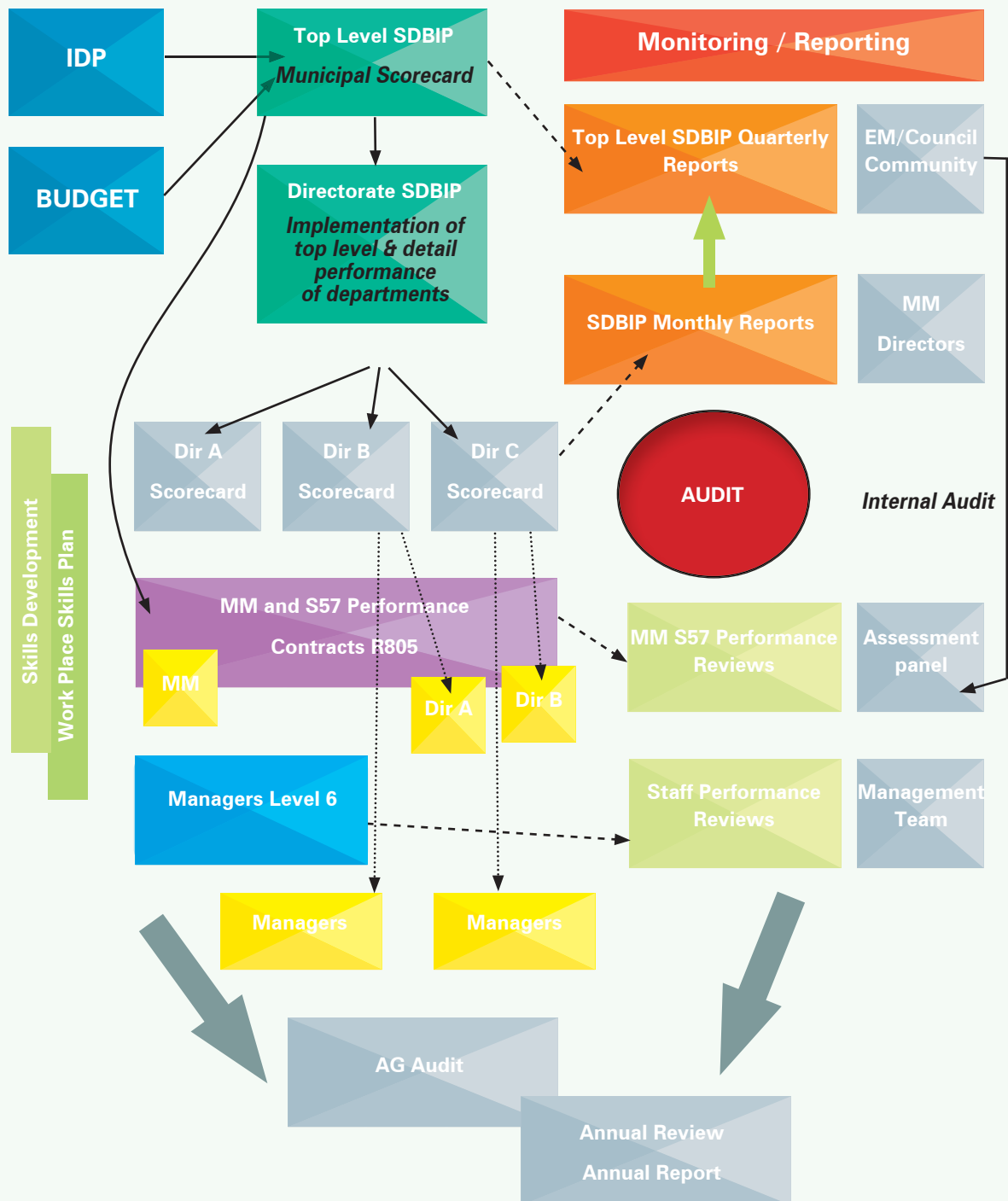
*Volunteers cleaning the Lang Street Park in Soul Heights*





## IDP/Budget/PMS Overview

MSA - MFMA - PPR - R805 - MFMA Cir 13 - Budget Reg's - MFA Cir's



# CHAPTER 2

## GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

During the reporting period Sol Plaatje Municipality was governed by an executive mayoral system in order to assist with the achievement of clean audit status. Adequate provision is made in the system of delegations and sub-delegations to ensure the effective, efficient and accountable functioning of Council, the Political Executive of Council, and the Municipal Manager as Chief Accounting Officer as well as the Executive Directors as executors of policy and service delivery. The Office of the Speaker who is responsible to ensure smooth function of Council and its committees underpins the functioning of Council.

The governance model consists of Section 80 and 79 committees. In terms of the Section 80 of the Municipal Structures Act, the under-mentioned committees assist the Executive Mayor in execution of duties and have no binding decision making powers. The ten members of the Mayoral Committee are the chairpersons of the Section 80 committees:

- IDP, Budget and Performance Management System
- Finance
- Utility Services
- Transport, Roads and Storm Water
- Corporate Services and Human Resources
- Human Settlement
- Community Services
- Safety and Security Services
- Intergovernmental and International Relations and Customer Care
- Economic Development, Urban Renewal and Tourism.

In terms of Section 79 of the Municipal Structures Act, Section 62 of the Municipal Systems Act and Section 66 of the Municipal Finance Management Act, 2003 (MFMA), Council must establish the under-mentioned committees to perform certain functions that are directly accountable to Council and consists of non-executive councillors:

- Disciplinary
- Rules
- Ward Participatory
- General Appeals
- Spatial Planning, Environment and Land Use Management (SPELUM)
- Municipal Public Accounts Committee (MPAC)

In terms of Section 166 of the MFMA, the Audit Committee exists within Council. MPAC adopts the responsibilities of the Oversight Committee by reviewing the Auditor-General's annual report and, on own initiative or Council instruction, investigates and advises Council of unauthorised, irregular, fruitless and/or wasteful expenditure in terms of Section 32(2) of the MFMA. The Audit Committee and MPAC work in close co-operation and MPAC reports to Council at least quarterly. The Oversight Report is published separately in accordance with MFMA guidance.

##### 2.1.1 Political Structure

###### EXECUTIVE MAYOR

Kagisho David Molusi (to 3 August 2016)

Octavious Mangaliso Matika (from 19 August 2016)

###### SPEAKER

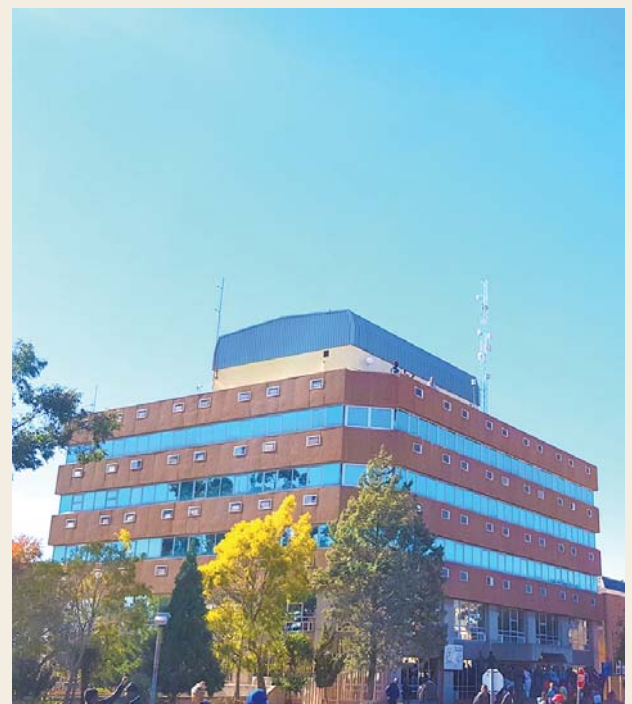
Octavious Mangaliso Matika (to 3 August 2016)

Elizabeth Johnson (from 19 August 2016)

###### CHIEF WHIP

Zwelendyabo John Mpampi (to 3 August 2016)

Winter Keetile (from 19 August 2016)



## MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE (TO 3 AUGUST 2016)

1. Cllr V Settley, Chairperson Human Settlement Services
2. Cllr EM Mathe, Chairperson Corporate Services & Human Resources
3. Cllr MP Thabane, Chairperson Economic Development, Urban Renewal & Tourism
4. Cllr MV Diraditsile, Chairperson Finance
5. Cllr FF Matsio, Chairperson Community Services
6. Cllr WN Ngobeza, Chairperson IDP, Budget & PM
7. Cllr MG Nhlapo, Chairperson Inter-Governmental & International Relations
8. Cllr A Ntlhangula, Chairperson Safety & Security
9. Cllr E Johnson, Chairperson Transport, Roads & S

## MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE (FROM 15 SEPTEMBER 2016)

- 1 Cllr OB Plaatje, Chairperson Human Settlement Services
- 2 Cllr F Kruger, Chairperson Corporate Services & Human Resources
- 3 Cllr M Moshweu, Chairperson Economic Development, Urban Renewal & Tourism
- 4 Cllr OE Matshediso, Chairperson Finance
- 5 Cllr M Meintjies, Chairperson Community Services
- 6 Cllr R Morwe, Chairperson IDP, Budget & PM
- 7 Cllr A Boqo, Chairperson Inter-Governmental & International Relations
- 8 Cllr LP Meleng, Chairperson Safety & Security
- 9 Cllr D Chinkuli, Chairperson Transport, Roads & Storm Water
- 10 Cllr S Mpampi, Chairperson Utility Services

### 2.1.2 Councillors

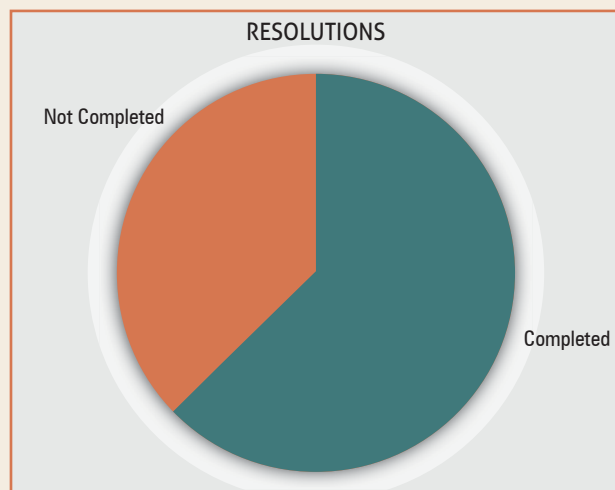
Total Number of Councillors .....	65
33 Ward Councillors.....	ANC x 21; DA x 11; IND x 1
32 Proportional Councillors.....	ANC x 17; DA x 8; EFF x 5; VF+ x 1; COPE x 1
Gender: Male .....	32
Female .....	33

- Refer to **Appendix A** for a full list of Councillors (including committee allocations and attendance at council meetings).
- Refer to **Appendix B** for committees and committee purposes.

### 2.1.3 Political Decision-taking

Political decisions are guided by the new governance model consisting of:

1. Section 79 committees recommend matters directly to Council for approval.
2. Section 80 committees that are advisory committees to the Executive Mayor who has been delegated certain executive decision making powers. The Executive Mayor can either note matters and report such to Council, or resolve on matters and report to Council or to recommend matters to Council for approval.



Ref	Resolution Reference	Department	Council Meeting Date	Resolution Instructions	Update History	Result	
RES2199	C273/08/16	Financial Services	31-Aug-2016	Approval of IDP and Budget Process Plan for 2017/18 MTREF		R	Not completed and overdue
RES2200	C274/08/16	Financial Services	31-Aug-2016	Corrections: 2015/2016 Adjustment Budget Document, B-schedules and supporting tables		R	Not completed and overdue
RES2201	C275/08/16	Financial Services	31-Aug-2016	Fourth Quarter Budget and Performance Assessment Report		R	Not completed and overdue
RES2214	C288/10/16	Strategy and Economic Development	18-Oct-2016	C150/06/16 / SPL219/12/15: Proposed alienation of Erf 6892 Kimberley, 19 Trommel Street, West End.		R	Not completed and overdue
RES2222	C296/10/16	Strategy and Economic Development	18-Oct-2016	C163/06/16 / SPL19/03/16: SPL223/12/15: Proposed rezoning, subdivision (for consolidation) and alienation of a portion of Erf 5337, Kimberley, Orr Street, West End		R	Not completed and overdue
RES2224	C298/10/16	Strategy and Economic Development	18-Oct-2016	C195/06/16 / SPL34/04/16: Proposed Rezoning of Portion 112, a Portion of the Farm Bultfontein No. 80 Kimberley		R	Not completed and overdue
RES2228	C302/10/16	Strategy and Economic Development	18-Oct-2016	C206/06/16 / SPL47/04/16: Proposed alienation of Erf 23431 Kimberley, 54 Freesia Street, Roodepan		R	Not completed and overdue
RES2239	C313/10/16	Corporate Services	18-Oct-2016	Organogram Alignment: Mayor and Speakers Units (Final approved organogram 29 June 2016, C239/06/16).		R	Not completed and overdue
RES2203	C277/08/16	Community and Social Development Services	31-Aug-2016	Invitation to participate in the SA Municipal Sport & Recreation Association 2016 (SAMSRA) National games		R	Not completed and overdue
RES2212	C286/10/16	Corporate Services	18-Oct-2016	Announcements by the Executive Mayor C283/09/16 point no. 2 be amended to read as follows: That the Party Whips i.e. Cllrs Griqua, Ludick and Thulo, form part as members of the Committee.		R	Not completed and overdue
RES2213	C287/10/16	Corporate Services	18-Oct-2016	Announcements by the Chief Whip That the following Councillors be appointed to the Local Labour Forum: Cllr F Kruger Cllr W Keetile Cllr H Buda Ald O Matika Cllr C Phiri Cllr O Mokae		R	Not completed and overdue
RES2215	C289/10/16	Strategy and Economic Development	18-Oct-2016	C151/06/16 / SPL224/12/15: Proposed alienation of Erf 8611, 1 Green Street, Kimberley, West End		R	Not completed and overdue
RES2216	C290/10/16	Strategy and Economic Development	18-Oct-2016	C153/06/16 / SPL02/03/16: C08/02/16: C221/10/15: C191/08/15: SPL110/07/15: SPL04/02/15: SPL153/11/14: C44/04/13: SPL10/02/13: Proposed alienation of a portion of Remainder of Erf 1 Kimberley, Oliver Road, Fabricia		R	Not completed and overdue
RES2217	C291/10/16	Strategy and Economic Development	18-Oct-2016	C155/06/16 / SPL06/03/16: SPL170/10/15: Proposed closure, rezoning and alienation of Erf 9110 Kimberley, Howie Road, Verwoerd Park		R	Not completed and overdue
RES2218	C292/10/16	Strategy and Economic Development	18-Oct-2016	C156/06/16 / SPL07/03/16: SPL188/11/15: SPL171/10/15: Proposed alienation of Erf 96 Galeshewe, Mlonyeni Street, Retswelele		R	Not completed and overdue
RES2219	C293/10/16	Strategy and Economic Development	18-Oct-2016	C157/06/16 / SPL08/03/16: SPL189/11/15: SPL176/10/15: Proposed alienation of a portion of Erf 21986 Galeshewe, John Daka Street and the consolidation thereof with Erf 21985, Galeshewe, Kimberley		R	Not completed and overdue
RES2220	C294/10/16	Strategy and Economic Development	18-Oct-2016	C158/06/16 / SPL12/03/16: SPL89/07/15: C75/04/14: SPL31/02/14: C26/02/14: SPL185/12/13 SPL146/10/13: Proposed rezoning and alienation of Erf 5175 Kimberley, Transvaal Road, Moghul Park 15/3 5175K		R	Not completed and overdue
RES2221	C295/10/16	Strategy and Economic Development	18-Oct-2016	C161/06/16 / SPL15/03/16: Proposed Land Exchange Agreement: Sol Plaatje Municipality and De Beers Consolidated Proprietary Limited		R	Not completed and overdue



Ref	Resolution Reference	Department	Council Meeting Date	Resolution Instructions	Update History	Result	
RES2223	C297/10/16	Strategy and Economic Development	18-Oct-2016	C164/06/16 / SPL20/03/16: Proposed rezoning, subdivision and alienation of a portion of Erf 6786, Kimberley, Church Road		R	Not completed and overdue
RES2225	C299/10/16	Strategy and Economic Development	18-Oct-2016	C203/06/16 / SPL44/04/16: Proposed alienation of Erf 7127 Kimberley, 30 Diebel Street, Diamond Park		R	Not completed and overdue
RES2226	C300/10/16	Strategy and Economic Development	18-Oct-2016	C204/06/16 / SPL45/04/16: Proposed alienation of Erf 21661 Kimberley, 6 Tchaikovsky Street, Pescodia		R	Not completed and overdue
RES2227	C301/10/16	Strategy and Economic Development	18-Oct-2016	C205/06/16 / SPL46/04/16: Proposed alienation of Erf 23430 Kimberley, 52 Freesia Street, Roodepan		R	Not completed and overdue
RES2229	C303/10/16	Strategy and Economic Development	18-Oct-2016	C207/06/16 / SPL48/04/16: Proposed alienation of Erf 23524 and 23528 Kimberley, Hibiscus Street, Roodepan		R	Not completed and overdue
RES2230	C304/10/16	Strategy and Economic Development	18-Oct-2016	C208/06/16 / SPL49/04/16: Proposed alienation of Erf 23532 and 23533 Kimberley, Hibiscus Street, Roodepan		R	Not completed and overdue
RES2231	C305/10/16	Strategy and Economic Development	18-Oct-2016	C228/06/16 / SPL05/05/16 / C288/11: Proposed alienation of Erf 23544, Kimberley, Roodepan		R	Not completed and overdue
RES2232	C306/10/16	Financial Services	18-Oct-2016	C235/06/16 / C88/04/16: EM28/01/16: FIN47/07/15: Submission of the Debt Collection Strategy		R	Not completed and overdue

## 2.2 ADMINISTRATIVE GOVERNANCE

### 2.2.1 Introduction to Administrative Governance

The Municipal Manager supported by the executive management team to accomplish the mission and vision of Council, heads the municipal administration.

The Municipal Manager is responsible for development of an economical, effective and efficient administration that can im-

plement the Integrated Development Plan (IDP). The executive management team manages the execution of the IDP within more specific service delivery aimed directorates that are responsive to the needs of the local community and ensure the service delivery of key public services to the society.

### 2.2.2 Top Administrative Structure

Tier	Directorate	Designation	Name
1	Executive	Municipal Manager	Goolam Akharwaray
2	Infrastructure and Services	Executive Director	Gail Jele **
3		City Roads Engineer: Roads and Storm Water	Thabiso Raseobi
		City Engineer: Water and Sanitation	Motale Selesho
		City Electrical Engineer: Electricity	Roelof Coertze
		Manager: Housing	Richard Riddles
		Fleet Manager	Alan Samson
		Head: Mechanical Workshops	Marcel Arthur
2	Strategy, Economic Development and Planning	Executive Director	Nomonde Tyabashe-Kesiamang *
3		Manager: Local Economic Development	Phetole P Sithole
		Manager: Properties	Fumane Phatedi **
		Manager: Building Control	Godfrey Lesenyo
		Manager: Urban Planning	Ngoako Modiba
		Manager: Market	Jemima Taku**
		Manager: GURP and NDPG	Zwelithini Mguza
2	Corporate Services	Executive Director	Ruth K. Sebolecwe
3		Manager: Human Resources	Tebogo Phuthi
		Manager: Communication and Public Relations	Sello Matsie
		Manager: Labour Relations	Pierre de Villiers
		Manager: Committee Services	Corrie Senekal
		Manager: Administration	Charl Pizer

Tier	Directorate	Designation	Name
2	Community and Social Development Services	Executive Director	Khuza Bogacwi *
3		Manager: Emergency Services	Tinus Pretorius
		Manager: Primary Health Care	Ester Christopher **
		Manager: Cleansing and Environmental Health	Keith Williams
		Manager: Motor Registration	Deon Moeti
		Manager: Traffic Law Enforcement	Chris Langford
		Manager: Parks and Recreation	Tumelo Maropong **
		Manager: Library Services	Fritz van Dyk
2	Financial Services	Chief Financial Officer	Zuziwe Lydia Mahloko *
3		GM: Budget and Treasury	Oubaas Wagner
		GM: Revenue Management	Andries Kloppe
		Chief Information Officer	Veronica G Monyobo
		Manager: Expenditure	Joseph Mopharing
		Manager: Assets	Eugene Baise
		Manager: Supply Chain Management	Fred Barnard
* Denotes officials employed permanently, with annual performance agreements, reporting to the Municipal Manager under the Municipal Systems Act, Section 56.			
** Acting			

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

#### 2.3.1 National Intergovernmental Structures

Sol Plaatje Municipality is a non-delegated municipality and reports monthly and quarterly to National Treasury. During the year, there are various meetings attended with National Treasury and in the main, the following engagements are highlighted:

- National Treasury's mid-term visit to the municipality
- Budget Benchmark Exercise – review of the budget prior to the approval by Council
- Financial Statements Compliance Checklist – for GRAP compliance

Some municipal officials serve in the Institute of Municipal Finance Officers at National level, thus giving the municipality an early awareness of new developments in the accounting and reporting framework.

#### 2.3.2 Provincial Intergovernmental Structure

The municipality is a full-time member of the Provincial Intergovernmental Relations Committee that is chaired by the Premier of the Province and sits on a quarterly basis. There are various other meetings where the municipality is being represented such as SALGAs Working Committees of Finance, Local Economic Development, etc.

#### 2.3.3 Provincial and District Structure

The District Intergovernmental Forum is a legislative structure constituted to ensure that the three spheres of government operate smoothly. The District Technical IGR therefore was put together to render technical support to the political IGR. The technical committee's responsibility is to plan for the District IGR. The committee addresses issues that sector departments and municipalities are confronted with.

These issues will then form the Agenda of the District IGR; and may be submitted further to the Provincial IGR.

Service deliveries by individual municipalities as well as the municipalities on district level enjoy the advantages of regular contact between professional peers, a sense of co-ordination and aid in problem solving. Regular communication and planned meetings enhance co-operation on local government level as well as different spheres of government.

#### 2.3.4 District Intergovernmental Structures

The District Intergovernmental Forum is a legislative structure constituted to ensure that the three spheres of government operate smoothly.

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The committee addresses issues that sector departments and municipalities are confronted with. These issues will then form the Agenda of the District IGR; and may be submitted further to the Provincial IGR.

The District IGR Committee consisting of the four local municipalities and the district municipality meets on a quarterly basis to co-ordinate IDP related issues within the district. When required provincial sector departments are also invited for their specific input.

Service delivery, in this case by individual as well as the municipalities on district level, enjoy the advantages of regular contact between professional peers, a sense of coordination and aid in problem solving. Regular communication and planned meetings enhance co-operation on local government level as well as different spheres of government.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 PUBLIC MEETINGS

In line with the requirements of Municipal Systems Act and Municipal Finance Management Act, the municipality had adopted various platforms for public participation such as ward meetings, Imbizos, the IDP Representative Forum and even through facebook. The success of public participation is dependant on the activity of the ward councillors and committees on the ground as well as the municipal communication and public relations team.

On a monthly basis, it is expected that ward councillors call meetings with the intention to communicate the work of council through the committees established. It is in these meetings

where budget and IDP implementation is reported, service delivery challenges as experienced by the communities are noted and forwarded to members of the Mayoral Committee for intervention.

The establishment and inauguration of ward committees was delayed but finalised on the 08.08.2017 and received intensive training from SALGA. The office of the Executive Mayor and that of the Speaker work in collaboration to ensure that public participation is effective and encourage participation and involvement of the community in the business of the municipality.

Public Meetings						
Nature and purpose of meeting	Date of meeting	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
MPAC	Various	30	30	1 254	Yes	Feedback is given directly to the community members during the meetings.
IDP and Budget 2016/2017-2018/2019	Various	45	30	1 984	Yes	
Annual Report 2014/2015	Various	40	30	988	Yes	

The meetings with the community took place during April and May 2016 for the financial year 2016/2017.

#### COMMENT ON PUBLIC MEETINGS

The public meetings arranged to inform communities about the impending budget and the IDP as well as various other meetings like the MPAC meetings and the discussions surrounding the Annual Report which directly influence them as rate payers, went off smoothly. Council involve communities as per legislation to seek input from them in order of transparency and openness. Although quite a number of people attended, the attendance was still not up to what was expected.

Some meetings had to be rescheduled as a result of inclement weather. The meetings as a whole were received very well by the communities and there were constructive debates around various issues. During the engagements, a lot could be learned from the various inputs provided.

In future innovative ideas will be brought to the table to ensure that more numbers turn up at public meetings to make the process more inclusive.



## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, and 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 twelve 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, (Act 32 of 2000)	

## COMPONENT D: CORPORATE GOVERNANCE

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

## 2.6 RISK MANAGEMENT

Enterprise Risk Management (ERM) forms a critical part of any entity's strategic management. It is the process whereby an entity both methodically and intuitively addresses the risk attached to their activities with the goal of achieving a sustained benefit within each activity and across a portfolio of activities. Enterprise Risk Management is therefore recognised as a strategic, integral part of sound organisational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. All entities face uncertainty, and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value.

Enterprise risk management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value. Value is maximised when management sets strategy and objectives to strike an optimal balance between growth and return goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity's objectives.

The framework provides a basis for management to effectively deal with uncertainty of associated risk and opportunity, thereby enhancing its capacity to build value.

The following factors require consideration when integrating ERM into organisational decision-making structures:

- Strategically aligning risk management with objectives at all levels of the organisation
- Introducing risk management components into existing strategic planning and operational practices
- Including risk management as part of employees' performance appraisals; and

- Continuously improving control and accountability systems and processes to take into account risk management and its results.

The Enterprise Risk Management Framework specifically addresses the structures, processes and standards implemented to manage risks on an enterprise-wide basis in a consistent manner. The standards further address the specific responsibilities and accountabilities for the Enterprise Risk Management process and the reporting of risks and incidences at various levels within SPM. As the field of risk management is dynamic, this policy and framework document is expected to change from time to time.

Current trends in good corporate governance have given special prominence to the process of Enterprise Risk Management, and reputable businesses are required to demonstrate that they comply with expected risk management standards. This means that SPM must ensure that the process of risk management receives special attention throughout the organisation, and that all levels of management know, understand and comply with the framework document.

Risk Management Activities as contemplated in the Framework are properly discharged and all Risk Management activities are reported quarterly to the Risk Management and Audit Committee.

### SOL PLAATJE MUNICIPALITY'S CURRENT TOP FIVE RISKS AS AT JUNE 2017

- Declining financial sustainability
- High level of non-revenue water due to water losses
- Deteriorating raw water quality and rising tariff. (Sustainability of Vaal River supply and cost of Vaal water.)
- Limited capacity of High Voltage and Distribution Infrastructure in certain areas
- No Master Plans for Infrastructure Services

Towards the end of June 2017 for the first time SPM was able to align Actions and Projects required for mitigation of the above with the actual Capital Plan as part of the next Five Year IDP cycle.



## 2.7 ANTI-CORRUPTION AND FRAUD

The Sol Plaatje Municipality has a range of measures to prevent corruption, fraud and theft; these are in sync with the national anti-corruption strategy. Accordingly, Council adopted the Fraud Prevention Policy on 9 June 2010, together with the Fraud Prevention and Anti-Corruption Plan, the latter operationalised the broad principles contained in the policy framework. This framework essentially defines and regulates measures to address corruption, fraud and theft. This is underscored by the understanding that criminal and other irregular conduct is detrimental to good, effective, accountable and transparent governance and hampers the service delivery capacity of the Municipality.

To that end, the objective of this policy framework is to:

- Develop and foster an environment, where public representatives, the employees of the Municipality and the public shall strive to eradicate corruption, fraud and theft through the application of a full spectrum of pro-active and re-active measures at their disposal
- Encourage disclosures of corrupt practices and the protection of whistle-blowers through the application of the Protected Disclosures Act (Act No. 26 of 2000)
- Encourage the reporting of irregular acts or corrupt activities through the joint utilisation of the national anti-corruption hotline
- Ensure that, where appropriate, the municipality recovers financial losses or damages incurred by using a range of legal instruments at its disposal.

Furthermore, an internal audit unit exists to analyse and report on the control environment in order that management can proactively deal with the underlying causes of corruption and theft.

An external Audit Committee made up of external experts is constituted and meets on a regular basis to analyse audit reports and, where appropriate, make recommendations to management to implement effective management strategies and practices, such as those provided for in the King III Report. Such an Audit Committee does not include councillors and is therefore seen as objective and non-biased in its assessment and recommendations.

The municipality adopted Bid Committees immediately upon promulgation of Supply Chain Management Regulations, in line with the Municipal Finance Management Act. There are no councillors serving on Bid Committees since that time. Council plays an oversight role on the implementation of Supply Chain Policy and quarterly reports are submitted to the Executive Mayor and published in the local newspapers.

Regular incidents of corruption and theft are reported to the Municipal Manager and acted upon by an internal investigative unit, who also report such incidents to the SAPS, where appropriate.

It is common within the government sector that various whistle-blowers will approach the Office of the Public Protector and the Hawks. The municipality has dealt with various matters from these two offices, the nature of which can be summarised as follows:

- Billing related enquiries
- Service delivery related enquiries
- Budget implementation enquiries
- Fraud allegation on tendering
- Dissatisfaction with the tender outcomes

All of these are handled through the Municipal Manager, the Executive Directors and other senior managers.

## 2.8 SUPPLY CHAIN MANAGEMENT

### 2.8.1 Overview of Supply Chain Management

Supply Chain Management, as a financial management tool, seeks to reform and regulate the manner in which public funds are utilised when procuring goods and services whilst in pursuit of service delivery that is responsive to the needs of the society and to curtail any administrative and fraudulent practices in the procurement front.

Supply Chain Management is one of the key mechanisms enabling government to implement policy.

The objectives of the policy are to:

- give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
- comply with the applicable provisions of the Municipal Finance Management Act including all the relevant regulations;
- acknowledge the provisions of all other relevant regulations, including The Broad Base Black Economic Empowerment Act, The Competitions Act, Municipal

Structures Act, Municipal Systems Act, The Prevention and Combatting of Corrupt Activities and the Promotion of Administrative Justice Act.

The Supply Chain Management Policy was reviewed, and amendments were made to accommodate the latest Preferential Procurement Regulations 40558 issued on 20 January 2017 for implementation 1 April 2017.

The new regulations, issued by the Minister of Finance, were revised to align with certain changes to the B-BBEE legislation. The legislation encourages procurement from Small Enterprises, particularly through sub-contracting. One major area of change is the freedom which the Regulations afford the organs of State to choose to apply pre-qualifying criteria to advance certain designated groups.

An implementation plan was compiled and tabled before the Finance Committee. Processes and procedures were implemented to ensure proper and effective ways of implementation. This includes the amendments to bid documents and quotations.

The implementation of the new Regulation created huge challenges for Supply Chain Management.

Choosing prequalification criteria should be based on sector transformation and promotion of economic transformation in identified areas. Market and industry research has to be conducted to identify the level of transformation in the sector or commodity. Role-players and their B-BBEE status and the availability of EME's or QSE's have to be identified. The Central

Supplier Database is currently used as basis for this research. Once suppliers are identified further market research is conducted to satisfy ourselves that there are enough capable and qualified suppliers in the identified sector. More specialised methods are being investigated due to the outcome of bids and quotations that are not fully up to the desired standards.

## 2.9 BY-LAWS

### 2.9.1 By-Laws gazetted in 2015\*

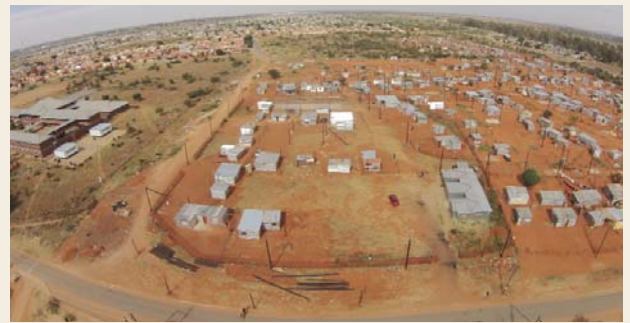
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazette* (Yes/No)	Date of Publication
Land Use Management By-Law		Yes	21 September 2015	Yes	2015

\* The above by-law will be adopted after the date of publication.

### 2.9.2 Comment on By-laws

Section 11 (3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) empowers Municipal Councils to exercise executive and legislative authority to pass and implement by-laws and policies, however for the financial year 2016/2017 no new by-laws were developed.

The Land Use Management By-Law 2015 is currently being implemented by the municipality in terms of quicker processing of land use management applications.



## 2.10 WEBSITES

### 2.10.1 Municipal Website: Content and Currency of Material

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	Yes	Annual Budget – 05 June 2017
Adjustment Budget 2015/2016		24 February 2016
All current budget-related policies	Yes	06 April 2017
The previous annual report (2015/2016)	Yes	Published 27/07/2017
The annual report 2016/2017 to be published	Yes	
All current performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act (2016/2017) and resulting scorecards	Yes	All Performance agreements have been published except for ED Community Services, Manager PMU, Manager Internal Audit, Manager IDP, ED Infrastructure Services (Outstanding)
All service delivery agreements	Yes	23/02/2017
All long-term borrowing contracts	Yes	June 2013
All supply chain management contracts above R200 000 for 2016/2017	Yes	Published within two days of receipt
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 2016/2017	Yes	No Fixed assets were disposed of during the reporting period.
Contracts agreed in 2016/2017 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section	Yes	Published within two days of receipt
All quarterly reports tabled in the council in terms of Section 52 (d) during 2016/2017	No	Mid-Year and Second Quarter Report published 02/03/2017 (Published as one document) Third quarter report published 14/06/2017

### 2.10.2 Comment on Municipal Website Content and Access

#### COMMUNICATION

Sol Plaatje Municipality is committed to Batho Pele principles, and communication has been focusing on the issues that have an impact on the residents' perception, quality of service and value for money.



## WEBSITE

The municipal website [www.solplaatje.org.za](http://www.solplaatje.org.za) is an integral part of the municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the

MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

The following table is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal Website	Date Published
Annual Budget	05/06/2017
Adjustment Budget for 2015/2016	24/02/2016
Annual Report 2014/2015	09/02/2016
IDP 2014/2015	23/02/2017
IDP Review (Planning) 2015/2016	23/02/2017
Performance Agreements 2015/2016	23 February 2017
Quarterly Reports tabled to Council	Mid-Year, First Quarter Report and Third Quarter Report published 14/06/2017
Mid-Year Assessment Report	13/05/2016
SDBIP 2015/2016	08/06/2016
<b>Policies</b>	
Asset Disposal Policy 013 (Revision)	06 April 2017
Cash Management & Investment Policy revised 2013	06 April 2017
Policy on Ward Committees	10 November 2017
<b>Agreements</b>	
SLA: Service Level Agreements	
SLA Treasury - Infrastructure Skills Development Grant	23/02/2017
SLA Department of Health	23/02/2017
SLA Nugen	23/02/2017
SLA Department Sports, Arts & Culture	23/02/2017

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### 2.11.1 Introduction to Public Satisfaction Levels

The municipality did not conduct a public satisfaction on municipal services. However, through public meetings held, it can be said that the public is generally satisfied with the performance of the municipality, the public perception and image is also positive. The municipality has an open door policy and members of the public are allowed to raise concerns they have through the office of the Executive Mayor, the Municipal Manager and Senior Managers through their staff and even directly.

The municipality has service centres across the city as we believe in taking services to the people, thus reducing travel costs just to raise a query or concern. Ward Councillors are also an avenue to raise ward related concerns and they escalate these to the relevant officials or Member of Mayoral Committee.

It is our commitment to start with COMPLAINT BOXES AND SERVICE DELIVERY SUGGESTION BOXES. A public satisfaction policy is being developed in this regard and will be adopted by Council.

### 2.11.2 Comment on Satisfaction Levels

Due to the participants on the survey being very few, no concrete conclusions could be made in this regard. However, the municipality established a fully-fledged Call Centre replacing the Control Room to take community infrastructure queries and dispatch them to the technical teams on the ground to resolve. Although this is the only medium for reporting infrastructure breakages they do walk-in for municipal accounts queries.



# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE

### (PERFORMANCE REPORT PART I)

#### 3.0 INTRODUCTION

To achieve government's constitutional obligation of providing services, Sol Plaatje Municipality is delegated to provide access to basic municipal services. The Local Government: Municipal System Act (MSA), (Act No. 32 of 2000), describes a basic municipal service, as a service that is necessary to ensure an acceptable and reasonable quality of life and which if not provided, would endanger public health, safety and the environment. In order to ensure sustainable delivery of basic services, SPM should ensure that relevant policies and strategies that governs technical standards and norms are in place.

A municipality as a service authority would, in order to deliver a service, require adequate infrastructure to meet the requirements as set out in the MSA. Infrastructure is a tool to deliver on municipal services. The Infrastructure Development Act (Act No. 23 of 2014) defines infrastructure as installations, struc-

tures, facilities, systems, services or processes relating to the matters specified in Schedule 1 and are part of the national infrastructure plan. The Act further defines public infrastructure as infrastructure owned by the state or infrastructure in relation to which a public-private partnership or a concession agreement exists.

Municipal infrastructure may be broadly defined as the capital works required to provide municipal services. This includes all activities necessary to ensure that the works are delivered effectively, such as feasibility studies, project planning and capacity building to establish sound operational arrangements for the works. These activities or projects have also considered the eradication of backlogs and provision of basic services to indigents, despite inadequate funding to address backlogs.

##### 3.0.1 Employees: Infrastructure & Services (Director's Office)

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	0	1	100.00
Other Managers	3	3	3	0	0.00
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	6	7	6	1	14.29
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	2	2	2	0	0.00
<b>Total</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>2</b>	<b>15.38</b>

#### 3.1. WATER PROVISION

##### 3.1.1 Introduction to Water Provision

The provision of Water services is directed, regulated and controlled by the Water Services Act (Act No. 108 of 1997) and the National Water Act (Act No. 36 of 1998). The Water Services Act primarily deals with water services provision to consumers, while the National Water Act focuses on water in its natural state.

Sol Plaatje Municipality is both the Water Service Provider and Water Service Authority. This implies that the municipality is both responsible for the planning and implementation of its

strategies related to water supply services. The municipality must develop a Water Services Development Plan (WSDP) relevant to Water Services Authority requirements and furthermore defines desired and minimum level of water service for communities, which is a specific function for Water Services Provider in its area of jurisdiction.

The WSDP describes and defines arrangements for water service provision in the municipal area, both present and future within a prescribed legislative requirement.



In the financial year under review, the municipality has currently and successfully implemented the following major projects, of which some are multi-year projects:

WATER

- Completed project
  - Refurbishment of bulk water main from Riverton to Kimberley
  - Water management zones and zone metering
  - Bulk water augmentation in Ritchie, phase 1
  - Upgrading of Homevale WWTW (Mechanical de-watering)
- Multi-Year Projects
  - Installation of new High Lift Pumps and construction of pump station in Riverton to ensure certainty of water supply to Kimberley.
  - Construction of a new pump station in Riverton treatment works.
  - Replacement of water meters in various areas/ townships.
  - Bulk water augmentation in Ritchie, phase 2.



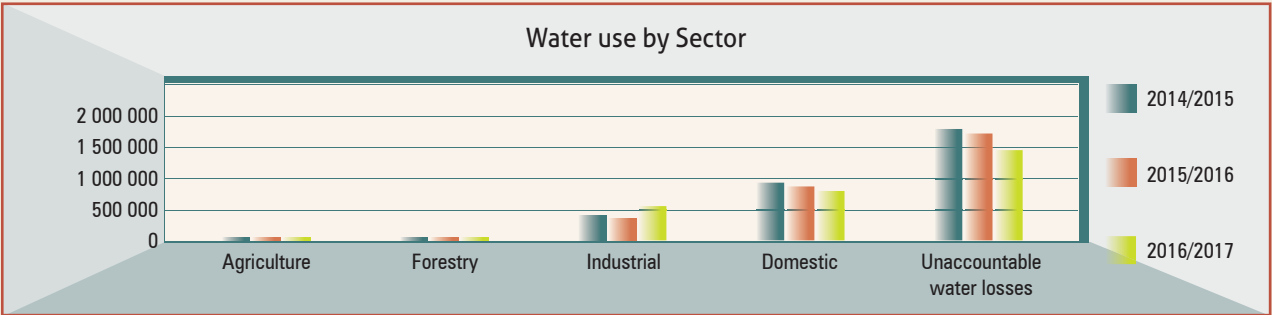
Newton Reservoir Level

3.1.2 Comment on Water use by Sector

Total Use of Water by Sector (kilolitres)					
Period	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2014/2015	0	0	4 841 151	10 551 174	18 940 545
2015/2016	0	0	4 615 297	9 888 947	18 752 511
2016/2017	0	0	6 167 803	9 375 939	15 898 386

Period	Domestic Use %	Industrial Use %	% Unaccounted Water
2014/2015	30.73%	14.10%	55.17%
2015/2016	29.74%	13.88%	56.39%
2016/2017	29.82%	19.62%	50.56%

BAR CHART DEPICTING WATER USE BY SECTOR



Volume of unbilled water consumption and apparent losses are regarded as the effective causes of high non-revenue water. Real losses represent a significant defect on water infrastructure such a pipe burst and leakages.

Despite progressive interventions undertaken by the Municipality to reduce non-revenue water, old and aged infrastructure still remains the biggest challenge.

### 3.1.3 Water Service Delivery Levels

Description	Households			
	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No.			
Water: (above min level)				
Piped water inside dwelling	–	–	–	–
Piped water inside yard	53 098	53 550	54 358	54 358
Using public tap (within 200m from dwelling)	5 215	6 747	9 161	9 161
Other water supply (within 200m)	–	–	–	–
Minimum Service Level and Above sub-total	58 313	60 297	* 63 519	63 519
Minimum Service Level and Above Percentage	96.7%	100.0%	100.0%	100.0%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	1 087	0	0	0
Other water supply (more than 200m from dwelling)	614	614	0	0
No water supply	243	0	0	0
Below Minimum Service Level sub-total	1 944	614	0	0
Below Minimum Service Level Percentage	3.2%	0.0%	0.0%	0.0%
Total number of households*	60 257	60 297	* 63 519	63 519
* To include informal settlements As per community survey carried out in 2016. The figure of 60,297 relates to Census 2011				

#### 3.1.4 Households – Water Service Delivery Levels below the minimum

The minimum requirement in terms of water provision is that all households living in informal settlements be provided with stand taps at a distance of 200m.

Due to various social issues that got the attention of the municipality, the national standard in terms of water provision in informal areas has been improved from a radius of 200m to 100m. This was achieved by installing additional taps in most of the informal area. The standard or level of service remained the same, however access levels has increased significantly.

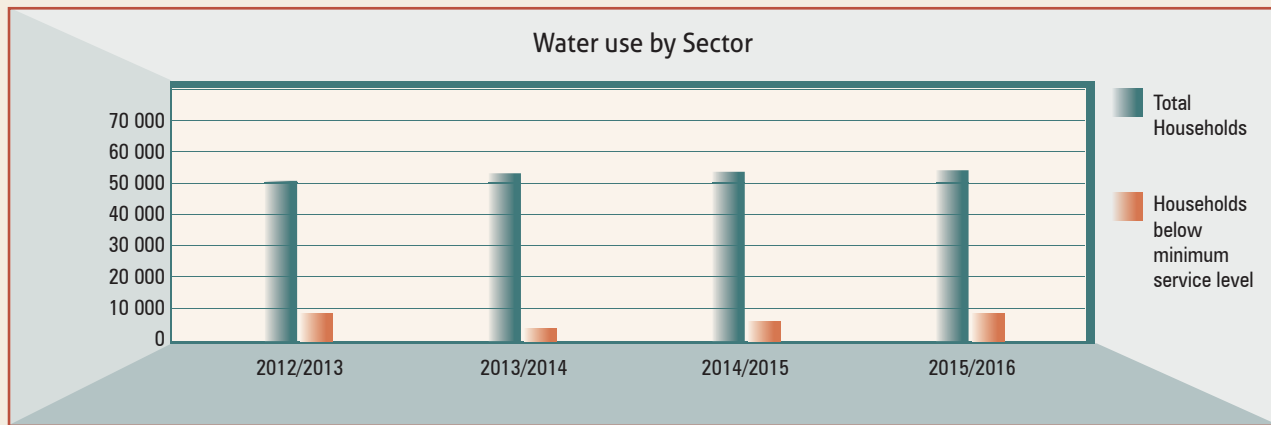
Although performance of water provision in informal areas has improved in the current year, this development is eroded by extraordinary mushrooming of informal areas. Informal settlements have access to communal stand taps. This service is provided freely to all households living 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute.

- 6 000 litres of potable water supplied per formal connection per month.

Description	Households			
	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No.			
Formal Settlements				
Total households	53 098	53 550	54 358	54 358
Households below minimum service level	5 215	6 747	9 161	9 161
Proportion of households below minimum service level	9.8 %	12.6%	16.8%	16.8%
Informal Settlements				
Total households	—	13 679	9 161	9 161
Households below minimum service level			0	0
Proportion of households below minimum service level		49.3%	0.0%	0.0%



### 3.1.5 Access to Water



### 3.1.6 Water Service Policy Objectives Taken From IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Ensure that delivery of at least 80% of the components of the high lift pumps for Riverton take place by 30 June 2017	100%	100%	80%	71.79%	Not a target for 2017/2018
To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	To complete at least 30% of the construction project for a new pump station building at Riverton Waste Water Treatment Works (to host the new high lift pumps) by 30 June 2017	100%	100%	30%	14%	50%
To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Decrease water losses to 45% by 30 June 2017	37%	56.39%	45%	50.56%	45%
To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Achieve 92% Blue Drop Status (BDS) by 30 June 2016	92%	98%	92%	98%	95%

### 3.1.7 Employees: Water and Sanitation

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	3	14	3	11	78.57
Professionals	2	2	2	0	0.00
Technicians & Trade Workers	23	35	23	12	34.29
Clerks & Administrative Workers	2	7	2	5	71.43
Community and Personal Workers	3	15	3	12	80.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	19	56	19	37	66.07
Elementary Occupations	125	196	125	71	36.22
<b>Total</b>	<b>178</b>	<b>326</b>	<b>178</b>	<b>148</b>	<b>45.40</b>

Note: New Job Level definitions were received from the LGSETA and the database has been adjusted according. This has resulted in changes to some of the Employee statistics. This will be reflected throughout the tables reflecting employee statistics.

### 3.1.8 Financial Performance 2016/2017: Water Services

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>233 489</b>	<b>255 384</b>	<b>255 384</b>	<b>264 609</b>	<b>4%</b>
<b>Expenditure:</b>					
Employees	32 972	36 526	36 526	35 194	-4%
Repairs and Maintenance	21 617	26 502	20 882	19 602	-6%
Other	134 833	146 166	150 766	136 657	-9%
<b>Total Operational Expenditure</b>	<b>189 422</b>	<b>209 194</b>	<b>208 174</b>	<b>191 453</b>	<b>-8%</b>
<b>Net Operational Expenditure</b>	<b>(44 067)</b>	<b>(46 190)</b>	<b>(47 210)</b>	<b>(73 155)</b>	<b>55%</b>

### 3.1.9 Capital Expenditure 2016/2017 (Water Services)

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>41 730</b>	<b>28 273</b>	<b>18 554</b>	<b>-56%</b>	<b>-34%</b>	<b>–</b>
Riverton Water - High Lift Pumps	13 230	12 477	12 469	-6%	0%	0%
Replacement of water meters	2 500	2 500	–	-100%	-100%	–
Ritchie Water Augmentation	15 000	7 000	6 086	-59%	-130%	-100%
Lerato Park Water	1 000	2 000	–	-100%	-100%	–
Riverton Pump Station	10 000	4 296	–	-100%	-100%	–
Capitalised from Repairs & Maintenance	–	–				

### 3.1.10 Comment on Water and Sanitation Services performance overall

In terms of water services provision, the municipality did not implement capital projects in respect of service installations to households. The primary focus and nature of projects were aimed at bulk infrastructure projects. The upgrade works which entails construction of new pump station complete with pumps at Riverton treatment works which will enable sustainable pumping of potable water is a huge benefit to the municipality.

Secondly, frequent cleaning and unblocking of sewer outfall main in Galeshewe to reduce recurring sewer blockages in sewer collector system has also presented multiple benefits. Although the structural integrity of the sewer outfall main has been condemned subsequent to scientific assessment, the plan for replacement/refurbishment with the possibility of upgrading is underway and the project is expected to be initiated in the next financial year.

The work which was related to direct benefits to households was replacement of water meters. Although the actual work took place at the forefront of service delivery, the benefits are also huge because the project will improve meter information and thus water conservation and demand management efforts.

Provision of sanitation services for informal areas was one of the highlights for the year under review, although challenges relation to sanitation services in informal areas is well renowned, efforts to tackle this problem has commenced and few informal areas has started to receive basic sanitation services.

Though there has been no noteworthy impact in the current year in terms of basic service provision for informal settlements, the municipality has done a lot of work in respect of planning activities and the actual impact will be noted in the next financial year.

## 3.2 WASTE WATER (SANITATION) PROVISION

### 3.2.1 Introduction

Provision of waste-water services is a going concern and a well renowned challenge for the municipality due to the lack of service provision in informal areas. The ever-increasing demand of waste-water services due to mushrooming of informal human settlements is posing a serious risk, and failure to put sustainable mitigation measure will worsen the situation. Although the Corporate Governance, Human Settlement and Traditional Affairs (CoGHSTA) is the custodian of waste-water provision for newly established areas, and thus declaring it a non-core function by the municipality, overall performance of sanitation services is affected negatively by this condition.

The completion of Homevale WWTW has affirmed sustainability of sanitation bulk services in the municipality. Currently there is no doubt about the treatment capacity of raw sewerage in the municipality. Though this project has signified great improvement in terms of sanitation services, challenges relating to sewer collector system or reticulation and services of informal areas remains a huge challenge. The municipality has effectively started to address sanitation provision to informal areas in the current year. Provision of basic sanitation to informal areas will improve significantly in the years to come because a lot of time and resources to plan for this objective was done in the current year.



### 3.2.2 Sanitation Service Delivery Levels

Description	2013/2014	2014/2015	2015/2016	2016/2017
	Outcome	Outcome	Outcome	Actual
	No.			
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	55 660	57 370	58 193	58 193
Flush toilet (with septic tank)	–	–	–	–
Chemical toilet	–	–	–	56
Pit toilet (ventilated)	860	860	860	860
Other toilet provisions (above minimum service level)	–	–	–	–
Minimum Service Level and Above sub-total	56 520	58 230	59 053	59 109
Minimum Service Level and Above Percentage	93.7%	96.6%	95.10%	95.07%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	3 839	2 067	3 065*	3 065
Other toilet provisions (below minimum service level)	–	–	–	–
No toilet provisions	–	–	–	–
Below Minimum Service Level sub-total	3 839	2 067	3 065	3 065
Below Minimum Service Level Percentage	6.4%	3.43%	4.94%	4.93%
Total households	60 297	60 297	62 118*	62 174
*Total number of households including informal settlements. Informal settlements have been increasing.				

### 3.2.3 Sanitation Service Delivery Levels below the minimum

Description	Households			
	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No.			
Formal Settlements				
Total households	–	60 297	60 297	62 174
Households below minimum service level	–	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
Informal Settlements				
Total households	60 297	60 297	62 118*	62 174
Households below minimum service level	3 839	2 067	3 065*	3 009
Proportion of households below minimum service level	6.4%	3.4%	4.9%	4.7%



### 3.2.4 Sanitation Service Policy Objectives taken from IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	To complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017	70%	65%	100%	100%	Not a target
To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Achieve 80% Green drop Status (GDS) by 30 June 2017	90%	87%	80%	68%	90%
To ensure that the municipality provides basic services to the community in a cost-effective manner	Monitoring of the implementation back to basics to inform service delivery strategy by conducting at least two review meetings annually.	1	1	2	2	Not a target
	Adoption of the back to basics to inform the service delivery strategy of the municipality by 30 June 2016	1	1	Not a target		

### 3.2.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>72 841</b>	<b>76 450</b>	<b>76 450</b>	<b>76 377</b>	<b>0%</b>
<b>Expenditure:</b>					
Employees	32 595	35 309	35 309	33 897	-4%
Repairs and Maintenance	9 171	8 605	15 425	15 330	-1%
Other	21 211	19 587	19 587	16 170	-17%
<b>Total Operational Expenditure</b>	<b>62 977</b>	<b>63 501</b>	<b>70 321</b>	<b>65 397</b>	<b>-7%</b>
<b>Net Operational Expenditure</b>	<b>(9 864)</b>	<b>(12 949)</b>	<b>(6 129)</b>	<b>(10 980)</b>	<b>-15%</b>

### 3.2.6 Capital Expenditure 2016/2017: Waste Water (Sanitation)

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>5 800</b>	<b>16 920</b>	<b>16 316</b>	<b>181%</b>	<b>-4%</b>	<b>97 017</b>
Homevale WWTW Extension 15ML	4 800	14 920	14 316	198%	-4%	95 017
Lerato Park Sewer	1 000	2 000	2 000	100%	0%	2 000



### 3.2.7 Comment on Sanitation Services Performance Overall

Despite the challenges relating to overall provision of sanitation services, there has been a significant benefit in bulk service. However, performance of sanitation services for informal areas is not satisfactory as discussed earlier. A lot of substantial work has been done in order to ensure actual results and visible service delivery is endured. In accomplishing this status, the municipality will be focusing on the following projects in the next financial year:

- **Pipe replacement projects for aged water mains in Galeshewe:** To replace aging water mains in order to reduce water supply downtimes and water losses.
- **Installation of households' water connection in Snake Park and Jacksonville:** To improve access of water supply services.
- **Installation of communal taps in informal areas:** To improve access of basic water services.
- **Replacement of water meters:** To strengthen water conservation and demand management.
- **Supply of sanitation facilities to informal settlement:** To improve access of basic sanitation services to informal areas.
- **Upgrade of Newton reservoir station:** To strengthen water conservation and demand management, reduces water losses and improve network management.
- **Construction of new pump station in Riverton:** Sustainability of potable water supply for the entire City
- **Upgrading/refurbishment of Galeshewe sewer outfall main:** Improve sewer collector system in Galeshewe and thus reduced sewer blockages.
- **Bulk augmentation project in Ritchie:** Sustainability of raw water supply and potable water

- **Lerato Park bulk linking service:** Adequate provision of bulk water services provision in Lerato Park: The purpose of undertaking this project is to replace old and aged pipe infrastructure and furthermore re-route mid-block pipes for better access during operations and maintenance.
- **Upgrading of sewer pump stations:** The purpose of undertaking this project is to improve overall performance of sewer collection system by enabling effective and safe delivery of sewers to intended destinations with minimum disruptions and blockages.
- **Upgrading of Carter's Glen sewer system:** The current operating condition of sewer collector system in the area is under pressure. However, the situation is not desperate. This implies that the municipality still has time to start to plan for the newly defined scope of work. The planning will be conducted in the coming year and it is expected that the project will be completed within three years.



## 3.3 ELECTRICITY

### 3.3.1 Introduction to Electricity

Sol Plaatje Municipality is licensed to purchase electricity from Eskom and then distribute the electricity via the 66kV, 11kV and low voltage electrical network.

There are three bulk 66kV electricity supply points from Eskom namely: Herlear and HA Morris Substations which supplies the Kimberley area and Riverton Substation. Although Ritchie is demarcated into the Sol Plaatje municipal area, Eskom is licensed to distribute electricity in that area.

Over and above electricity supply management, the section is also responsible for the following functions:

- Occupational Health and Safety,
- Fleet Management
- Mechanical and Workshop services
- Sustainable Energy and Climate Change Unit (SECCU)

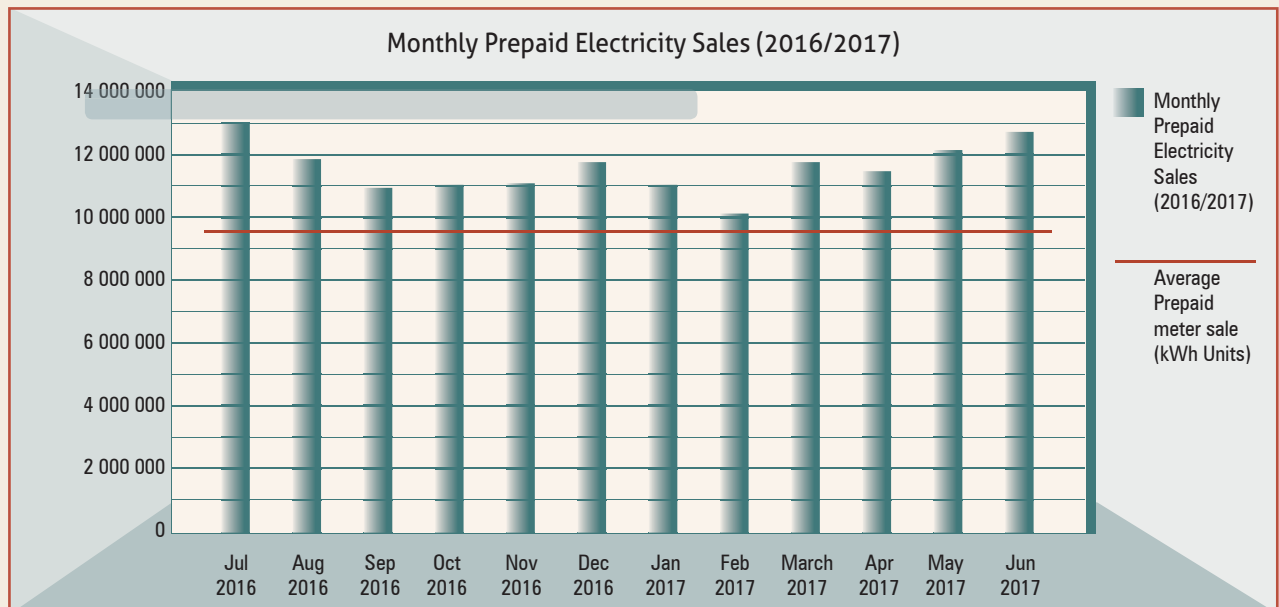
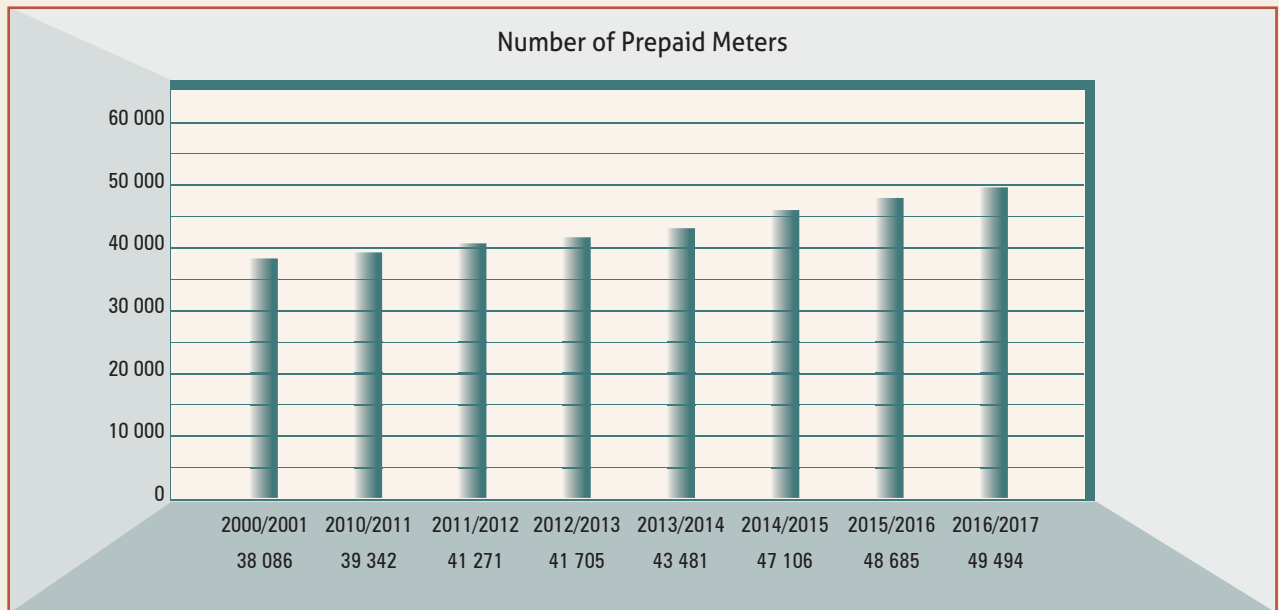
Electrification remains a challenge due to continuous growth of informal settlements on vacant land. Electrical infrastructure and electrification of houses cannot be installed in informal settlements prior to township establishment.

Other major challenges regarding electricity are vandalism and copper theft that lead to equipment damage, electrical supply interruptions and possible fatalities to municipal employees or members of the public.

In order to unlock possible development within the Sol Plaatje Municipal area and eradicate backlogs, the following projects were implemented:

- **Electrification of Snake Park:** The project was funded by the Department of Energy to address electricity service backlogs and made provision to electrify 586 low cost houses in Snake Park at a cost of R7.4 million.

### 3.3.2 Pre-paid electricity supply



### 3.3.3 Electricity Service Delivery Levels

Description	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No. of Households			
Energy: (above minimum level: Connected to Electricity)				
Electricity (at least minimum service level)	53 390	55 560	57 696	58 523
Electricity - prepaid (minimum service level)	0	0	0	0
Minimum Service Level and Above sub-total	53 390	55 560	57 696	58 523
Minimum Service Level and Above Percentage	88.5%	92.1%	95.7%	98.1%
Energy: (below minimum level: Not Connected to Electricity)				
Electricity (< minimum service level)	6 907	4 737	2 601	2 015
Electricity - prepaid (< minimum service level)	–	–	–	–
NB: The municipality does not provide a below minimum level of service on electricity, the above figures indicate the level of backlogs				
Other energy sources				
Below Minimum Service Level sub-total	6 907	4 737	2 601	2 015
Below Minimum Service Level Percentage	11.5%	7.9%	4.3%	3.38%
Total number of households	60 297	60 297	60 297	60 538



## HOUSEHOLDS CONNECTED TO ELECTRICITY

The Municipality, through following bulleted Electrification Projects below, funded by the DoE, achieved a total number of 586 electrical connections:

- Snake Park

A total of 586 connections were achieved bringing the total number of households connected to electricity from 57 696 to 58 282 in financial year period 2016/2017.



## HOUSEHOLDS NOT CONNECTED TO ELECTRICITY

The number of households not connected to electricity decreased from 2 601 in 2015/2016 to 2 015 in 2016/2017 due to the Snake Park Electrification Project.

### 3.3.4 Households - Electricity Service Delivery Levels below minimum

SPM installs a 60 Amp electrical connection in all low-cost houses as per a Council resolution, whereas the DoE provides for a supply of 20 Amp per household. Top-up funding is normally provided by the municipality. SPM does not install electricity in informal settlements or houses, the area must be formalised, and a Surveyor General Layout must be available before any electrification can be done.

Description	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No. of Households			
Formal Settlements				
Total households	60 297	60 297	60 297	59 657
Households below minimum service level	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
Informal Settlements				
Total households	60 297	60 297	60 297	59 657
Households below minimum service level	6 907	4 737	2 601	2 015
Proportion of households below minimum service level	11.5%	7.9%	4.3%	3.38%

### HOUSES NOT CONNECTED TO ELECTRICITY (BELOW MINIMUM SERVICE LEVEL)

The major electricity connection backlogs are in the informal settlements that have not been formalised in terms of surveying and township establishment. The backlog decreased from 2 601 in 2015/2016 to 2 015 in 2016/2017.

The SPM Electrical Department, together with the DOE, proactively ensures that as soon as the area has been formalised, the funding application from the DOE is fast-tracked and the provision of electricity is completed.

### 3.3.5 Electricity service objectives taken from the IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Save 10MW of electricity during peak times by switching off 2kW geysers of 25,000 households as requested by ESKOM	10MVA	10MVA	Not a target		
	Decrease electricity losses to 18% by 30 June 2017	15.50%	19%	18%	24.54%	18%
To ensure sustainable delivery in respect of electricity services to all residents of SPM	586 additional households connected to the electricity network by 30 June 2017	446	2 136	586	1 015	Not a target

### COMMENTS

#### Bulk Electricity Supply to SPM

Eskom completed the additional bulk infrastructure in order to increase the Notified Maximum Demand from 112MVA to approximately 140MVA.

#### 10MW Electricity Savings

10MW Electricity saved by switching off of geyser loads during Eskom high demand periods.

#### Electricity Losses

On-going initiatives to reduce electricity losses include replacement of faulty meters, upgrade of substations and switchgear when funds become available. Illegal connections are also a major challenge.

#### Electrical Connections

A total of 586 connections were achieved. The connections were achieved through the Snake Park Project.

### 3.3.6 Employees: Electricity Services

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	0	1	100.00
Other Managers	7	9	7	2	22.22
Professionals	7	13	7	6	46.15
Technicians & Trade Workers	98	150	98	52	34.67
Clerks & Administrative Workers	24	28	24	4	14.29
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	2	2	2	0	0.00
Elementary Occupations	6	22	6	16	72.73
<b>Total</b>	<b>145</b>	<b>225</b>	<b>144</b>	<b>81</b>	<b>36.00</b>

### 3.3.7 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>645 804</b>	<b>700 551</b>	<b>675 551</b>	<b>651 506</b>	<b>-4%</b>
<b>Expenditure:</b>					
Employees	33 974	37 277	37 277	38 428	3%
Repairs and Maintenance	16 032	25 858	25 858	23 126	-11%
Other	508 283	581 108	590 508	497 189	-16%
<b>Total Operational Expenditure</b>	<b>558 289</b>	<b>644 243</b>	<b>653 643</b>	<b>558 744</b>	<b>-15%</b>
<b>Net Operational Expenditure</b>	<b>(87 515)</b>	<b>(56 308)</b>	<b>(21 908)</b>	<b>(92 762)</b>	<b>65%</b>

### 3.3.8 Capital Expenditure 2016/2017 – Electrical Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>12 900</b>	<b>14 604</b>	<b>11 396</b>	<b>0</b>	<b>(0)</b>	<b>39 404</b>
Total All Electricity	12 900	14 604	11 396	-12%	-22%	39 404
Electrification Snake Park	7 400	7 400	7 477	1%	1%	7 400
Replace Pre-Paid Meters	2 500	500	—	-100%	-100%	25 300
Security of Plants and Assets	3 000	6 704	3 919	31%	-42%	6 704

### 3.3.9 Comment on electricity services performance overall

**Electrification Backlog:** There has been a positive improvement in the electrical connections for informal settlement households in relation to the 2011 Census backlog of 9 127.

A survey was done in 2013 on behalf of National Urban Support Programme (NUSP), and one of the outcomes is an additional growth of approximately 4 236 informal settlement households.

This implies that the actual interventions done to reduce the backlog will be nullified by the mushrooming informal settlements that have to be provided with services.

Electrification projects can only commence once the area has been formalised.

Vandalism and copper theft remain a serious challenge.

Electrical losses remains a huge challenge which averaged at 25.86%.

The Electricity Distribution Section attended to supply interruptions according to NERSA requirements. The following table indicates the restoration times and percentages of power interruptions for the 2016/2017 financial year.

Date	Total No of forced interruptions after which supply was restored	Supply restored within 1.5 hr.		Supply restored within 3.5 hr.		Supply restored within 7.5 hr.		Supply restored within 24 hr.		Supply restored after 24 hr.	
		Target 48%		Target 40%		Target 10%		Target 2%		Target 0%	
		Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
July	372	207	55.65	133	35.75	25	6	7	1.88	3	0.8
August	327	214	65.44	110	33.64	35	6.5	5	1.5	2	0.6
September	269	167	62.08	95	28	25	4	7	1.88	1	0.3
October	360	199	55.28	150	35	20	3.5	18	4	0	0
November	624	303	48.56	125	25	37	7	9	2.5	2	0.6
December	469	262	55.86	115	42	15	3.5	15	3.5	1	0.3
January	563	273	48.49	110	35	38	8	5	0.85	3	0.8
February	439	215	48.97	85	25	37	7.6	16	3.85	1	0.3
March	354	182	58.41	75	38	37	7.6	25	4.56	1	0.3
April	338	204	60.36	145	45	36	7	8	1.95	2	0.6
May	299	167	55.85	215	33	45	9	12	2.85	1	0.3
June	291	159	54.64	247	25	50	10.5	15	3.5	2	0.3
<b>TOTAL</b>	<b>4 705</b>	<b>2 552</b>	<b>54.24</b>	<b>1 605</b>	<b>34.11</b>	<b>400</b>	<b>8.4</b>	<b>142</b>	<b>2.9</b>	<b>19</b>	<b>0.4</b>

### 3.3.10 Occupational Health and Safety

The City Electrical Engineer is also appointed as GMR 2(1) under the Occupational Health and Safety Act (OHS Act), Act No. 85 of 1993, to oversee the safe operation of machinery.

A full-time Occupational Health and Safety Practitioner was appointed in July 2016, under Infrastructure and Services Directorate, to assist and advise all Managers and Line Managers on Occupational Health and Safety matters. Her appointment ensures legal compliance to OHS Act and provides support to Managers and Line Managers to fulfil their duties in terms of the Act.

By means of the NOSA Miracles software application procured as a Health and Safety system management tool, controls were set up in such a manner that the software application enables Executive Management, Managers and Line Manager to actively manage their Risks identified in their respective areas of responsibility.

### 3.3.11 Operation and Planning Section

The section Operation & Planning of Sub-Directorate Electrical Services has completed the following tasks submitted within the 2016/2017 financial year namely:

Item	Description	Number of tasks
1	Response to correspondence	530
2	Quotations provided to clients	109
3	Calculations done on cable load flows	161
4	Approval of new house plans	108
5	Approval of additions & alterations to houses	557
6	New electrical connection submitted	275
7	Completed area designs & drawings	1 055
8	Area sites inspected	913

### 3.3.12 Fleet Management Section

The Fleet Management Section is the custodian of the municipal vehicle and machinery fleet that consists of 245 units of various types. The core responsibility is to manage and ensure that the vehicle fleet and drivers/operators comply to the relevant legislation of the National Road Traffic Act and OHSA. (Load testing and inspection of lifting equipment, testing and certification of pressure vessels, working at heights, relevant training, vehicles licensing, COF's, correct driving license codes etc.). The section also takes responsibility and oversees the managed maintenance of approximately 52% of the vehicle fleet (Accredited Agents). It is also the responsibility of the section to manage traffic fines and municipal motor vehicle accidents.

The responsibility of vehicle fleet replacement also resides with this section. Due to the large percentage of specialised vehicles and machinery, the Fleet Manager has to ensure that the technical specifications are accurately complied by himself.

The Fleet Management Section prides itself in achieving a very low vehicle downtime record of specialised units, in core service delivery sections, by proactive planning of maintenance and procuring the services of accredited vehicle specialists and manufacturer's representatives.

Despite the achievements made, there are still major challenges relating to replacement of aged fleet due to insufficient capital funding. This situation impacted negatively on

operational and maintenance requirements for visible service delivery sections. In an attempt to address this challenge, the municipality is reviewing the budget allocation for vehicle fleet replacement to be more aligned with the annual vehicle needs analysis report.



A modest amount of R4m was made available for fleet replacement during the 2016/2017 financial year. The following types of units were procured:

- 1 x Sewer Cleaning Bucket Machine
- 1 x 1t LWB Light Commercial Vehicle
- 1 x 19m<sup>3</sup> Refuse Compactor Truck
- 1 x Panel Van
- 2 x 4t. Crew Cab Tipper Trucks.

### 3.3.12.1 Capital Expenditure 2016/2017: Fleet Management

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>4 000</b>	<b>4 847</b>	<b>7 620</b>	<b>91%</b>	<b>57%</b>	<b>36 000</b>
Fleet Replacement Programme	4 000	4 847	4 266	7%	-12%	36 000

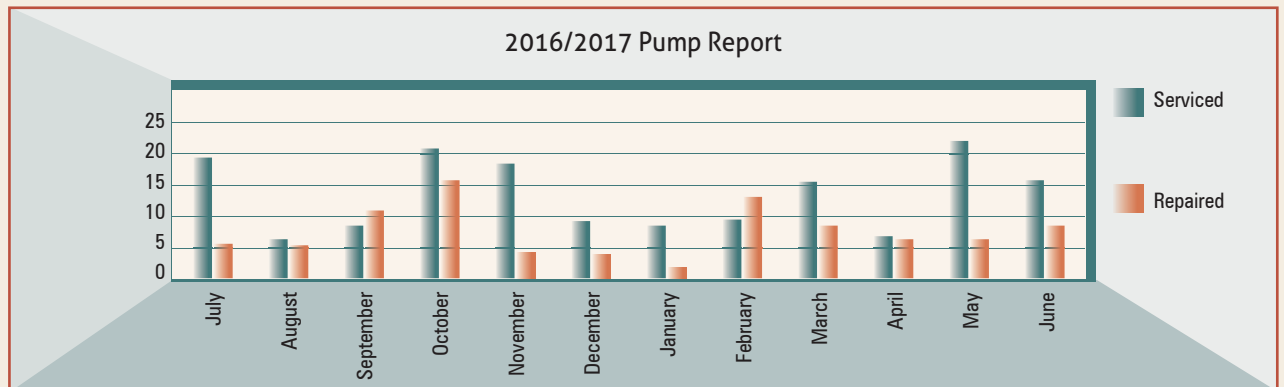
### 3.3.13 Mechanical Engineering and Workshops

The core function of the mechanical engineering section is to provide an efficient and cost effective Mechanical Engineering Support service to Sol Plaatje Municipality. This includes the corrective and scheduled maintenance of our Fleet, Water Purification Plants, Sewage Treatment Plants, Water and Sewer Reticulation Systems. Furthermore, the section is also responsible for the maintenance of the sewer pump stations, pools, machinery and other mechanical related services. Below follows a list of employees in the section.

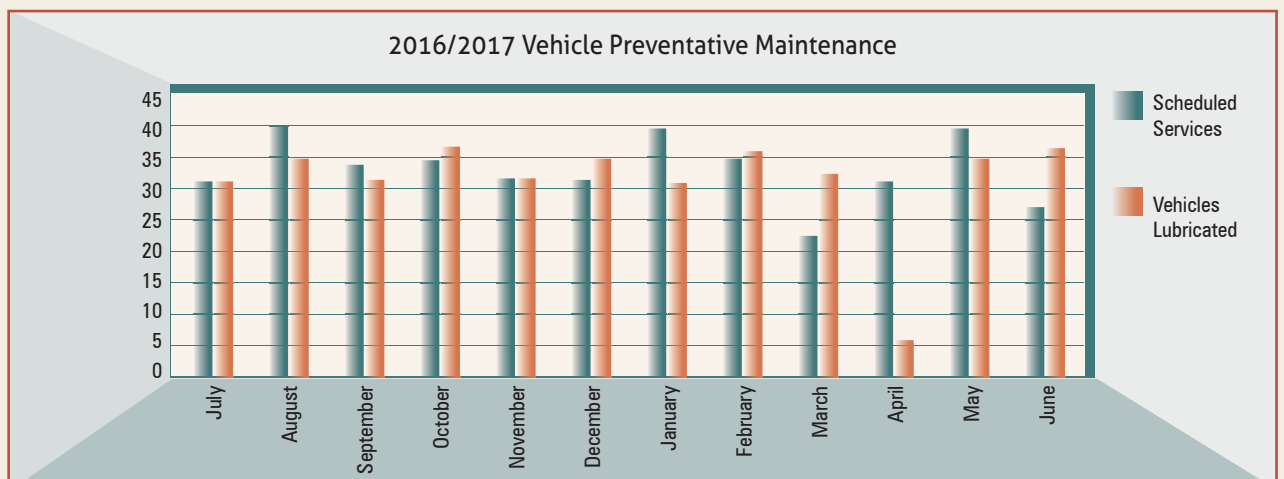
#### Employees: Mechanical Engineering

Job Level	Employees	Posts
Senior Managers	1	1
Superintendents	2	2
Technicians & Trade Workers	18	18
Clerks & Administrative Workers	2	3
Elementary Occupations	15	18
Cleaners	3	4
<b>Total</b>	<b>41</b>	<b>46</b>

Below follows a Bar Chart depicting pumps that were serviced and repaired.

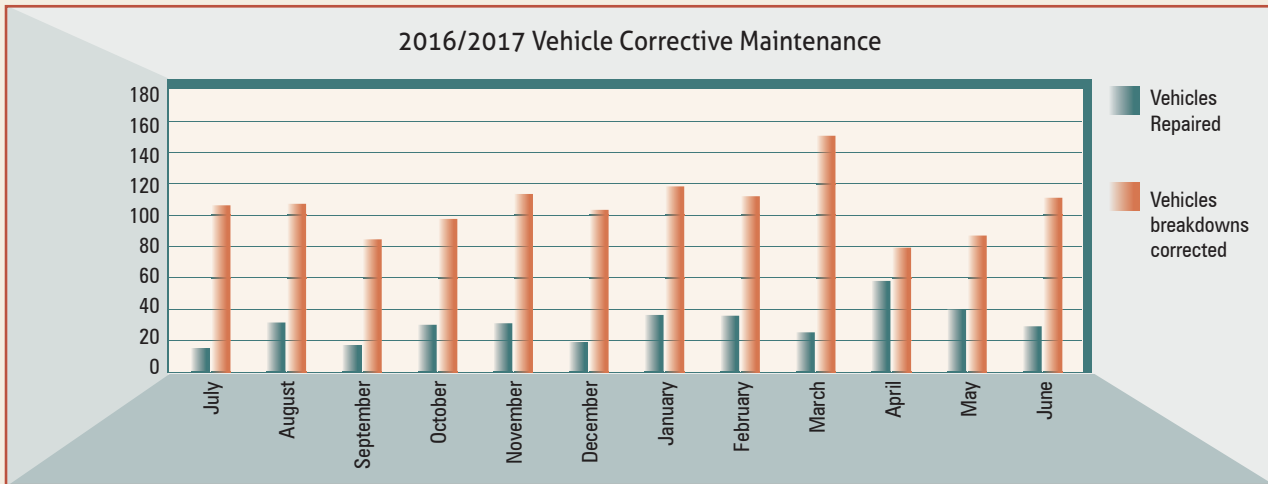


Below follows a Bar Chart depicting Vehicle Preventative Maintenance





Below follows a Bar Chart depicting Vehicle Corrective Maintenance



### 3.4 WASTE MANAGEMENT

#### 3.4.1 Introduction to Waste Management

The main objective of this section is to provide an effective and efficient refuse removal and solid waste disposal for all the residents within the Sol Plaatje Municipal Area.

#### 3.4.2 Solid Waste Service Delivery Levels



Households				
Description	2013/2014	2014/2015	2015/2016	2016/2017
	Actual No.			
Solid Waste Removal: (Minimum level)				
Removed at least once a week	55 663	53 585	53 585	59 500
Minimum Service Level and Above sub-total	55 663	53 585	53 585	59 500
Minimum Service Level and Above percentage	100%	100%	100%	100%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week				
Using communal refuse dump				
Using own refuse dump				
Other rubbish disposal				
No refuse disposal				
Below Minimum Service Level sub-total	–	–	–	
Below Minimum Service Level percentage	0.0%	0.0%	0.0%	0.0%
Total number of households	55 663	53 585	53 585	59 500



Upgrade of Kimberley Landfill Site Facilities

### 3.4.3 Households – Solid waste service delivery levels below the minimum

Households					
Description	2013/2014	2014/2015	2015/2016	2016/2017	
	Actual No.			Adjusted Budget	Actual
				No.	
Formal Settlements					
Total households	2 000	2 000	2 000	2 000	2 000
Households below minimum service level	2 000	2 000	2 000	2 000	2 000
Proportion of households below minimum service level	100%	100%	100%	100%	100%
Informal Settlements					
Total households	8 000	8 000	8 000	8 000	8 000
Households below minimum service level	8 000	8 000	8 000	8 000	8 000
Proportion of households below minimum service level	100%	100%	100%	100%	100%

### 3.4.4 Waste Management Service Objectives Taken From IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Provide weekly refuse collection to 59 500 households in Sol Plaatje by 30 June 2017	52 000	53 585	59 500	55 251	59 500

### 3.4.5 Employees: Waste Management

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	0	0	0	0	0.00
Other Managers	1	7	2	5	71.43
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	1	9	1	8	88.89
Community and Personal Workers	2	5	2	3	60.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	26	75	32	43	57.33
Elementary Occupations	81	253	98	155	61.26
<b>Total</b>	<b>111</b>	<b>349</b>	<b>135</b>	<b>214</b>	<b>61.32</b>



Upgrade of Kimberley Landfill Site Facilities

### 3.4.6 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>53 997</b>	<b>56 803</b>	<b>56 803</b>	<b>56 432</b>	<b>-1%</b>
<b>Expenditure:</b>					
Employees	27 556	29 871	29 871	33 011	11%
Repairs and Maintenance	13 092	16 460	16 400	13 676	-17%
Other	6 427	5 222	5 282	5 196	-2%
<b>Total Operational Expenditure</b>	<b>47 075</b>	<b>51 553</b>	<b>51 553</b>	<b>51 883</b>	<b>1%</b>
<b>Net Operational Expenditure</b>	<b>(6 922)</b>	<b>(5 250)</b>	<b>(5 250)</b>	<b>(4 549)</b>	<b>-13%</b>

### 3.4.7 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.4.8 Comments on Performance Overall

From the information provided on access levels, the municipality provides a minimum service level of 30 to 40 AMPS for electricity to all formalised areas and 60 AMPS for middle to high income households.

With regards to water, a minimum service level for informal settlements on water is communal tap accessible within 200m, whilst sanitation is provided through portable toilets supplied by the municipality as part of its social package.

Minimum service level for refuse collection is communal refuse bins all over the city and where there are informal settlements. For formalised areas, a pavement refuse collection is a minimum service level.

The municipality's commitment to improve the lives of the people is central in all planning and decision making. Our choices are informed by this commitment.

## 3.5 HOUSING

### 3.5.1 Introduction to Housing

Housing provision is a provincial government function administered by the Department of Corporative Governance, Human Settlement and Traditional Affairs (CoGHSTA). However, SPM is accredited, at level 2, to implement subsidy administration and housing development. SPM is primarily responsible for ensuring housing development readiness status in accordance with CoGHSTA housing strategy. This includes identification of projects as prioritised on the IDP which must then be budgeted for under the DoRA.

The municipality has taken steps to ensure that the following activities are in place:

- Credible IDP
- Land use management that supports human settlement
- Township establishment
- Policies
- Beneficiary database maintenance (linked to National)
- Land invasion control.

During the financial year under review CoGHSTA, as the custodian of human settlement in the province, took a decision to reinforce project management capacity in housing delivery. This development resulted in CoGHSTA establishing its internal Project Management unit (PMU) to accelerate housing development. This decision also affected SPLM and some of the projects were taken over from SPM.

#### THE NATIONAL UPGRADING SUPPORT PROGRAMME (NUSP)

The programme was initiated by National Department of Human Settlements, and Sol Plaatje Municipality was identified

as one of the participants in the programme. The mandate of the NUSP programme is to support Municipalities with formalisation and infrastructure upgrading of informal settlements in their municipal area.

Out of twenty-nine informal settlements, eleven settlements totalling 4 813 sites, are currently being formalised, and these are:

- Snake Park ..... 1 700 sites
- Ivory Park ..... 1 174 sites
- Diamant Park ..... 892 sites
- Kutlwanong ..... 48 sites
- Colville ..... 130 sites
- Santa Centre ..... 139 sites
- Phomolong ..... 269 sites
- Greenpoint ..... 155 sites
- Waterloo ..... 230 sites
- Soul City (King Senare area) ..... 61 sites
- Beaconsfield ..... 28 sites

The NUSP has enabled the municipality to integrate human settlement interventions.

#### INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME (IRDP)

The IRDP is a housing delivery programme which deals with the individual housing subsidy as well as rectification of post-1994 housing stock. Under this programme Sol Plaatje Municipality benefited 469 housing units, delivered under shared efforts by SPM and CoGHSTA.

### Community Residential Units (CRUs)

The Community Residential Unit programme was designed to cater for accommodation for families who could not afford market related rental units.

Currently there is a CRU project being implemented by Province which consists of four hundred and eighty-one (481) rental units of different sizes. The first phase of this project consists of approximately 120 units to be completed towards end of November 2016.

The Municipality has a rental stock of 936 units. The demand for these units is very high due to high demand for the Gap Housing Market. However, sustainability of CRUs maintenance is compromised due to high default in rental payment. In order

to address this challenge, the municipality is currently exploring more effective methods of enhancing revenue collection strategies, by looking at the possibility of appointing a rental and maintenance Company or Social Housing to manage its stock.

### Challenges in housing provision

The demand for housing is fast outpacing the rate at which CoGHSTA can provide funding for development. Although the municipality has made an effort to plan and avail land for future housing developments, these efforts worked against the municipality where illegal occupation of land became a norm. This condition has also compromised SPMs housing readiness status.

#### 3.5.2 Percentage of households with access to basic housing

Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2012/2013	56 393	47 643	84.5%
2013/2014	60 297	49 214	81.6%
2014/2015	60 297	49 214	81.6%
2015/2016	60 297	49 589	82.2%
2016/2017	60 297	50 111	83.1%

#### 3.5.3 Housing Services Objectives Taken From IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	469 Additional Households to be provided with a subsidised house by 30 June 2016	469	529	Not a target		

#### 3.5.4 Employees: Housing

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	0	1	1	0	0.00
Other Managers	1	2	1	1	50.00
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	2	2	2	0	0.00
Clerks & Administrative Workers	3	4	3	1	25.00
Community and Personal Workers	20	20	20	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	34	48	31	17	35.42
<b>Total</b>	<b>60</b>	<b>77</b>	<b>58</b>	<b>19</b>	<b>24.68</b>



### 3.5.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>9 529</b>	<b>9 801</b>	<b>9 801</b>	<b>9 635</b>	<b>-2%</b>
<b>Expenditure:</b>					
Employees	16 501	17 654	17 654	16 037	-9%
Repairs and Maintenance	995	1 240	1 240	947	-24%
Other	6 898	4 302	4 302	5 065	18%
<b>Total Operational Expenditure</b>	<b>24 394</b>	<b>23 196</b>	<b>23 196</b>	<b>22 049</b>	<b>-5%</b>
<b>Net Operational Expenditure</b>	<b>14 865</b>	<b>13 395</b>	<b>13 395</b>	<b>12 414</b>	<b>-7%</b>

### 3.5.6 Expenditure: Housing

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>		<b>29 639</b>	<b>30 969</b>	<b>100%</b>	<b>4%</b>	<b>27 053</b>
Ritchie 428 Housing Project, 100 units		6 122	6 536	100%	7%	6 536
Galeshewe Infill Areas Housing Project: 50 units		2 895			-100%	2 895
Phutanang 491 Housing Project: 55 units		3 880	4 313	100%	11%	3 880
Soul City 750 Housing Rectification Project: 200 units		13 742	20 120	100%	46%	13 742
Diamant Park 1500 Planning & Surveying		3 000				
Lerato Park Integrated Housing Project: 491 units	Provincial project: Information not received					

### 3.5.7 Comment on the Performance of the Housing Service Overall

The Municipality targeted to construct the 469 households with BNG (Breaking New Ground) houses in the 2016/2017 financial year. COGHSTA through its Project Management unit (PMU) constructed 267 of the 469 houses in Promised Land. Therefore, the total number of houses constructed for the financial year was 522 units.

As indicated, insufficient funding to eradicate all housing backlogs remains a challenge for Sol Plaatje Municipality. The current housing backlog in terms of Census 2011 statistics is 7 846 households. At the rate at which funding is provided, backlogs relating to housing delivery will take much longer eradicate the current and future demand.

Project Area	Number of Houses built
Lindelani	134
Promised Land	153
Rectification of houses	54
Jacksonville	68
Diamond Park	100
<b>Total houses number of houses built</b>	<b>469</b>



### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### 3.6.1 Introduction to Free Basic Services and Indigent Support

The Indigent Policy of the municipality recognises indigent households as households with the following distinct characteristics that are also criteria to qualify and receive free basic services:

- Full-time occupant of the property
- Account holder (municipal account)
- Use of municipal services
- Total household income must not exceed R3 750 per month
- Child headed households
- Beneficiaries of low cost free basic house funded through subsidies and grants
- Certain geographic areas

It is expected that the account holder will complete an application form to register as an indigent. If the applicant meets all of the criteria, they will be entitled to free basic services on a monthly basis. A site verification visit will be performed, and the applicant will be interviewed within a two-year period to confirm their declarations in the application. Thereafter, site verifications will be conducted at least every two years.

As an exception to the above criteria and process, the Municipality has determined certain geographical areas as indigent. The households within these areas will be registered as indigent by reason of their location within a particular designated area but will also be individually verified within a two-year period.

The municipality installs a prepaid electricity meter at own cost to all qualifying households to ensure that the electricity bill is easily managed and to enable the customer to claim free units per month.

The municipality provides the following services to indigent households who qualify:

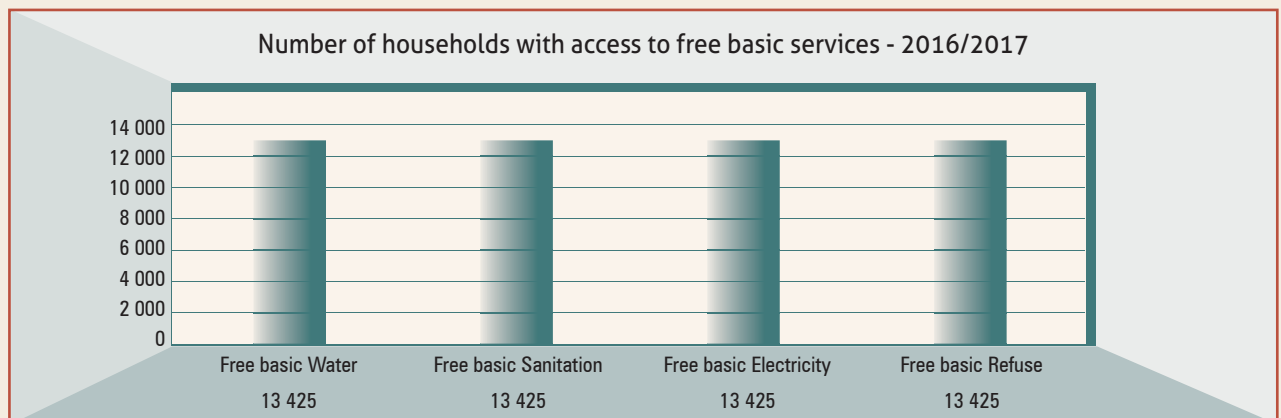
- 50Kwh of electricity per month
- 6Kl of water per month
- Refuse removal (full subsidisation)
- Sanitation (full subsidisation)

It is incumbent upon the indigent household to declare any change in their status that will necessitate review of the allocation.

One of the most important provisions in the Policy recognises and defines the incidence of Child Headed Households. It was recognised that this is quite a prolific circumstance in the Sol Plaatje municipal area and that these types of households were at risk as the policy did not make express allowance for them. An extract from section 5 of the Indigent Management Policy expounds on this category below:

*Child-headed households shall qualify automatically for subsidisation in line with this policy. A child shall be any person who is 18 years and younger. Such applicants shall be assisted by the ward councillor and all documentary proof shall serve as evidence prior to qualification.*

#### 3.6.2 Free Basic Household Services



#### 3.6.3 Free Basic Services to Low Income Households

Period	Number of households											
	Total	Households earning less than R3 750 per month [2]										
	[1]	Total	Target	Revised	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
					Access	%	Access	%	Access	%	Access	%
2014/2015	60 297	24 541	12 000	12 000	13 395	112%	13 395	112%	13 395	112%	13 395	112%
2015/2016	60 297	24 541	12 000	12 000	13 870	115%	13 870	115%	13 870	115%	13 870	115%
2016/2017	60 297	24 541	14 000	14 000	13 425	96%	13 425	96%	13 425	96%	13 425	96%

It is noted that there has been a marginal decline in the number of registrations on the indigent register. This is attributed to the enhanced verification of the indigent register which has yielded a number of deceased estates as well as the cir-

cumstances of some account holders having changed and no longer meeting the criteria. The Municipality is committed to ensuring that it increases its efforts to meet the targets set in terms of its KPI for the Indigent Register.

### 3.6.4 Free Basic Service Policy Objectives taken from IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery in respect of water and sanitation, electricity and solid waste removal services to all residents of SPM	14 000 Indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2017	12 000	13 870	14 000	13 425	15 000

### 3.6.5 Comment on the Performance of Free Basic Service Overall

The income threshold of R3 750 per month per household is substantially higher than the national norm. Because of the level of unemployment and the migration of labour to other cities, it is submitted that households in the Sol Plaatje Municipal area have far more occupants than the national average where multiple generations and extended family all reside in one property.

To illustrate, one household may contain ten residents with a collective income of no more than R3 750 (subsistence of R375 per person) versus a national income threshold of e.g. R2 500 where the national norm for residents in a household may be five (subsistence of R500 per person). Consider also the levels of basic services provided where a household of ten have to get by with 50kWh of electricity and 6KL of water per month compared with a household of five sharing the same level of service.

Our challenge is that we lack more accurate statistics to conduct a proper analysis of the level of basic services that are needed by our municipal community and we also contend that we have not yet reached all of our indigent households as the number may be as great at 25 000. This information is required to increase the levels of, and the funding for, basic services. With the establishment of the Sol Plaatje University it is intended to approach them for assistance in the conducting of various polls and research with a view to better understand our indigent community's needs.

We are experiencing a high incidence of water wasting by indigent households. This is mainly attributed to leaks and, in some cases, the irresponsible use of water. As a result, the indigent debt on average is increasing and it is necessary to consider the use of technology to better regulate water consumption and reduce losses.

Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to OB
Water	3 067 188	5 134 089	5 134 089	5 386 303	5%
Waste Water (Sanitation)	13 340 556	22 346 899	22 346 899	14 403 278	-36%
Electricity	6 744 891	11 577 680	11 577 680	8 354 626	-28%
Waste Management (Solid Waste)	9 518 165	15 941 332	15 941 332	10 805 072	-32%
<b>Total</b>	<b>32 670 800</b>	<b>55 000 000</b>	<b>55 000 000</b>	<b>38 949 280</b>	<b>-29%</b>

Whilst the number of registered indigents has marginally declined, it is noted that the expenditure has increased. This is disproportionate as the expenditure increase is related to the normal annual increase in tariffs, and consequently the value of the subsidies, which exceeds the offset of the marginal decrease in the number of indigents.



Roadworks



## COMPONENT B: ROADS AND STORM WATER

### 3.7 INTRODUCTION TO ROADS AND STORM WATER

Roads and Storm Water section provides an effective, competitive and responsive infrastructure by ensuring continuous maintenance, refurbishment, upgrade and replacement of existing roads and storm water infrastructure assets in order to sustain service delivery and infrastructure development in the municipality.

By ensuring effective roads and Storm Water systems, this section contributes towards facilitating economic growth and social development, improving traffic flow and traffic safety by alleviating traffic congestion.

#### ROADS AND STORM WATER STATUS QUO

In the context of Sol Plaatje Municipality, all dwellings have access to roads, although some may not meet the above standard. Most roads within the municipality can be classified as being between fair to poor, with a very significant number being in a very poor state, in exception of those that were recently re-sealed, re-gravelled or paved in the past three years or so. Excessive brittleness and premature ageing are clearly visible due to extreme weather conditions and insufficient preventative maintenance over the years. However, paved roads in different township areas seem to be holding well over time, with very little maintenance demand. Gravel roads are also in a fair to poor state due to inadequate maintenance.

Sol Plaatje Municipality has a road network of 812km and flexible pavements constitute about 66% of the entire road infrastructure. The current backlog of gravel and dirt roads are approximately 212km which still need to be upgraded to a higher level of service, which would be more sustainable and weather adaptive. We are constantly trying to improve the condition of roads by performing minor repairs on them, however due to the limited funds budgeted for this purpose, allocated funds are not adequate to meet maintenance demand.

#### ROADS INFRASTRUCTURE CHALLENGES

Extensive efforts were made in 2016/2017 financial year to address the challenge of dilapidated roads, but not much progress was made due to inadequate resources to meet the required minimum preventative maintenance to sustain the infrastructure. Three projects were however implemented as continuation to upgrading roads to a higher level of service and eradicating dirt roads in residential areas. The three projects implemented were:

- Upgrading of Roads in Roodepan
- Upgrading of Roads in Galeshewe
- Resealing of roads in Ritchie

Approximately one quarter of the value of the municipality's assets lies in the municipal streets and storm water infrastructure. Hence preservation of these assets through implementation of proper maintenance and upgrading strategies is imperative.

However, as is the case with other local municipalities in the country, Sol Plaatje municipality is faced with extreme pressures on its limited resources in order to address backlog in provision of services to communities that were either under-serviced or not serviced at all while at the same time maintaining existing aging service infrastructure.

The biggest challenge in terms of roads infrastructure has always been to secure adequate funding that will enable the municipality to focus more on applying preventative measures as they have proven to be more effective than reactive maintenance. Planned preventative maintenance enormously increases the lifespan of the roads, thereby allowing us to ultimately spend less on maintenance and focus rather on the construction of new roads and new Storm Water infrastructure.

#### STORM WATER INFRASTRUCTURE CHALLENGES

The estimated backlog of storm water drainage systems in Sol Plaatje Local Municipality is beyond the current achievable budget of SPLM. If one further takes into account that a large percentage of the existing storm water drainage systems is under capacity due to urban densification, and previously acceptable but currently outdated design criteria due to climate change. These become evident during the rainy seasons whereby rain patterns have enormously changed resulting in roads and private properties being flooded. There is therefore an immense and urgent need to upgrade our existing storm water infrastructure. There was one Storm Water project in 2016/2017 financial year implemented through NDPG programme.

- **Storm Water Upgrade in and around Galeshewe – Phase 1**

This project is aimed at addressing the inadequate storm water drainage and management in and around Galeshewe, with a special focus given to the Tlhareng Retention Dam as the focal attenuation pond on the municipality.

The rapid conversion of land to urban and suburban areas has profoundly altered how water flows during and following storm events. Storm water has long been regarded as a major culprit in flooding, damage to properties etc. within the boundaries of the Sol Plaatje Municipality. As witnessed in some areas within the SPM boundaries, large volumes of rapidly moving storm water can destroy roads and properties.

Storm water discharges have emerged as a problem because the flow of water is dramatically altered as land is urbanized. Typically, vegetation and topsoil are removed to make way for buildings, roads, and other infrastructure, and drainage networks are installed. The loss of the water-retaining functions of soil and vegetation causes high storm water runoffs within residential areas.

#### 3.7.1 Gravel Road Infrastructure

Period	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2014/2015	208	0	4.5	52
2015/2016	234	26	2.74	70
2016/2017	229	0	4.7	95



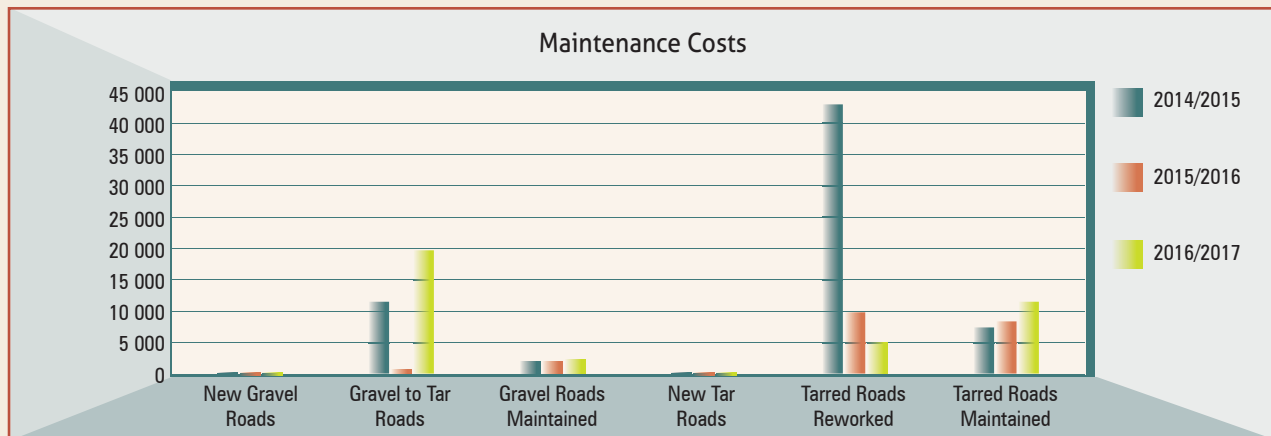
### 3.7.2 Tarred Road Infrastructure

Period	Kilometres				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2014/2015	574	4.5	17	32	5.1
2015/2016	578	2.74	7	7	6.3
2016/2017	585	4.7	0	5	5.2

### 3.7.3 Cost of construction/maintenance

Period	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000					
2014/2015	0	11 656	1 060	0	44 441	7 420
2015/2016	0	169	1 188	0	10 000	8 748
2016/2017	0	19 968	1 271	0	5 000	11 077

### 3.7.4 Road Infrastructure Cost



### 3.7.5 Roads and Storm Water Service Objectives taken from IDP

Municipal Key Performance Area: Basic and sustainable service delivery and infrastructure development

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Paving of 4 km residential roads by 30 June 2017	2,5Km	2.74km	4	2.71	4.2



### 3.7.6 Employees: Roads and Storm Water

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	1	1	1	0	0.00
Professionals	2	2	2	0	0.00
Technicians & Trade Workers	4	6	6	0	0.00
Clerks & Administrative Workers	2	2	2	0	0.00
Community and Personal Workers	1	1	1	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	8	22	9	13	59.09
Elementary Occupations	46	126	66	60	47.62
<b>Total</b>	<b>65</b>	<b>161</b>	<b>88</b>	<b>73</b>	<b>45.34</b>

### 3.7.7 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>32</b>	<b>1</b>	<b>1</b>	<b>436</b>	<b>436%</b>
<b>Expenditure:</b>					
Employees	22 658	22 535	22 535	22 090	-2%
Repairs and Maintenance	13 612	11 327	12 627	12 326	-2%
Other	818	862	862	741	-14%
<b>Total Operational Expenditure</b>	<b>37 088</b>	<b>34 725</b>	<b>36 025</b>	<b>35 158</b>	<b>-2%</b>
<b>Net Operational Expenditure</b>	<b>37 056</b>	<b>34 724</b>	<b>36 024</b>	<b>34 722</b>	<b>-4%</b>

### 3.7.8 Capital Expenditure 2016/2017

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>12 218</b>	<b>20 153</b>	<b>19 968</b>	<b>63%</b>	<b>(0)</b>	<b>20 153</b>
<b>Total All Roads</b>	<b>—</b>	<b>20 153</b>	<b>19 968</b>	<b>100%</b>	<b>-1%</b>	<b>20 153</b>
Roodepan Project 1	4 506	5 541	5 809	29%	5%	5 541
Galeshewe Project 2	7 712	9 612	9 436	22%	-2%	9 612
Resealing of Roads Ritchie	—	5 000	4 723	100%	-6%	5 000



### 3.7.9 Comment on the Performance of Roads and Storm Water Services Overall

Notwithstanding the above scenario, the municipality has in the past financial year 2016/2017 managed to make some strides into improving the roads and storm water condition in the municipality. The municipality has over the past year been able to perform minor resurfacing and rehabilitation on some of the major arterial roads with funds allocated from the district municipality, as well as do upgrades to residential roads from gravel to a paved surface from funds allocated through grant funding.

These methods have proven to be more effective with a much longer life cycle than patching repairs and re-gravelling, and the municipality intends adopting these methods of asset management strategy in order to prolong and preserve our road infrastructure.

Some of the wards that benefitted from the paving of roads are ward 2, 3, 4, 10, 13 and 17, with ward 20, 26, and 27 benefiting from the slurry programme. These two programmes saw approximately 5.4 km of roads being paved and 6km being re-surfaced.

Very little was done in 2016/2017 financial year in regard to the actual upgrading of storm water infrastructure, although a number of major storm water canals and catch pits were maintained in order to sustain the network and maintain an adequate level of storm water management. However, a lot was done in conducting studies and analysing storm water conditions and challenges in Galeshewe in preparation for the upgrading of storm water infrastructure in Galeshewe through National Development Programme Grant funding.

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: Strategic Planning and Economic Development.

### 3.8 STRATEGIC ECONOMIC DEVELOPMENT AND PLANNING

#### 3.8.1 Introduction

The Directorate Strategy, Economic Development and Planning (SEDP) is a directorate that is tasked with the responsibility to ignite spatial and economic growth for the Municipal jurisdiction. The Directorate constitutes five sub-directorates, i.e. Local Economic Development (LED), Fresh Produce Market, Property Services, Urban Renewal Programme (URP) and Town Planning Services.

LED is one of the most critical sub directorates in the Municipality in as far as fostering economic growth and creation of employment. It comprises Tourism, Investments Promotion, SMME Support and Area-Based Management.

The SEDP directorate is the nerve centre of Sol Plaatje Municipality development and growth, in recent times SEDP explored Transport Orientation Development (TOD) linking the primary hub (CBD) and the Secondary hub (Galeshewe) to unlock development in the City.

This section will succinctly give account of key governance issues, challenges and achievements.

#### SEDP Vision

Creation of quality urban spaces for sustained development and growth.

#### SEDP Mission Statement

Promote sustainable local socio-economic and environmental development through sound urban planning and land use management.

#### ACHIEVED STRATEGIC PROJECTS AND INITIATIVES

- **Urban Network Strategy (UNS).** Towards the last quarter of 2016/2017 financial year, in partnership with National Treasury through the Neighbourhood Partnership Development Grant (NDPG), the Urban Renewal Programme (URP) started with the capital implementation of the Galeshewe storm water improvement programme. The storm water upgrade project is seen as seed capital by the Municipality to

provide for socio-economic infrastructure with a view to attract private sector investment along the activity corridor. The storm water upgrade project will create a conducive platform for the Municipality to achieve economic and spatial distribution through TOD. The rationale to promoting TOD principles is to firstly improve transport linkages which will lead to stimulating the economy between the primary and secondary hub. Non-motorised transport (pedestrians and cycling) in the context of Sol Plaatje Municipality is used frequently by residents because of the close distance between Kimberley and Galeshewe. Walkways along the activity corridor were completed in the last quarter of the 2016/2017 financial year.

- **Spatial Development Framework (SDF):** The Town Planning sub-directorate is on the verge of completion of the Review of Spatial Development Framework (SDF) in line with the new Spatial Planning and Land Use Management Act (SPLUMA, Act No. 16 of 2013) principles and the National Development Plan (NDP). Once completed, the SDF will guide future spatial development and locations of the city's future. Exciting new development precincts are highlighted in SDF, and should they be implemented, they would bring the most needed economic development to the city.
- **Implementation of SPLUMA:** The Municipality has successfully constituted its Municipal Planning Tribunals (MPT) and Municipal Appeal Tribunals (MAT) which deal with land use applications and application appeals respectively. MPT meetings convene on a bi-monthly basis. The primary role of MPT is to make determinations on land use applications including rezoning, removal/suspension of restrictive conditions, township establishments, etc.

## GOOD GOVERNANCE

The effectiveness and efficiency of the SEDP Directorate is effectively realised on premise of inter-sectoral partnerships with different partners including other municipalities and different spheres of government.

In the financial year 2016/2017, SEDP has accelerated governance issues through numerous partnerships and benchmarking with a view to effectively executing its developmental mandate and to ensure good governance, e.g. partnership with the City of Johannesburg.

Through the Urban Renewal Programme, SEDP the relationship has been revived with National Treasury to the extent that an allocation has been made for phase 1 of the Galeshewe storm water improvement project.

The Municipality has complied fully with the statutory requirements of the Neighbourhood Development Partnership conditional grant hence an allocation was made, and we anticipate increased allocations in future.

Also, the Fresh Produce Market has started to engage with the City of Johannesburg Market and Department of Agriculture Forestry and Fisheries (DAFF) to explore how best could the Market be economically viable and contribute in growing the Municipal Gross Domestic Product. SEDP continues to implement an initiative dubbed Code of Best Practice Strategy as championed by DAFF for all municipalities with municipally owned Fresh Produce Markets. This is a continuous process

and engagement with DAFF is envisaged to sustain in future. Further engagements with Potato South Africa continue in an attempt to turning around the Market.

Sol Plaatje University's partnership with SEDP on 'Smart Park Project' was launched and is since operational with Wi-Fi access to the students and public.

## PERSONNEL SKILLS DEVELOPMENT

Skills development for staff members is an on-going practice aimed at enhancing skills for the workforce. This is done through SPMs Human Resources department.

## CHALLENGES

- High turnover of staff in urban planning
- Lack of internal funding for servicing of vacant land
- Land use transgressions
- Land invasions on areas earmarked for township establishments remains a challenge
- Unfunded mandates such as effective execution of LED initiatives, including Tourism initiatives, management of SMME Village and Ritchie Business Incubation Centre
- Budgetary constraints for filling of critical vacant positions hinder effectiveness of some sections of the Directorate such as the Building Inspectorate, Fresh Produce Market and LED to name just a few.

### 3.8.2 Employees: SEDP

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	9	21	9	12	57.14
Professionals	6	19	6	13	68.42
Technicians & Trade Workers	15	29	15	14	48.28
Clerks & Administrative Workers	34	61	34	27	44.26
Community and Personal Workers	0	5	0	5	100.00
Service and Sales Workers	0	7	0	7	100.00
Plant & Machine Operators	0	2	0	2	100.00
Elementary Occupations	22	34	22	12	35.29
<b>Total</b>	<b>87</b>	<b>179</b>	<b>87</b>	<b>92</b>	<b>51.40</b>

The Strategic Planning and Economic Development Directorate include the following sections:

- Urban Planning
- Property Services
- LED
- Fresh Produce Market
- GURP





The Urban Planning division is a strategic division within the municipality mandated to manage the spatial planning of various land uses i.e. Industrial, institutional, residential and various business. The division is a sub-directorate within the directorate (strategy, economic development and planning) and has two main sub-sections namely: town planning and building control section: the urban planning division oversees:

Town Planning services i.e. Provision of zoning information and processing of various land use applications i.e. Rezoning applications.

Building Control - plan submission, inspection and (dis) approval thereof.

Development Enforcement – enforcement of town planning scheme rules – prosecution of illegal land uses i.e. Tuck shops.

Town Planning is central in developing and promoting an integrated town committed to addressing spatial injustices, and guides development towards a vibrant, resilient and sustainable urban and rural areas. In complying with the newly enacted act, Spatial Planning and Land Use Management Act, Act No. 16 of 2013, the division embarked on the following:

#### SUCSESSES IN 2016/2017

##### SPLUMA (Municipal Planning Tribunal)

Amongst other achievements, the Council has endorsed the Municipal Planning Tribunal which fully commenced in July 2016. Sol Plaatje Municipality opted for a singular Municipal Planning Tribunal (MPT) in terms of Section 34 of the Spatial Planning and Land Use Management Act, Act No. 16 of 2013. The MPT is constituted of purely professionals and no municipal councillor is allowed to participate in the MPT.

This has led to faster processing of land use applications as the decision of the MPT is final unlike in the past whereby the application was sent to the Section 79 committee for recommendation prior to council undertaking an informed decision.

The implementation of SPLUMA has encouraged opportunity for economic growth stimulation and investment within the municipality's jurisdiction as land use applications occur at a faster and quicker rate.

##### LAND USE MANAGEMENT BY-LAWS ENFORCEMENT

In terms of managing the land use within the vicinity of Sol Plaatje Municipality the wall to wall Land Use Scheme 2008, is being utilised to regulate the various land uses as well as providing a guideline in terms of processing of received development applications (rezoning, consent uses, township establishments, removal of restrictive conditions of title, sub-divisions, divisions of land, site development plans, building plans and other development planning related applications).

Urban Planning Control have embarked on various awareness campaigns as well as raids with SAPS, Liquor Board and Home Affairs in April 2017 to inform the members of the public about the consequences that may be faced as a result of illegal residential business i.e. fines and imprisonment where liquor is sold illegally.

Illegal land uses remain a challenge in particular the growing scourge of illegal tuck shops. In the financial year 2016/2017 the peace officers issued 69 fines amounting to R46 250 in total.

#### REVIEW OF THE SOL PLAATJE SPATIAL DEVELOPMENT FRAMEWORK

The Municipal Systems Act (2000), in particular section 26 of the act as well as section 20 of the Spatial Planning and Land Use Management Act, requires each and every municipality to have a spatial development framework which will spatially outline the IDP priorities for the municipality. The municipality is currently in the process of reviewing its Spatial Development Framework (SDF).

Various milestones have been achieved in the financial year 2016/2017 i.e. Draft Spatial Development Framework as well as alignment of draft SDF with the IDP 2017-2022.

Amongst other objectives the Spatial Development Framework will play a vital role in identifying key spatial structural elements for developing the municipality and also promoting integration amongst communities.

However, the challenges remain the review of other municipal sector plans i.e. Housing sector plan as the situation on the ground is continuously changing, and hence a need for continuous review of municipal sector plans.

#### BUILDING CONTROL SECTION

The building control section main functions amongst others is to regulate, monitor and control the construction of buildings, ensuring compliance with the standards set out in the National Building Regulations and Building Standard Act, (Act 103 of 1977) as amended, and related legislation.

The submission and eventual approval of building plans is a statutory requirement and therefore building control is the custodian of the law related to the erection of buildings.

Although nine employees were suspended in the financial year 2016/2017, the staff that were not suspended continuously ensured that building work meets national standards which is safe, healthy and accessible buildings.

#### TOWNSHIP ESTABLISHMENT (PLANNING & SURVEYING)

The Urban Planning Division has also embarked on the process that leads towards the security of tenure for its residents. In terms of security of tenure, the municipality managed to identify various potential areas for human settlement purposes and the specialist studies were also conducted in those areas namely:

- Erf 454 Ritchie – Layout & Geo-tech completed
- Erf 12772 Kimberley (Begonia) – Layout & Geo-tech completed
- Erf 2 & 12 Ritchie – Layout & Geo-Tech completed.

Moreover, the Provincial Department of COGHSTA provided the Urban Planning Division with grant funding of R1,7 million for the purpose of human settlement upgrading (Informal Settlement) which will be used in the financial year 2017/2018.

It must be noted that only the studies were completed to date, however physical planning work will unfold in the next financial year 2017/2018 i.e. Homevale Informal Settlement & Riemvasmaak in Galeshewe.

The projects completed in 2016/2017 emanating from the previous financial year are the following:

- Snake Park – 637 (Phase 03)
- Soul City – 64

Total 701 completed

#### MAINTENANCE OF PROPERTIES

The maintenance of properties managed to renovate the recreational hall ceilings and also amongst others erect a devil's fork fence around the Jim Summers Hall. The flooring of the fire station was also completed for the CBD offices of the Community Services (Fire Department).

#### CHALLENGES

##### Planning related challenges

- Urban form and sprawl caused by the influx of informal settlements
- Unavailability of bulk infrastructure in strategic land or areas hence hindering development i.e. Mac Douglas mixed use precinct
- Illegal land uses i.e. Tuck shops and guest houses.



Informal settlement



Lerato Park

#### 3.9.1 Applications for Land Use Development

Detail	Rezoning		Built Environment	
	2015/2016	2016/2017	2015/2016	2016/2017
Planning application received	52	58	780	501
Determination made in year of receipt	15	24	615	319
Determination made in the following year	37	34	135	50
Applications withdrawn	0	1	0	1
Applications outstanding at year end	37	33	30	131

NB: It must be noted that there has been legislation transformation in terms of the processing of Land Use Applications i.e. from processing via Northern Cape Planning and Development Act (Act No. 7 of 1998) to Spatial Planning and Land Use Management Act (Act No. 16 of 2013) which officially commenced on 1 July 2015.

### 3.9.2 Planning Policy Objectives Taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery in respect of water and sanitation, electricity, housing, solid waste management and roads and storm water services to all residents of SPM	To survey 2 000 additional erven and submit to the Surveyor General by 30 June 2016	2 000	2 645	Not a target for 2016/2017 and 2017/2018		
To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Ensure a turnaround time of six weeks for building plan approval for buildings or architectural buildings less than 500m <sup>2</sup> in accordance with NBRBSA - 103/1977	6 wks	16 wks	6 wks	14.6 wks	6 wks
	Improving the turnaround time for development applications (rezoning) from receipt of all sectional comments, submission to Development and Planning Committee and Council to ten weeks by 30 June 2017	10 wks	10 wks	10 weeks	08 weeks	10 wks
	Ensure a turnaround time of ten weeks for building plan approval for buildings or architectural buildings greater than 500m <sup>2</sup> in accordance with NBRBSA - 103/1977	10 wks	16 wks	10 wks	24.62 wks	10 wks
	Review the current by-laws applying to land development as well as alienation and rezoning of both privately owned and government owned land parcels by 30 June 2016	1	1	Not a target for 2016/2017 and 2017/2018		

### 3.9.3 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	–	–	–	–	<b>0%</b>
<b>Expenditure:</b>					
Employees	2 790	3 598	3 598	2 488	31%
Repairs and Maintenance	1	–	–	–	0%
Other	104	213	188	130	31%
<b>Total Operational Expenditure</b>	<b>2 895</b>	<b>3 811</b>	<b>3 786</b>	<b>2 618</b>	<b>31%</b>
<b>Net Operational Expenditure</b>	<b>2 895</b>	<b>3 811</b>	<b>3 786</b>	<b>2 618</b>	<b>31%</b>

### 3.9.4 Capital Expenditure Year 2016/2017: Planning Services

There was no capital expenditure during the period under review.



Lerato Park



## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PROPERTY SERVICES

#### 3.10.1 Introduction to Property Services

The Property Section is a sub-directorate within the Directorate Strategy, Economic Development and Planning and oversees the sale as well as leasing of the various properties of the municipality. Amongst other roles the property section deals with are the following:

- Leasing of property.
- Alienation of municipal land to both public and private sector.
- Administration of temporary use of municipal land i.e. Church Crusades and Awareness Campaigns by various public and private entities.

Moreover, the property section ensures that the council's property portfolio is managed and administered in an efficient manner.

#### SUCCESSES IN 2016/2017

##### • SALE OR ALIENATION OF MUNICIPAL-OWNED LAND 2016/2017

During the financial year 2016/2017 the municipality have been able to dispose of properties through selling or alienation by means of tenders amounting to R2,47 million. The following properties were successfully disposed of through tender processes

- Erf 7127 Kimberley
- Erf 23802 Kimberley

Various properties were also alienated through council resolution, however some of the properties that are no longer required by the municipality, will go through competitive public tendering processes during the financial year 2017/2018.

##### • LEASING OF MUNICIPAL LAND

In the financial year 2016/2017 there were eleven renewals for the existing leases and two new agreements entered into. The importance of the lease agreements is to enable the municipality to claim possession of the property once the lease period has expired. Furthermore, this also provides the municipality with an opportunity to set some clear boundaries in terms of use of the property.

Due to the need arising from the small-scale farmers the municipality will embark on a process to lease the farm Wildebeestkuil No. 69 in order to accommodate the Galeshewe upcoming farmers in the next financial year 2017/2018

#### CHALLENGES

##### • SERVICING OF ERVEN

Provision of serviced land as a form of service delivery by the Sol Plaatje Municipality is quite a challenge due to limitation of bulk infrastructure available. This is evident in an area such as Southridge whereby the municipality have land planned and surveyed the area, however only few erven are situated in the area where there is bulk availability and the majority of erven still require bulk services.

There is a growing backlog of requests for serviced land in the municipality and as a result of members of the public whom cannot afford bonds from major retail banks and also do not qualify for the BNG (Breaking New Ground) houses. The availability of serviced land will shorten the time of acquisition of land and also address growing number of service delivery protests.

##### • INVASION OF MUNICIPAL OWNED LAND

In the year 2016/2017 the municipality experienced growing cases of unlawful occupation of land which impacted on the IDP (Integrated Development Plan) projects such as electrification in Jacksonville and also infringed upon service delivery objectives of council.

The municipality have taken efforts such as interdicts to prevent illegal occupation of land i.e. Jacksonville area. However, there are various reasons that lead to unlawful occupation of land i.e.

- Shortage of legally obtainable housing alternatives
- Faster urbanisation and natural growth of the city
- Shortage of affordable land from the private sector.

Landlessness and land invasions are a stark reality in South Africa and the City of Kimberley is equally affected by such phenomena.

#### 3.10.2 Property Services Objectives Taken From IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	To perform at least two feasibility studies to identify suitable land for human settlements in order to ensure security of land tenure for people	2	2	Not a target for 2016/2017 or 2017/2018		



### 3.10.3 Comment on the Performance of Property Services Overall

In the 2016/2017 the Properties Section generated revenue via public tenders to the value of R2,47 million. The growing challenge is land invasion which also played a major role in affecting the installation of water for the 29 Erven in Retswelele. It must be noted that there is a growing appetite for serviced

residential erven which is as a result of urbanization and also the fast-growing population experienced within the vicinity of Sol Plaatje Municipality due to pull factors such as the newly established Sol Plaatje University and also the new hospital Len-Med.

## 3.11 LOCAL ECONOMIC DEVELOPMENT

### 3.11.1 Introduction to Economic Development

LED is a process of developing local economies: "Local Economic Development is process-orientated. That is, it is a process involving the formation of new institutions, the development of alternative industries, the improvement of the capacity of existing employers to produce better products, the transfer of knowledge, the identification of new markets and the nurturing of new firms and enterprises". (Framework, p. 31: Blakely (2002): Planning Local Economic Development – Theory and Practice)

"Local Economies are inclusive, world-class and dynamic places and brands in which to invest, work, learn, visit and live; and the most successful in creating wealth that is widely shared and benefiting the majority of its local people." (National LED Framework, p. 29)

#### THE CONSTITUTIONAL PROVISIONS

Section 152 (1) c states that one of the objects of local government is to promote social and economic development. Expanding on the developmental duties of municipalities, Section 153 goes on to state:

- "A municipality must
  - a) structure and manage its administration, budgeting and planning processes, to give priority to the basic needs of the community and to promote the social and economic development of the community; and
  - b) participate in national and provincial development programmes." (1)

The most important legislation:

- These objectives are further articulated in the Municipal Systems Act 32 of 2000.

The stated priority function of this Act is "To provide for the core principles, mechanisms and processes that are necessary to move progressively towards the social and economic upliftment of local communities..." and more so "to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities."

#### NATIONAL DEVELOPMENT PLAN (NDP)

Purpose: To develop an economy that will create more jobs, is more inclusive, more dynamic and in which the fruits of growth are shared equitably, and poverty is eliminated.

Contribution of LED towards achieving the NDP vision

- Sector diversification of the economy
- Small business development should anchor local economies
- Inclusive rural economies are crucial for regional economic development
- Spatial economic transformation is crucial

#### NEW GROWTH PLAN (NGP)

Purpose: To contribute towards the creation of decent work, reduction of inequality and winning the war on poverty through restructuring the economy to improve its performance in terms of labour absorption, composition and rate of growth

Contribution of LED towards NGP objectives

- Job creation, reducing poverty and redressing inequality are central to LED
- Diversification of local economies in terms of sectors is crucial for broader economic development
- Infrastructure investment, support for small business, skills development, working with the industry/business sector and rural development are crucial for effective LED
- Sustainable development is a critical pillar for productive economies

#### KEY FACTORS FOR THE SUCCESS OF LED

Based on previous learning, resources available to LED are

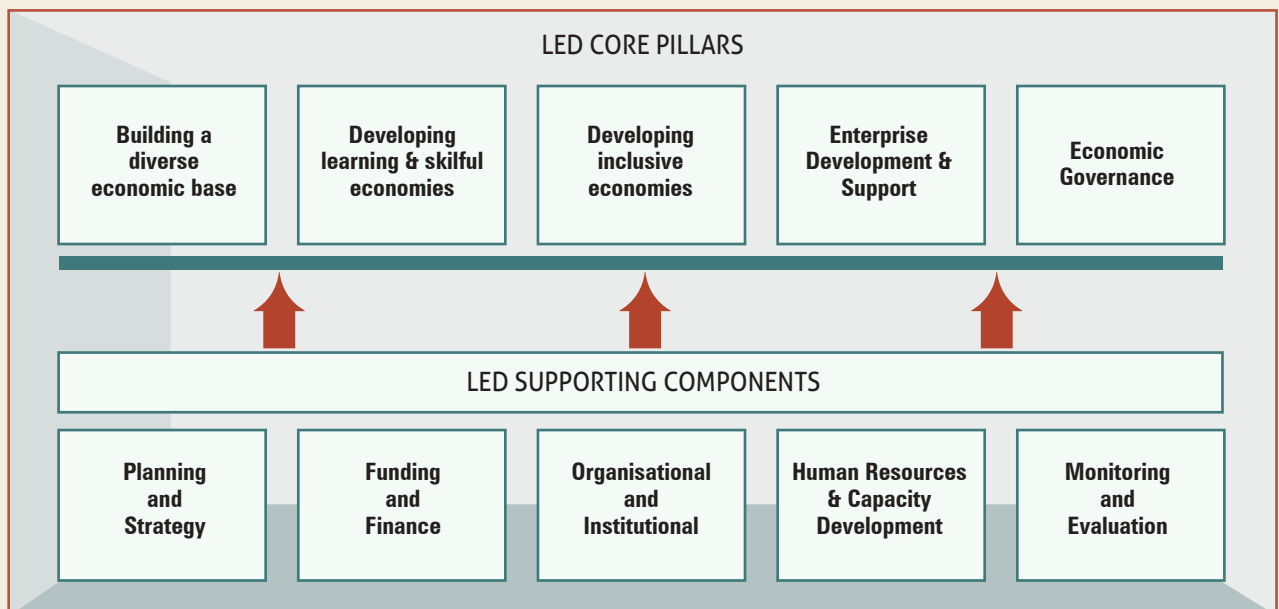
- Utilised by LED stakeholders that work together according to a pattern of organisation,
- To add value by executing the functions and processes required by LED,
- To conceive smart initiatives to catalytically stimulate improvements in the systemic competitiveness of the local economy.
- This enables businesses in key sectors and markets to compete more effectively, resulting in increased investment, economic growth, increased employment, and increased earnings and equity shifts, which all contribute to a reduction in poverty.

## OBJECTIVES OF THE LED FRAMEWORK

- To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage a litany of non-viable projects or start-ups.
- To support local economies in realising their optimal potential and making local communities active participants in the economy of the country.
- To elevate the importance and centrality of effectively functioning local economies in growing the national economy.
- To wage the national fight against poverty more effectively through local level debates, strategies and actions.
- To improve community access to economic initiatives, support programmes and information.
- To improve the co-ordination of economic development planning and implementation across government and between government and non-governmental actors.
- To build greater awareness about the importance and role of localities and regions which globally are playing an increasingly significant role as points of investment, facilitated by supportive national policies.

## FRAMEWORK FOR LED PILLARS (2013-2018)

Pillars are broad pointers to what the LED Strategy should focus on. The pillars will be deliberated after the Framework is approved by Government.



## FIVE LED POLICY PILLARS

### FIRST PILLAR

#### • Building a Diverse Economic Base (Framework, p. 36)

Purpose: In order to increase and sustain the revenue base of municipalities, local economic developed strategies must be underpinned by a robust, sustainable competitive diverse economic base

Pillar anchored by the following programmes:

- Sector Support Programme (IPAP & NDP priorities)
- Metropolitan Economic Development programme (8 Metros)
- Regional Economic Development (focus on Districts)
- Regional Industrial Development (for diversified industrial economy)
- Industrial Cluster Development (use IPAP as basis for leveraging industrial value chains)
- Through industrial and sector-specific (e.g. Tourism, Mining, Agriculture, Manufacturing, etc.) investment and development programmes, and through the spatial targeting of functional economic regions and other areas where economic activity
- Programmes under this pillar are driven by private sector investment.
- The primary role of local government is to
  - provide strong economic governance through a supportive and enabling business environment,
  - unblock constraints to investment and provide regulatory certainty.

## SECOND PILLAR

- **Developing Inclusive Economies (Framework, pp. 37-38)**

**Purpose:** Economic and spatial inclusivity aspects in municipalities, to improve the living standards and ensure a dignified existence for all South Africans.

Six critical strategy interventions to reverse economic exclusion:

- Informal Economy Support Programme
- Inner City Economic Revitalisation Programme
- Township Economic Development Programme
- An inclusive and integrated rural economy
- Broad-Based Black Economic Empowerment Support
- Women and Youth Economic Empowerment
- Expanded Public Works and Community Works Programme

## THIRD PILLAR

- **Developing Learning and Skilful Economies (Framework, pp. 36-37)**

**Purpose:** To create highly skilled, innovative and adaptable workforce to attract and support the long-term growth of high value jobs, wealth-creating business and fight unemployment at local level.

A skilled labour force is a pre-requisite for building economically competitive and inclusive development interventions. Developmental local government agenda requires local growth and development strategies that are supported by a clear skills plan.

Pillar anchored by:

- Tackling basic skills gaps
- Development of workforce skills (up-skilling or re-skilling existing workforce)
- Enterprise and entrepreneurship programme (for supportive enterprise & entrepreneurial environment)
- Developing leadership and management skills

## FOURTH PILLAR

- **Enterprise Development and Support (Framework, pp. 38-39)**

Departments responsible for success: Trade & Industry and Economic Development

**Purpose:** To create an enabling environment conducive to the development of SMME, Co-operative, Youth and B-BBEE Enterprises and provide a broad range of business development support services by working with enterprise support in financial and non-financial support spheres.

Key interventions:

- Small, medium and micro-enterprise support (SMMEs)
- Co-operative Enterprises
- BEE, Youth and Women Empowerment Enterprises
- Business development support services

- International Labour Organisation, LED is a strategy for employment promotion through micro and small enterprise development, support of social dialogue and development planning.
- Strengthen the dti's integrated approach to SMME & Co-operatives Development: Action Plan
- Role of local government in such areas as incubation support; provision of enabling infrastructure for SMMEs; provision of advisory and referral support to co-operatives, etc.

## FIFTH PILLAR

- **Economic Governance and Infrastructure (Framework, pp. 39-40)**

**Purpose:** State must play central/strategic role by investing in under-developed areas and directing & incentivising private sector investment. Therefore, economic governance is critical for successful building of local economies.

Key interventions:

- Leadership and Management Skills (for guiding economic development)
- Administrative Economic Development Capacity (to ensure managerial, economic research, sector support, spatial economic planning, trade & investment, enterprise, entrepreneurship & stakeholder management competencies)
- Reduce Municipal Red Tape & Creating Enabling Environment
- Access to development funding/finance
- Distinct branding (for coherent message on Econ Development)
- Economic Infrastructure (leverage Strategic Infrastructure)
- Programmes for modernising infrastructure
- Linked directly to Outcome 9 in terms of promoting An Accountable, Responsive, Efficient and, Effective Local Government System.

Programmes that are targeted under this pillar include the following:

- Improving the role of municipal leadership in local economic development in terms of capacity building and lobbying, and advocacy;
- Efficient provisioning of land and land-use for economic development;
- Efficient provisioning economic infrastructure through such programmes as the Municipal Infrastructure Grant;
- Mainstreaming Revenue collection into LED;
- Developing Local Economies as Distinct Brands;
- Improving the regulatory environment and Reducing Red Tape, and
- Promoting Public-Private Dialogue.

### OUTCOMES OF THE NEW FRAMEWORK

Outcomes anticipated from the implementation of the LED Framework in 2019:

- A common and shared conceptual understanding of LED in South Africa
- A strengthened national coordinating and central point for LED in South Africa
- Confidence in municipalities as investment destinations
- Clearly defined roles and responsibilities, and inter-dependencies for LED planning and implementation within government and outside government
- Catalytic Economic Programmes in all municipalities, prioritising the 27 districts identified by government
- Integration of LED in other municipal programmes such as Infrastructure Development
- Reduction of red tape in local government.

### 3.11.2 Economic Activity by Sector

Sector	2015/2016	2016/2017
Agriculture, forestry and fishing	0	0
Mining and quarrying (Social and Labour Plans)	2 275	1 800
Manufacturing	0	0
Electricity (Droogfontein Solar Farm investment)	5 000	
Tourism (Diamond and Dorings)	1 300	1 800
Finance, property, etc.	0	0
Government, community and social services	0	0
Infrastructure services (SMMEs Village and Ritchie Incubator)	0	550
<b>Total</b>	<b>8 575</b>	<b>4 150</b>

### 3.11.3 Comment on Local Job Opportunities relating to the various sectors

Sol Plaatje Municipality employs a total number of 68 200 people within its local municipal area. Sol Plaatje Municipality also employs the highest number of people within Frances Baard District Municipality.

The local municipality that employs the lowest number of people relative to the other regions within Frances Baard District Municipality is Magareng Municipality with a total number of 3 340 employed people.

In Sol Plaatje Municipality the economic sectors that recorded the largest number of employment in 2015 were the

community services sector with a total of 26 100 employed people or 38.3% of total employment in the local municipality.

The trade sector with a total of 12 700 (18.7%) employs the second highest number of people relative to the rest of the sectors.

The electricity sector with 678 (1.0%) is the sector that employs the least number of people in Sol Plaatje Municipality, followed by the agriculture sector with 1 380 (2.0%) people employed.

### TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR

Sol Plaatje and the rest of Frances Baard, 2015 [Numbers]

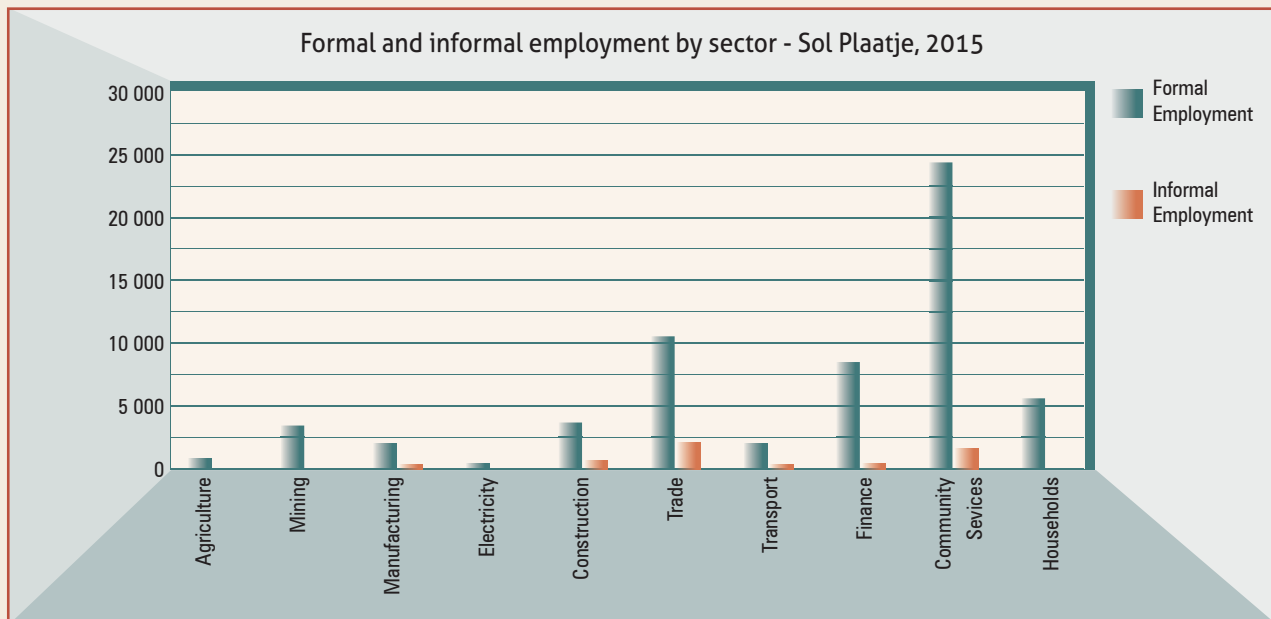
Sector	Sol Plaatje	Dikgatlong	Magareng	Phokwane	Total Frances Baard
Agriculture	1 380	536	303	1 060	3 279
Mining	3 770	1 260	223	702	5 956
Manufacturing	2 040	360	89	351	2 844
Electricity	678	41	54	138	911
Construction	4 070	437	258	762	5 528
Trade	12 700	1 370	555	2 370	17 022
Transport	2 460	248	119	217	3 048
Finance	9 350	683	319	1 130	11 480
Community services	26 100	2 140	1 120	3 300	32 660
Households	5 630	895	301	1 160	7 982
<b>Total</b>	<b>68 200</b>	<b>7 980</b>	<b>3 340</b>	<b>11 200</b>	<b>90 708</b>



## FORMAL AND INFORMAL EMPLOYMENT

The number of formally employed people in Sol Plaatje Local Municipality counted 62 300 in 2015, which is about 91.29% of total employment, while the number of people employed in

the informal sector counted 5 940 or 8.71% of the total employment. Informal employment in Sol Plaatje increased from 2 870 in 2005 to an estimated 5 940 in 2015.



In 2015, the Trade sector recorded the highest number of informally employed, with a total of 2 280 employees or 38.30% of the total informal employment. This can be expected as the barriers to enter the Trade sector in terms of capital and skills required is less than with most of the other sectors. The Transport sector has the lowest informal employment with 340 and only contributes 5.73% to total informal employment.

## UNEMPLOYMENT

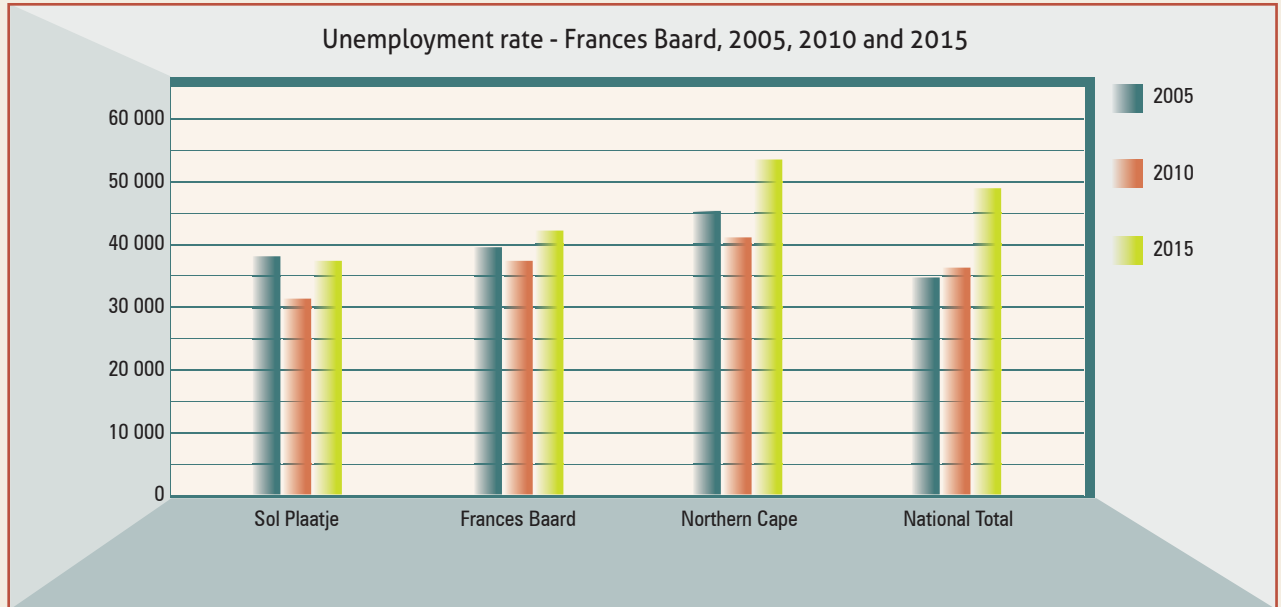
In 2015, there were a total number of 37 200 people unemployed in Sol Plaatje, which is an increase of 6 840 from 30 300 in 2005. The total number of unemployed people within Sol Plaatje constitutes 65.33% of the total number of unemployed people in Frances Baard District Municipality. The Sol Plaatje Local Municipality experienced an average annual increase of 2.06% in the number of unemployed people, which is better than that of the Frances Baard District Municipality which had an average annual increase in unemployment of 2.11%.

Sector	Formal employment	Informal employment
Agriculture	1 380	N/A
Mining	3 770	N/A
Manufacturing	1 680	359
Electricity	678	N/A
Construction	3 240	835
Trade	10 500	2 280
Transport	2 120	340
Finance	8 710	635
Community services	24 600	1 500
Households	5 630	N/A

Year	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
2005	30 300	46 200	116 000	4 550 000	65.6%	26.0%	0.67%
2006	30 300	46 100	117 000	4 510 000	65.6%	26.0%	0.67%
2007	29 200	44 400	112 000	4 460 000	65.7%	26.0%	0.65%
2008	27 300	41 300	104 000	4 350 000	66.0%	26.3%	0.63%
2009	27 000	40 600	101 000	4 370 000	66.4%	26.6%	0.62%
2010	27 700	41 500	103 000	4 490 000	66.8%	26.9%	0.62%
2011	29 100	43 500	107 000	4 570 000	67.0%	27.1%	0.64%
2012	31 400	47 500	114 000	4 690 000	66.1%	27.7%	0.67%
2013	33 200	50 900	122 000	4 850 000	65.3%	27.2%	0.68%
2014	34 800	54 000	131 000	5 060 000	64.5%	26.6%	0.69%
2015	37 100	56 900	137 000	5 280 000	65.3%	27.2%	0.70%
<b>Average Annual growth</b>							
2005 to 2015	2.06%	2.11%	1.63%	1.50%			

When comparing unemployment rates among regions within Frances Baard District Municipality, Magareng Municipality has indicated the highest unemployment rate of 53.7%, which

has increased from 46.1% in 2005. It can be seen that the Sol Plaatje Municipality had the lowest unemployment rate of 36.0% in 2015, this decreased from 36.6% in 2005.



**Number of Households by Income category**

Income Category	Sol Plaatje	Frances Baard	Northern Cape	National Total	Sol Plaatje as % of district municipality	Sol Plaatje as % of province	Sol Plaatje as % of national
0 - 2 400	44	65	162	11 800	68.0%	27.4%	0.37%
2 400 - 6 000	330	524	1 340	92 100	63.0%	24.7%	0.36%
6 000 - 12 000	1 650	2 590	7 470	466 000	63.6%	22.0%	0.35%
12 000 - 18 000	2 390	3 760	10 700	685 000	63.4%	22.4%	0.35%
18 000 - 30 000	5 090	8 060	22 900	1 420 000	63.1%	22.2%	0.36%
30 000 - 42 000	6 730	10 600	31 600	1 790 000	63.4%	21.3%	0.37%
42 000 - 54 000	6 220	9 980	32 400	1 620 000	62.3%	19.2%	0.38%
54 000 - 72 000	6 260	10 400	36 000	1 640 000	60.3%	17.4%	0.38%
72 000 - 96 000	5 860	9 580	34 500	1 460 000	61.2%	17.0%	0.40%
96 000 - 132 000	5 930	9 690	34 700	1 390 000	61.2%	17.1%	0.43%
132 000 - 192 000	6 420	9 800	34 100	1 320 000	65.5%	18.8%	0.49%
192 000 - 360 000	8 350	11 800	38 100	1 610 000	70.6%	21.9%	0.52%
360 000 - 600 000	5 160	7 020	22 200	1 000 000	73.5%	23.2%	0.52%
600 000 - 1 200 000	2 940	4 010	13 200	667 000	73.2%	22.3%	0.44%
1 200 000 - 2 400 000	632	1 010	3 780	207 000	62.7%	16.7%	0.31%
2 400 000+	118	239	853	49 300	49.3%	13.8%	0.24%
<b>Total</b>	<b>64 100</b>	<b>99 100</b>	<b>324 000</b>	<b>15 400 000</b>	<b>64.7%</b>	<b>19.8%</b>	<b>0.42%</b>

It was estimated that in 2015 14.81% of all the households in the Sol Plaatje Municipality, were living on R30 000 or less per annum. In comparison with 2005s 37.99%, the number is about half. The R192 000 - R360 000 income category has the highest number of households with a total number of 8 350, followed by the R30 000 - R42 000 income category with 6 730 households.

Only 44 households fall within the R0 - R2 400 income category.



## ANNUAL TOTAL PERSONAL INCOME

Sol Plaatje Local Municipality recorded an average annual growth rate of 7.79% (from R5,66 billion to R12 billion) from 2005 to 2015, which is less than both Frances Baard's (8.36%) as well as Northern Cape Province's (9.96%) average annual growth rates.

South Africa had an average annual growth rate of 9.29% (from R1,15 trillion to R2,78 trillion) which is more than the growth rate in Sol Plaatje Municipality.

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	5.7	7.9	23.0	1 145.4
2006	6.2	8.7	25.5	1 259.4
2007	7.1	9.8	29.2	1 432.2
2008	7.8	10.8	32.5	1 587.9
2009	8.2	11.1	34.3	1 695.1
2010	8.8	11.9	37.0	1 843.3
2011	9.7	13.0	40.6	2 032.7
2012	10.5	14.0	45.6	2 226.0
2013	11.4	15.2	49.9	2 414.1
2014	12.8	17.0	55.7	2 602.5
2015	12.0	17.7	59.5	2 783.8
<b>Average Annual growth</b>				
2005 - 2015	7.79%	8.36%	9.96%	9.29%

## ORIGIN OF TOURISTS

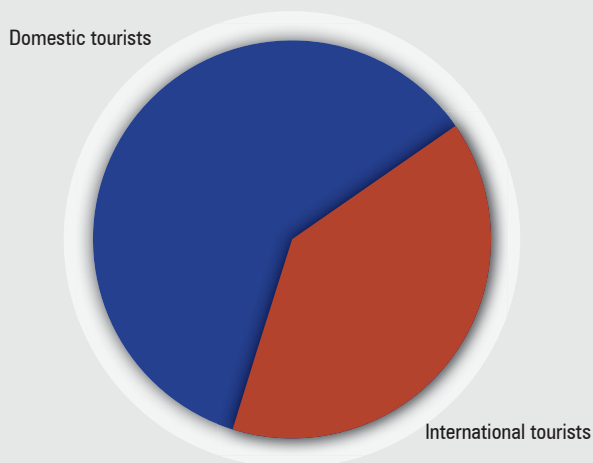
In the following table, the number of tourists that visited Sol Plaatje Municipality from both domestic origins, as well as those coming from international places, are listed.

The number of trips by tourists visiting Sol Plaatje Municipality from other regions in South Africa has increased at an average annual rate of 2.25% from 37 400 in 2005 to 46 800 in 2015.

The tourists visiting from other countries increased at an average annual growth rate of 2.17% (from 18 500 in 2005 to 23 000 in 2015). International tourists constitute 32.94% of the total number of trips, with domestic tourism representing the balance of 67.06%.

Period	Domestic tourists	International tourists	Total tourists
2005	37 400	18 500	56 000
2006	40 100	20 100	60 200
2007	42 700	19 300	62 000
2008	45 300	17 300	62 600
2009	46 800	15 500	62 200
2010	47 600	16 100	63 800
2011	47 700	17 100	64 800
2012	47 600	20 600	68 100
2013	47 500	22 900	70 400
2014	46 800	24 400	71 200
2015	46 800	23 000	69 700
<b>Average Annual growth</b>			
2005 - 2015	2.25%	2.17%	2.22%

Tourism - tourists by origin  
Sol Plaatje Local Municipality, 2015

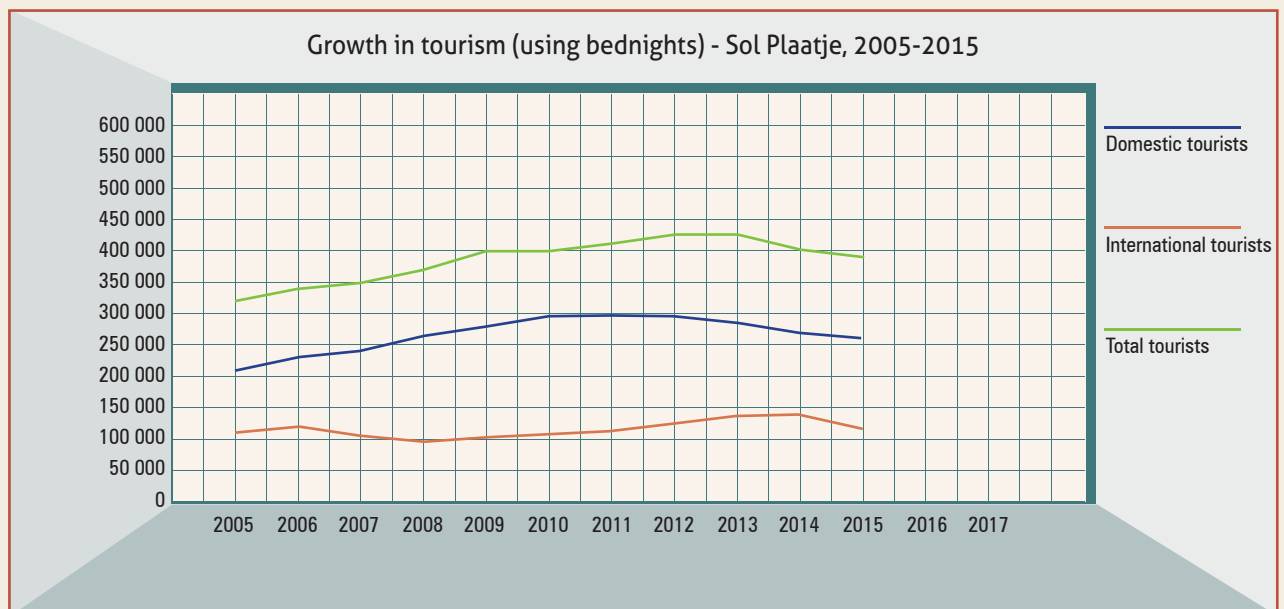


The following is a summary of the number of bed nights spent by domestic and international tourist within Sol Plaatje Local Municipality between 2005 and 2015.

**TABLE 23 - BED NIGHTS BY ORIGIN OF TOURIST**  
Sol Plaatje Municipality, 2005-2015 [number]

Period	Domestic tourists	International tourists	Total tourists
2005	211 000	108 000	319 000
2006	224 000	113 000	336 000
2007	240 000	108 000	348 000
2008	261 000	103 000	364 000
2009	277 000	96 800	374 000
2010	294 000	103 000	397 000
2011	294 000	104 000	398 000
2012	294 000	116 000	410 000
2013	289 000	125 000	414 000
2014	277 000	131 000	407 000
2015	269 000	124 000	392 000
<b>Average Annual growth</b>			
2005 - 2015	2.46%	1.33%	2.09%

From 2005 to 2015, the number of bed nights spent by domestic tourists has increased at an average annual rate of 2.46%, in the same period the international tourists had an average annual increase of 1.33%. The total number of bed nights spent by tourists increased at an average annual growth rate of 2.09% from 319 000 in 2005 to 392 000 in 2015.





Sol Plaatje, Frances Baard, Northern Cape and national total, 2005-2015 [R billions, current prices]

Sol Plaatje Municipality had a total tourism spending of R664 million in 2015 with an average annual growth rate of 8.7% since 2005 (R288 million). Frances Baard District Municipality had a total tourism spending of R810 million in 2015 and an average annual growth rate of 8.8% over the period.

Total spending in the Northern Cape Province increased from R1,64 billion in 2005 to R3,43 billion in 2015 at an average annual rate of 7.7%. South Africa as a whole had an average annual rate of 8.1% and increased from R107 billion in 2005 to R234 billion in 2015.

## Sol Plaatje Municipality and the rest of Frances Baard, 2005, 2010 and 2015 [R thousands]



**TABLE 25 - TOTAL SPENDING AS % SHARE OF GDP**  
Sol Plaatje, Frances Baard, Northern Cape and national total, 2005-2015 [percentage]

Period	Sol Plaatje	Frances Baard	Northern Cape	National Total
2005	3.0%	2.8%	4.9%	6.5%
2006	3.0%	2.8%	4.8%	6.9%
2007	2.8%	2.6%	4.3%	6.6%
2008	2.6%	2.4%	3.9%	6.4%
2009	2.7%	2.4%	3.8%	6.1%
2010	2.6%	2.4%	3.7%	6.1%
2011	2.5%	2.4%	3.6%	5.8%
2012	2.8%	2.7%	4.0%	6.1%
2013	2.9%	2.8%	4.2%	6.1%
2014	2.9%	2.8%	4.2%	6.3%
2015	2.9%	2.8%	4.1%	5.8%

In Sol Plaatje Municipality the tourism spending as a percentage of GDP in 2015 was 2.86%. Tourism spending as a percentage of GDP for 2015 was 2.76% in Frances Baard District Municipality, 4.14% in Northern Cape Province.

Looking at South Africa as a whole, it can be seen that total tourism spending had a total percentage share of GDP of 5.83%.

#### RELATIVE IMPORTANCE OF INTERNATIONAL TRADE

In the table below, the Sol Plaatje Municipality is compared to Frances Baard, Northern Cape Province and South Africa, in terms of actual imports and exports, the Trade Balance, as well the contribution to GDP and the region's contribution to total national exports and imports.



**TABLE 26 - MERCHANDISE EXPORTS AND IMPORTS**  
Sol Plaatje, Frances Baard, Northern Cape and national total, 2015 (R'000, current prices)

Trade	Sol Plaatje	Frances Baard	Northern Cape	National Total
Exports	6 465 277	6 908 075	12 065 041	1 041 437 998
Imports	411 717	511 878	1 354 682	1 075 891 997
Total Trade	6 876 994	7 419 954	13 419 723	2 117 329 995
Trade Balance	6 053 560	6 396 197	10 710 359	-34 453 999
Exports as % of GDP	27.9%	23.5%	14.6%	25.9%
Total trade as % of GDP	29.7%	25.2%	16.2%	52.8%
Regional share Exports	0.6%	0.7%	1.2%	100.0%
Regional share Imports	0.0%	0.0%	0.1%	100.0%
<b>Regional share Total Trade</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.6%</b>	<b>100.0%</b>

The merchandise export from Sol Plaatje Municipality amounts to R6,47 billion and as a percentage of total national exports constitutes 0.62%. The exports from Sol Plaatje Municipality constitute 27.90% of total Sol Plaatje Municipality's GDP.

Merchandise imports of R412 million constitute about 0.04% of the national imports. Total trade within Sol Plaatje is 0.32% of total national trade. Sol Plaatje Municipality had a positive trade balance in 2015 to the value of R6,05 billion.



### 3.11.4 Jobs Created during 2016/2017 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top Three initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.			
Total (all initiatives)				
2015/2016	839	0	939	Droogfontein (240); Inner City Revitalisation (122); Gariep Festival (16); Barney Barnato (55); N12 Promotion (10); Indaba (2), Diamond & Dorings (484) and Refurbishment of Information Centre (10).
2016/2017	3 728	0	3 728	Diamond and Dorings (1 832); Gariep Arts Festival (1 729); SABC Metro Heat Wave (60); Kimberley Festival (50); and Barney Barnato (57)

### 3.11.5 Job creation through EPWP\* projects

Details	EPWP Projects	Jobs created through EPWP projects *FTEs
	No.	No.
2013/2014	16	627
2014/2015	17	893
2015/2016	16	934
2016/2017	4	366

\* Extended Public Works Programme. Please note job are calculated on man-days jobs  
 \* "Full Time Equivalent Job (FTE)" means 230-person day of work created by an EPWP project within a financial year.

### 3.11.6 Local Economic Development Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Promote tourism into the city using arts, culture and heritage as a strategy by creating a marketing platform for SMME's through at least three events partnered by Sol Plaatje on an annual basis	3	5	4	8	4
	Support SMME's through business incubation by setting up developmental programmes for at least ten businesses annually	10	10			
	Marketing programmes for tourism promotion	8	28	6	11	8
	Host the Diamond & Dorings Music Festival annually	1	1	1	1	1
	Enter into twinning agreement with other municipalities with regard to LED in general and investment promotion in particular	1	0			
	Development an outdoor advertisement policy by end June	1	1	1	0	1
	Submit application to National Treasury by end June to extend the demarcation of UDZ	1	1	1	0	1
	Develop a Tourism Strategy by end June	1	0	1	1	0
	Facilitate and host a Media Tour by end December	1	0	1	0	1
	Create 300 FTE jobs through EPWP initiatives of the SPM by 30 June 2016	300	349			

### 3.11.7 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>991</b>	<b>1 060</b>	<b>1 060</b>	<b>798</b>	<b>-25%</b>
<b>Expenditure:</b>					
Employees	6 416	6 063	6 063	6 667	10%
Repairs and Maintenance	1 720	851	1 228	625	-49%
Other	473	498	493	297	-40%
<b>Total Operational Expenditure</b>	<b>8 609</b>	<b>7 412</b>	<b>7 784</b>	<b>7 589</b>	<b>-3%</b>
<b>Net Operational Expenditure</b>	<b>7 618</b>	<b>6 352</b>	<b>6 724</b>	<b>6 791</b>	<b>1%</b>

### 3.11.8 Capital Expenditure 2016/2017 - LED

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>12 300</b>	<b>31 281</b>	<b>28 277</b>	<b>130%</b>	<b>-10%</b>	<b>503 500</b>
Galeshewe Storm Water Upgrade	7 500	25 000	23 280	210%	-7%	498 000
Upgrade Corless Road	1 300	1 900	1 677	29%	-12%	2 000
Entrance road to Riverton	3 500	3 350	3 320	-5%	-1%	3 500
Township Establishment	–	1 031	–	–	-100%	503 500

### 3.11.9 Comment on Local Economic Development Performance Overall

#### INVESTMENT PROMOTION

Investment Promotion, at Sol Plaatje Municipality, entails the marketing and promotion of the locality as an investment destination of preference. This notion of "an investment destination of choice" implies that the locality can be regarded (all things being equal) as having a combination of factors that gives the locality an advantage over other localities of the same size and of the same specifics.

The economic zone, which encompasses all the settlements under the Sol Plaatje Municipality, has distinctive advantages to argue for best locality status for number of economic sectors. These sectors are:

- Solar energy (and related economic opportunities)
- Logistics (road, rail and air)
- Warehousing (by virtue of the City's central location in South Africa.)

Most of the endeavours of the (LED Unit's) Investment Promotion sub-section have been around the solar energy sector. These endeavours included, amongst others, efforts in ensuring that

- Kimberley gets a second Solar PV generation licence, and
- A solar panel manufacturing plant can be located in Kimberley.

In April 2016, Genesis Eco Energy (in partnership with Sun Edison) won the licence to construct a 75MW Solar PV plant at Droogfontein, in Kimberley.

This project is known as Droogfontein 2 and is estimated to generate 1 200 jobs over a construction period of thirty months. However, the actual construction has been delayed because the National Department of Energy has not signed off on the financials of the proposed plant. It is expected that the National Department of Energy will make the necessary announcement (on financial close) on this project by mid-December 2016.

In November 2015, an investor in the solar panel sector (after cautious background discussions – over a two month long period - with Sol Plaatje Municipality) decided to abandon their plans for the construction of solar panel manufacturing plant here in Kimberley. The exact reason for the project not going ahead is still unclear. Numerous attempts had been made to follow up with the specific company but, in the end, it became clear that they may have changed their mind.

#### SMME SUPPORT

The SMME Support Unit received a budget of R139 900 for the 2016/2017 financial year. The following projects were implemented as listed below.

#### SMALL BUSINESS WEEK

The 2017 Small Business Week is an annual small business intervention programme hosted in conjunction the Frances Baard District municipality. The programme was successfully hosted, and it attracted many potential business people and had several training sessions linked to it.



## SMME VILLAGE

Sol Plaatje Municipality has entered into a Memorandum of Understanding (MOU) with the Northern Cape Community Education and Training College (Community College), Department of Economic Development and Tourism (DeDat), and the Mobile Applications Laboratory NPC (MLAB). The agreement is to host, establish and implement the MLAB Programme.

The SMME village is now under new management, however we will still play an oversight role with regard to the operations and management of it.

## TRAINING

- **Grow My Business Training in collaboration with Coca Cola**

The programmes focused on Youth Empowerment through education, Environmental Management and up-skilling for South African informal traders (Tuck shop owners and hawkers). As such the Grow My Business training is our opportunity to empower South African informal traders with business skills that will ensure their continued existence in the competitive market space.

It entails basic financial management and equipment support, increasing competition.

The training is a one-day course where they will be taught financial principles and business savvy skills.

- **Allocation of Street Vendor trolleys in collaboration Coca Cola**

We allocated Street Vendor Trolleys to traders who formed and completed the Grow My business training programme. The trolley is a steel structure that can hold three cases of soft drinks, it can hold 24 cans of 300ml and of 1,5ml it also has storage capacity to carry two cases as back-up stock. The trolleys were allocated to 76 traders in the Sol Plaatje Municipality area

- **Red Tape Reduction Training**

The Department of Small Business Development (DSBD) in collaboration with the Department of Co-operative Governance & Traditional Affairs (CoGTA) and the South African Local Government Association (SALGA) are championing the Red Tape Reduction (RTR) programme.

The main objective of the programme is educating municipalities to adopt this government programme to reduce the administrative, regulatory and legislative burdens within the different business environments for the benefit of SMMEs and Co-operatives. As part of fulfilling this objective they conducted RTR assessments within the different provinces and municipalities.

- **Partnership in Entrepreneurship Development**

This entrepreneurial training programme entailed the module on the GROW WHEEL which is business developmental tool developed by SEDA Technology Programme to FastTrack Entrepreneurial development. The one-day training was offered to candidates in the municipal area.

- **Diamond and Dorings Food Preparation Training**

This is annual training offered to all successful applicants who sold their food products at the Diamond and Dorings event. This training was to ensure that correct food preparation standards were adhered to by all traders. The training entailed food preparation techniques and food safety and was offered by our Emergency Services and the Frances Baard District Municipality Environmental Health section.

## TOURISM PROMOTION

The core mandate of Tourism Sub-Unit is Tourism Development and Marketing of various tourism attractions within the Sol Plaatje Municipality in order to attract more tourists into the city.

In the financial year of 2016/2017, the Tourism sub unit was allocated a budget of R520 000 whereby the following Key Performance Indicators were achieved:

### ACHIEVE ANNUAL REVENUE FOR TRAM THAT EXCEEDS R60 000

The Kimberley Vintage Tram is one of the vital draw card for attracting tourists into the city as it provides a unique experience of the mode of transport as was used during the era of the Diamond Rush in Kimberley.

The overall tram revenue generated for 2016/2017 financial year amounts to R39 580, 66% of the set target was obtained.

However, it should be noted that the Kimberley Vintage Tram operates through a supply of electricity with a voltage of 500 Direct Current (DC), in some instances the tram will not be operational because of rainy weather as this may pose serious risk to tram operators and tourists; such circumstances also negatively affect the revenue generation.

As a way of mitigating the risk with regards to cash collections by the tram operators, the installation of a cash register has been completed and ready for implementation, also the Tourism sub unit has developed a detailed brochure specifically for the tram as way of rigorously marketing this unique tourism product.



## MARKETING PROGRAMMES FOR TOURISM PROMOTION

The following are Exhibitions, Tourism Road Shows and Tourism events that Tourism sub unit implemented during the 2016/2017 financial year:

- NOCCI Expo
- Barney Barnato Golf Tournament
- Gariep Arts Festival
- Movies Under the Moon
- Metro FM Heatwave
- Kimberley Gospel Show
- Galeshewe Street Carnival
- SA Jazz Festival
- Diamonds and Dorings Music Festival
- Tourism Indaba and
- BUFE Business Funding Expo.

In addition to the marketing programmes the following publications were developed:

- **Developed Kimberley Tour Packages brochure**  
Utilised at exhibitions to market the various packages provided by the tour operators to bring tourists to Kimberley.
- **Advertising.**
  - Two-page spread advertisement was secured in the Alive 2 Green-Responsible and Sustainable Tourism Handbook, volume 5. Annual publication
  - Kimberley Meander. Annual Publication.

## TWINNING AGREEMENTS WITH OTHER MUNICIPALITIES AND OTHER DEPARTMENTS:

To date the following seven agreements were entered into:

- |                       |   |
|-----------------------|---|
| • DSAC and NHC        | Golden Shield Heritage Awards (2016/2017) |
| • Kimberley Golf Club | Barney Barnato Golf Tournament            |
| • Investing Events    | Movie Night under the Moon                |
| • FBDM                | Diamonds & Dorings                        |
| • Macronym 37cc       | SA Jazz Festival                          |
| • Zikmo Productions   | Joyous Celebration Festival               |
| • Wydex Events        | Metro FM Heat Wave.                       |



## DEVELOPMENT OF TOURISM STRATEGY:

The first ever Tourism Strategy in Sol Plaatje Municipality was successfully developed. It has been approved by Council as a final working document on 20 June 2017 with a Council Resolution Number: C68/06/17.

## PROMOTION OF TOURISM INTO THE CITY USING ARTS, CULTURE AND HERITAGE THROUGH THE ADOPTION OF MZANTSI GOLDEN ECONOMY STRATEGY:

The following five arts and culture related events were implemented:

- Gariep Art Festival
- Heritage Celebration (Xhosa Culture)
- Awakening Social Session
- GOSHA Heritage Celebrations
- Galeshewe Street Carnival
- Fashion Show.

## JOBS CREATED THROUGH TOURISM INITIATIVES:

To date the following number of jobs were created through Tourism Initiatives:

• Gariep Arts Festival .....	644
• Barney Barnato Golf Tournament.....	67
• The Movie Under the Moon.....	45
• Galeshewe Street Carnival.....	80
• Heritage Celebration .....	71
• Awakening Social Session.....	11
• Kimberley Gospel Show.....	186
• Metro FM Heatwave .....	410
• SA Jazz Festival.....	428
• Fashion Show.....	60
• Diamonds & Dorings Festival.....	955
• Total .....	2 957



### 3.11.10 Inner City Revitalisation 2016/2017

The Area Based unit received external funding to the value of R210 000 from the Department of Economic Development and Tourism. This money was used solely for EPWP purposes. Under the Inner-City Revitalisation, the following projects were implemented.

- EPWP project

#### BUDGET

- Sol Plaatje Municipality: R140 000
- Funding: R210 000

#### JOBS CREATED

- 10 Temporary jobs

#### EPWP PROJECT

The purpose of this project is an environmental orientated project ensuring environmental integrity of the Sol Plaatje Municipality.

It will focus on key risks, hazards and improvements which will include vegetation control and refuse removal.

This will assist the Inner-City Revitalisation Programme by enhancing quality urban management in terms of cleansing road and pavement management.

Through this project, we managed to employ ten people for a year. Funding for this project was made possible by the Department of Economic Development and Tourism.

- Maintenance of signage
- Installation of outdoor gym equipment

#### OUTDOOR ADVERTISING AND MAINTENANCE

The purpose of signs and other forms of outdoor advertising is to convey information to the public. Such information may include: identifying properties, giving notice of forthcoming events, informing of the availability of goods and services and giving directions to pedestrians and traffic. Although signs are essential throughout the municipal area for the information they provide to the public, they have the potential to cause adverse environmental effects, particularly in respect of transport safety and visual amenities.

The ability of the environment to accommodate signs varies considerably between commercial, residential and rural environments. If not managed correctly outdoor advertising may have a major impact on the environment and not only the aes-

thetic environment. It may also contribute to environmental problems such as sound and light pollution and may influence road safety. On the other hand, it cannot be denied that outdoor advertising fulfils an important role in present-day life and provides us the various benefits.

Through limited internal funding we managed to address the following issues:

- Repaired and replaced ten old directional signs
- Re-designed old stack directional pylons and ten new pylons were erected in 2016/2017.

Maintenance of directional and information signs is a costly exercise. Fortunately, with the financial and technical assistance from the Roads Department in Sol Plaatje we managed to facilitate our Outdoor Advertising environment more efficiently and effectively.

### 3.11.11 Responding to the LED Pillars

In responding to the LED Pillars, the following projects were achieved.

#### PILLAR ONE

Sol Plaatje Municipality and SEDA Construction has completed a draft MOU to establish the Construction Incubator in Kimberley. The initiative is already approved by the board SEDA Construction with commitment of R1.7 million per annum.

The relationship intends to development emerging contractors according to Construction Industrial Development Board (CIDB).

There is also MOU draft developed with Savant to establish Renewable Energy Incubator and R3.5 million is already secured from De Beers Consolidated Mines under Social and Labour Plans.

In order for SPM to be seat of spheres of government and private companied a draft document to establish Knowledge Management Information Incubation Hub (KMIIH) is completed.

#### PILLAR TWO

SPM has initiated a relationship with Swiss-South African Collaboration Initiative (SSACI) to accelerate the development of artisan through various engineering trades.

#### PILLAR THREE

SPM through a LED has already completed the terms of reference for the establishment of mining special vehicle for Social and Labour Plans (SLPs). The purpose is to drive consolidated in relation to all the elements of the SLPs.





### 3.12 FRESH PRODUCE MARKET

#### 3.12.1 Introduction

The national fresh produce markets are the South African Primary platform for selling locally produced fresh fruit and vegetable as it provides the ideal inclusive and transparent trading environment to all fresh producers be it commercial, small scale farmers or emerging producers to sell their produce directly to the buyers. The prices of the produce sold on the fresh produce markets are solely determined by supply and demand.

Sol Plaatje fresh produce market is the sole national fresh produce market in the Northern Cape, and falls under the directorate of Strategic Economic Development & Planning.

The market currently hosts three market agents namely, Squires & Sons, Subtropico and Kimberley Varsprodukte Agentskap.

The Market agents negotiate the price while the market authorities place a levy of 5% fee on each transaction

#### OUR VISION

*To become the best distribution channel of fresh produce in the Northern Cape Province.*

#### TOP SERVICE DELIVERY

Sol Plaatje Fresh Produce Market was chosen as a pilot market for the implementation of Best Practice.

Sol Plaatje fresh Produce market is in partnership with Joburg Market for the Mentorship programme.

New approaches were instituted to serving clients and to ensure that they receive good quality service.

The role of Sol Plaatje Fresh Produce Market is to provide the necessary facilities to compensate for and cover the growing gap in the market that was emerging.

Allow for equal trade opportunities for large scale, commercialised producers and small emerging farmers.

Create a platform to allow anyone to engage in trade without discrimination.

The Market is open for the chain stores, bulk buyers and the public as whole.

Promoting food safety and quality assurance in the market.

Promote a healthy life-style of five a day.

#### MEASURES TAKEN TO IMPROVE THE PERFORMANCE OF THE MARKET

- The implementation of the Code of Best Practice
- Benchmarking with Bloemfontein Fresh produce market, Matlosane Fresh Produce Market, Joburg market and Tshwane market.
- Implementation of Performance Audit
- Market business plan
- Market strategy
- Farmers and buyers visits

#### SUPPORT GIVEN TO COMMUNITIES LIVING IN POVERTY

- Sol Plaatje Fresh Produce Market, with the assistance of market agents, contributed fruit and vegetables to crèches
- Assisting in pauper funerals, by donating vegetables
- Market has donated soup to Helen Joseph crèche.

#### MAJOR ACHIEVEMENTS

Implementation of the Performance Audit

Draft business plan

Mentorship programme

Move offices to create more trading space.

#### 3.12.2 Policy Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Develop an SLA for the market	1	1	Not a target		
	7% profitability of the market	7%	4.5%	Not a target		





### 3.12.3 Financial performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>3 979</b>	<b>4 850</b>	<b>4 150</b>	<b>3 599</b>	<b>-13%</b>
<b>Expenditure:</b>					
Employees	3 698	4 387	4 387	4 459	2%
Repairs and Maintenance	473	450	450	447	-1%
Other	1 759	2 444	2 444	1 817	-26%
<b>Total Operational Expenditure</b>	<b>5 930</b>	<b>7 281</b>	<b>7 281</b>	<b>6 723</b>	<b>-8%</b>
<b>Net Operational Expenditure</b>	<b>1 951</b>	<b>2 431</b>	<b>3 131</b>	<b>3 124</b>	<b>0%</b>

### 3.12.4 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.12.5 Comment on the performance overall

Sol Plaatje is in partnership with Joburg Market, Potato South Africa and the Department of Agriculture to turn around the market.

Sol Plaatje Fresh Produce Market has developed a business plan.

The first phase of moving offices to create more space for BEE agency is complete.

One of our biggest challenges is the council is not investing in the market. For the market to be profitable, the market needs to be refurbished, and attract more investors such as a florist, fishmonger and bakery.



## 3.13 GALESHEWE URBAN RENEWAL PROGRAMME (URP)

### 3.13.1 Introduction

The major drive behind the Urban Renewal Programme is to utilise public sector investment as a strategic vehicle to lobby private sector investment and to sustain spending and income generation in the townships as well as sustainable job creation, thus development of a new township strategy known as the Urban Network Strategy UNS funded through NDPG.

Galeshewe is one of the national urban nodes earmarked for development and support from national treasury's Neighbourhood Development Partnership Grant (NDPG) that is technical and financial support.

The local economic development opportunities and social infrastructure development are as a direct result of programmes such as URP and NDPG due to the direct impact of public spending, job creation, SMME development, support and economic growth. These are the immediate financial and non-financial impacts of the GURP.

### ACHIEVEMENTS 2016/2017

#### Provincial Infrastructure Grant (PIG) (URP)

During the 2016/2017 financial year business plans for the following projects business plan were submitted to COGHSTA for capital funding:

- Paving of Platfontein access road Phase 2
- Paving of Corles Road Shopping Centre Phase 2
- Tommy Morebodi Sports Park Upgrade (Outdoor Gym Equipment Area Paving)



## NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Sol Plaatje Municipality through Urban Renewal Program (URP) has successfully implemented some of the Public Transport Network quick wins project elements that were approved and funded by National Treasury. These project elements included new Taxi Lay-By Stops along the secondary linkages and extension of incomplete and new sidewalk paving along the secondary networks in Galeshewe.

Consulting Engineers were appointed and the contractor was appointed for implementation of sidewalks along the following secondary networks:

- Highway Nyathi
- Seochoareng Street
- Galeshewe Road
- Royal Street
- Nobengula Street

As part of the Public Transport Network the Taxi Lay-By project element was advertised and evaluated and none of the bids received were responsive. As a result the bid had to be re-advertised and it will continue into the subsequent year.

This project element includes widening of roads to make provision for the erection of twenty normal and super Taxi Lay-By Stops and rubbish bins as part of the broader transport inter-modal plan of the URP.

Subsequent to the two elements of Public Transport Network, URP successfully submitted a motivation for a third critical element of storm water to NDPG for approval and funding to conduct a bulk storm water assessment. NDPG approved URP submission and funding was made available to conduct the study, and a Galeshewe Storm Water Master Plan was produced with three phases, with each phase setting out different priorities and submitted to National Treasury further funding.

The Master Plan was approved and only phase one was funded. Due to timing of the approval an emergency appointment of the contractor had to be made in order to spend the allocation for phase one of Storm Water element.

Phase one covered 2.1 kilometers laying of box culverts along Nobengula Street as part of the storm water upgrade. And the following phases will be implemented in the outer years.

The Taxi/bus lay-by shelters and rubbish bins as part of the broader transport intermodal plan of the URP was advertised twice without any successful appointment due to none responsive bids. As a result this component of the project is still pending appointment of a qualified contractor.

## OPPORTUNITIES

- URP can forge more inclusive planning that has a multi-disciplinary approach.
- URP have an annual gazetted allocation from Provincial government.
- National Treasury (NDP) have created a shorter method of appointing professional service providers on behalf of municipalities to expedite project implementation.

- One of URPs main advantages is that under NDPG there is an annual gazetted allocation for any project that can leverage private sector investment
- Encourage counter-funding from sector department and other strategic partners.
- URP is a Presidential/Political programme.
- NDPG have relaxed the one is to one counter funding principle.

## CHALLENGES

- Lack of internal budget allocation to fund URP initiatives limits URP scope of work and/or to use as counter funding NDPG allocations.
- Operational budgetary constraints hamper the implementation of URP projects ias URP section has a staff component of only three personnel.
- Absence of a political champion for the programme leading to reluctance for other sector departments and other partners to fund the programme and forge strategic partnerships.
- Lack of strategic and technical support from provincial government.
- URP have an unfunded mandate from a local point of view.

## KEY PERFORMANCE INDICATORS

Through Urban Renewal Programme (URP) Intergovernmental Relations KPI and/or stakeholder engagements we had engaged with multiple stakeholders, in particular National Treasury, to improve URP integrated planning and to have an effective Urban Renewal Programme.

Thus a meeting was scheduled with National Treasury (NDPG) to present a Storm Water Master Plan and lobbied NDPG to approve and fund the entire Storm Water Master Plan so as to improve most strategic township secondary linkages.

We also jointly with Properties Section and the Mayor's Office facilitated a meeting with a potential solar energy investor with intentions of exploring possibilities creating modern solar farms to relieve the main grid.

We also continue to strengthen strategic partnerships with the Department of Energy with a primary objective to establish an URP Integrated Energy Centre (IEC) (filling station) that will be owned and managed by a co-operative. We have also roped in other strategic partners such as the Department of Economic Development and SEDA, etc.

URP jointly with Town Planning Section convened a meeting with potential property developers who were interested in developing middle to high income housing and mixed use developments along the Nobengula activity corridor.

In the municipal last quarter URP had informal engagements with two NGOs involved in International Arts, theatre dance and outdoor sports, the purpose of these engagements was to operationalize Tommy Morebodi Sports Park by housing these NGOs in the precinct.

All URP funded and NDPG capital projects were successfully and timeously implemented at 100% expenditure, and more than 100 temporary jobs were created in different municipal wards as part of our Local Economic Development KPI annual target.

The Urban Networks Strategy is not completed and will therefore continue into the subsequent financial year.

The contract of the consultants is extended due to unforeseen circumstances, spatial constraints within the CDB (for e.g. closure of Bultfontein Road) and possible increased scope of work by National Treasury.

Through our service delivery priorities we managed to make the following impact in the community during the financial year:

- Improved dignified public space
- Sense of pride and belonging was created
- Social cohesion promoted in local communities
- Created temporary jobs
- More secondary service to URP beneficiaries
- Crime prevention through urban upgrade
- Improved infrastructure
- Improved accessibility through upgraded roads.

### 3.13.2 Galeshewe Urban Renewal Programme Objectives Taken From IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018	
		Revised Target	Actual	Revised Target	Actual	Target	Actual
To provide an enabling environment for LED in SPM within the context of National and Provincial framework Submit business plans to COGHSTA	Monitoring, facilitation and implementation of approved GURP capital projects	100%	65%	90%	100%	90%	100%
	Submission of business plans to external funders	4	11	4	4	4	4

### 3.13.3 Financial performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	–	–	–	–	<b>0%</b>
<b>Expenditure:</b>					
Employees	2 790	3 598	3 598	2 488	-31%
Repairs and Maintenance	1	–	–	–	0%
Other	104	213	188	130	-31%
<b>Total Operational Expenditure</b>	<b>2 895</b>	<b>3 811</b>	<b>3 786</b>	<b>2 618</b>	<b>-31%</b>
<b>Net Operational Expenditure</b>	<b>2 895</b>	<b>3 811</b>	<b>3 786</b>	<b>2 618</b>	<b>-31%</b>

### 3.13.4 Capital Expenditure 2016/2017

Project Name	Project Description	Spent amounts	Project Status
Tommy Morebodi Upgrade Sport Park Upgrade (Phase ii)	Paving of the outdoor gym equipment area for better aesthetic.	141 742	Completed
Paving of Corles Road Shopping Centre (Phase ii)	Paving of Corless Road Shopping Centre	1 677 499	Completed
Platfontein Access Road Paving (Phase ii)	Paving of Platfontein access road (800m)	3 320 462	Completed
Galeshewe Public Transport Network Upgrade	Paving of Activity Corridors along Highway Nyathi, Royal Street, Seochoareng street, Galeshewe Road and Nobengula street.	21 896 308	Multi year
<b>Total Budget</b>		<b>27 036 011</b>	





### 3.13.5 Comment on performance overall

In the 2016/2017 financial year Urban Renewal Programme successfully submitted business plans for the above-mentioned projects and timeously completed all capital projects funded through the Provincial Grant.

Within the same financial year National Treasury (NDP) and Sol Plaatje Municipality (URP) through the appointment of Maxlou Consultant successfully developed and completed the Urban Renewal Programme Urban Network Strategy for Sol Plaatje Municipality.

SPM (URP) also successfully lobbied and persuaded National Treasury (NDP) to unlock some capital grant for the appointment of a consultant for designs and completion of incomplete sidewalks along the secondary networks as a quick win project.

It must be noted that no funding was approved by the municipality to leverage funding from other potential funders.

Thus URP had to lobby sector departments to come on board as strategic partners and/or give any support for URP to realise the broader objectives of URP.

Until the Urban Renewal Programme challenges are addressed and attended to, the intended impact of URP will not be fully realised, and will compromise the purpose of the programme.

#### The specific objectives include

- General improvement that can leverage private sector investment
- Initiating neighbourhood development projects that provide community infrastructure and create a platform for private sector investments that will improve the quality of life of residents in targeted areas
- To improve transport networks and create intermodal transport spaces
- Developing appropriate project proposals for property developments in townships and new residential neighbourhoods that include the construction and/or upgrading of community facilities and, where appropriate, attract private sector funding and input
- Contribute to creation of integrated, mixed-use, economically viable neighbourhoods
- Contribute to creating liveable and dignified spaces and communities
- To achieve increased and accelerate equity, and
- To attain social cohesion





## COMPONENT D: COMMUNITY & SOCIAL DEVELOPMENT SERVICES

The mandate for the Directorate: Community and Social Development Services is derived from the Constitution of the Republic of South Africa (Act No. 108 of 1996) which provides that local government must, as part of its objectives, ensure the provision of services to communities in a sustainable manner; the promotion of a safe and healthy environment and the achievement of social development imperatives. The Directorate performs functions that are dedicated to the social and environmental well-being of the community. Part of the matters listed in schedule 4(b) and 5(b) of the Constitution are the primary responsibility of this Directorate. These include firefighting services, municipal health services, cemeteries, cleansing services, municipal parks, amongst others.

The functional responsibilities of the Directorate are:

- Parks and Recreation
- Library Services
- Waste Management and Environmental Health
- Emergency Services
- Traffic Law Enforcement Services
- Motor Licensing and Registration Services
- Social Development Services and
- Primary Health Care Services (Clinics).

### 3.14 MOTOR VEHICLE LICENSING AND REGISTRATION

#### 3.14.1 Introduction

The primary sections residing under this Department are:

- Motor Registration Section
- Vehicle Testing Station
- Drivers' Licence Section.

The Drivers' Licensing Section is based on issuing legal, valid and authentic Learners' Licences, Drivers' Licences and Professional Drivers' Permits (PrDP).

The function of the Vehicle Testing Station is to ensure that all vehicles going through the Vehicle Testing Station (VTS) undergo roadworthy to determine whether they are in a good condition and are roadworthy. In doing so, they are tested according to the compliance standards of the South African Bureau of Standards (SABS).

Registration of vehicles must be in-line with Road Traffic Act (Act No. 93 of 1996). All relevant registration documents must be submitted and comply with the requirements of the Act.

All spheres of government must comply with the requirements of the National Road Traffic Act (Act 93 of 1996) and the Provincial Standards.

Targets that we set in this regard were to address service delivery objectives and the administrative efficiency of the Department in delivering an effective service to every individual who requires the service of the Department.

#### ACHIEVEMENTS

During 2016/2017, the Department was geared towards optimising its service delivery capacity by ensuring the appointment of qualified personnel to key senior positions. For the year 2016/2017 we were busy trying to fill the junior posts but

failed, we have advertised hoping to fill them soon. That will enable the department to address service delivery challenges previously encountered by the department. Such will include the period of achieving shorter waiting period for all services, thus reducing long queues and achieving greater customer satisfaction.

#### CHALLENGES

The use of manual filling systems has impacted negatively on the availability of office space. This is posing a serious challenge and could be addressed through automating the filling system through the acquisition of a scanner. We have already presented a document to our principals for approval of procuring these scanners. We need to budget for 2018/2019 for contract workers to assist.

#### MEASURES TO IMPROVE

The revised and approved organogram requires the filling of the identified critical posts. However, these should be budgeted for and funded before they are filled.

Following the appointment of internal personnel to critical positions, required the continuous training and appointment of personnel to posts that became vacant as a result of such appointments.

It is necessary to expand the facility because of the influx of people requiring the service of the Department. Furthermore, the archival space for the storage of compliance documents is a serious challenge. The procurement of scanners and other electronic equipment will enable automation of the service and greatly assist in the electronic storage capacity. This would also enable compliance with the applicable national standards.



### 3.14.2 Motor vehicle licensing policy objectives taken from the IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of community services (personal health environmental health libraries parks and recreation emergency and traffic services) to all residents of SPM	Process Learner Driver license applications	6 000	6 581	6 000	6 551	6 000
	Process driver license applications	3 600	4 947	3 600	4 947	3 600
	Testing of roadworthy of vehicles to comply with the Act and SANS specifications	960	971	930	971	960
	Process of renewal applications of driver licenses of existing drivers and bio/annual renewal of PRDP (Professional driving permit)	12 000	14 157	12 000	14 157	13 000

### 3.14.3 Employees: Motor Vehicle Licensing and Registration

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	1	2	2	0	0.00
Professionals	1	1	1	0	0.00
Technicians & Trade Workers	3	6	3	3	50.00
Clerks & Administrative Workers	14	14	14	0	0.00
Community and Personal Workers	7	15	7	8	53.33
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	3	0	3	100.00
Elementary Occupations	2	6	0	6	100.00
<b>Total</b>	<b>29</b>	<b>48</b>	<b>28</b>	<b>20</b>	<b>41.67</b>

### 3.14.4 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>9 000</b>	<b>9 515</b>	<b>8 035</b>	<b>9 923</b>	<b>23%</b>
<b>Expenditure:</b>					
Employees	8 742	10 524	10 524	8 772	-17%
Repairs and Maintenance	103	177	154	75	-51%
Other	495	705	708	369	-48%
<b>Total Operational Expenditure</b>	<b>9 340</b>	<b>11 406</b>	<b>11 386</b>	<b>9 216</b>	<b>-19%</b>
<b>Net Operational Expenditure</b>	<b>340</b>	<b>1 891</b>	<b>3 351</b>	<b>(707)</b>	<b>-121%</b>

### 3.14.5 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.14.6 Comment on Performance Overall

The department has been able to achieve the set performance objectives with limited resource availability. This achievement is largely due to the filling of critical vacancies and the improvement of staff morale and well as innovative team building exercises implemented during the period under review.

We will be appointing new staff members on all budgeted vacant post this financial year. There were no changes in this regard for 2016/2017.

### 3.15 LIBRARY AND RESEARCH SERVICES

#### 3.15.1 Introduction to Libraries

**Vision:** We shall strive to provide a complete information and research service to all inhabitants within the Sol Plaatje Municipality area.

**Our Mission:** Is to be an outstanding service delivery and research unit educating the public for life and addressing all information challenges facing our society.

To improve the literacy rate in Kimberley and to support the education system.

To render a free democratic library and information service to empower all inhabitants in all facets of life.

Service points.....	10 (Exclusive of the schools and old age homes)
Full time staff complement.....	36
Temporary staff complement .....	15
Total.....	51

#### KEY PERFORMANCE AREAS

- To establish a reading culture
- To provide a research service
- To provide an information service

#### HIGHLIGHTS OF THE YEAR

We received a R6 737 000 grant from the Northern Cape Provincial Library Services which was divided into the following votes:

Staff .....	R5 743 000
Literacy classes .....	R98 000
Books, magazines and newspapers .....	R226 000
Rentals, copiers, consumables .....	R272 000
Security guards .....	R320 000
Outreach programmes .....	R78 000

- An additional grant was awarded to the value of R1 269 000 for the following items:
  - 22 laptops for annual asset verification to the value of R288 206;
  - Fire detection and suppression system for the Africana Library to the value of R689 084;
  - Security cameras were installed by Nugen at the following libraries: Main, Galeshewe, Judy Scott, Sonny Leon, Beaconsfield and Greenpoint library. R158 346;
  - With the savings on the grant, a photo copier was installed at Galeshewe library;
  - The tattle tape system at Galeshewe library was repaired and a cash register was purchased for Beaconsfield library;
  - The business plans for each library were completed for the 2178/2018 financial year to the value of R7 million.

- Asset verification – Two months of this year was spent on Asset verification of all library material at all our service points. Firstly staff had to be trained on the newly acquired laptops and dates were planned for the scanning of each item at each service point which included the school libraries (Elizabeth Conradie and Greenpoint schools) and old age homes (Stilleweë and Acacia). Each library was closed during the scanning process and all the scanned barcodes were put in files and provided to the Northern Cape Provincial Library Services. Some of their staff assisted in this process to shorten the period which the library was closed.

- New prison library – Book donations were provided to the new prison library. Fiction books and study material were selected from books donated to the Main library. More than 700 books were already supplied to them.

- A meeting was held with the National Library of South Africa and members of the National Library Board on 2-3 March at the Galeshewe library and the City hall. Public opinion was obtained regarding library service and the quality of services rendered to users. This National Library Policy Stakeholder Indaba was part of the stakeholder consultation process to develop the National Library and Information Services Policy. Similar meetings were held during January – March 2017 in the other eight provinces.

- The launch of the digitization of our local cemetery records and registers was held on 6 July 2016. The project was funded by the National Heritage Council. Shirley James gave a brief talk on the importance of saving these important registers. The National Lotteries Commission had approved an amount of R1 770 233.40 for the Africana Trust and security and safety measures as well as the continuation of the digitization process;

- A film team from the British Broadcasting Corporation (BBC) visited the Africana Library on 18 August 2016 to film historical documents. The famous Chris Tarant, from Who wants to be a Millionaire, was one of the crew members.

- Mrs Shirley James visited the Africana Library in Port Elizabeth and the South African Institute for Heritage Science and Conservation at Twee Rivieren from 18-20 April 2017. The purpose of the visit was to liaise and share challenges and experiences on Conservation and Preservation issues. This visit has had positive results for future co-operation with these institutions.

- The Annual Performer of the Year competition at the Sol Plaatje Municipality was held on 27 November 2015. The Africana Library won the competition in the service delivery section with the Beaconsfield Library as runner-up.

- Training was also provided to library prefects at Girls High School.
- A complete asset count of all our library material at all our service points was conducted by the Northern Cape Provincial Library Services during February 2016. More than 250,000 items were scanned during this process. Each service point was closed for the duration of their stock-taking.
- A Tattle Tape book detection system was installed at the Judy Scott Library to assist with the protection of library material and to provide statistics on the usage of the library. An electric fence was erected on the Beaconsfield Library boundaries to stop the vandalism. Fresh air units were installed at Galeshewe- and the Main library.
- The National Lottery awarded the Africana Library with a beneficiary award in November 2015 due to the excellent manner in which the funding was managed and spent during the past few years.



### 3.15.2 Service Statistics for Libraries

Detail	2016/2017	2017/2018
Book circulation	251 008	239 677
Internet searches done by users*	26 125	21 534
Photo copies made	415 593	391 190
Researches completed successfully at Africana	1 394	1 314
Magazines circulated	15 044	13 066
Videos/cd's circulated	774	611
Faxes sent	637	370
Enquiries handled	15 760	22 957
Use of library halls	1 136	962

### 3.15.3 Library Services Policy Objectives taken from the IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of library services to all residents of Sol Plaatje Municipality						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Conduct awareness programmes through monthly exhibitions	120	167	120	135	120
	Respond to enquiries received regarding general information within seven working days	90%	98%	90	98	90
	Conduct outreach programmes at al service points to inculcate a reading culture	120 programmes	345	120	277	120
	Respond to enquiries received regarding research at Africana Library within seven working days	90%	98%	90%	97%	90%
	Spend approved library grant (actual expenditure divided by the approved grant)	100%	100%	100%	100%	100%
	Submit reports to the Portfolio Committee on new library activities	12	12	12	12	12



### 3.15.4 Employees: Library Services

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	1	1	1	0	0.00
Professionals	10	22	10	12	54.55
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	1	1	1	0	0.00
Community and Personal Workers	18	33	16	17	51.52
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	1	1	1	0	0.00
Elementary Occupations	7	7	7	0	0.00
<b>Total</b>	<b>39</b>	<b>66</b>	<b>37</b>	<b>29</b>	<b>43.94</b>

### 3.15.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>6 943</b>	<b>7 743</b>	<b>8 342</b>	<b>8 442</b>	<b>1%</b>
<b>Expenditure:</b>					
Employees	1 117	12 095	12 095	12 060	0%
Repairs and Maintenance	2 882	77	77	65	-16%
Other	16 42	2 830	4 099	2 750	-33%
<b>Total Operational Expenditure</b>	<b>5 641</b>	<b>15 002</b>	<b>16 271</b>	<b>14 875</b>	<b>-9%</b>
<b>Net Operational Expenditure</b>	<b>(1 302)</b>	<b>7 259</b>	<b>7 929</b>	<b>6 433</b>	<b>-19%</b>

### 3.15.6 Capital Expenditure 2016/2016

There was no capital expenditure during the period under review.

### 3.15.7 Comment on the Performance Overall

We received R7 253 000 as a conditional grant from the Northern Cape Provincial Library Services which was spent according to the following project plans:

All projects were completed successfully, and grant spending was 100%.

Project	Amount of grant funding (Rand)
Staff	3 756 000
Operational	932 000
Literacy	60 000
Infrastructure projects	2 505 000



### 3.16 SOCIAL DEVELOPMENT (HIV/AIDS)

#### 3.16.1 Introduction to Social Development (HIV/Aids)

Sol Plaatje Municipality must be a meaningful and effective partner in a sustainable TB/STI/HIV/AIDS Prevention and Treatment Programme while at the same time addressing contributing issues.

#### 3.16.2 Service Statistics for Social Development (HIV/Aids)

Detail	2015/2016	2016/2017
Condoms distributed	18 657	39 430
HIV tests performed	237	146
Tested positive for HIV	3	0
On anti-retro viral drug treatment	1	0
Deaths	0	0

The assistance rendered for funerals for indigent families contributes towards poverty relief.

Detail	2015/2016	2016/2017
Families assisted with indigent burials	172	108



#### 3.16.3 Social Development (HIV/Aids) Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of social development (HIV/Aids) to all residents of Sol Plaatje Municipality						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Distribute condoms to employees on a monthly basis	12 000	18 657	24 000	39 430	24 000
	Train Peer Educators to provide support to HIV positive employees and their families	6	45	6	16	6
	Conduct quarterly awareness campaigns for HIV, STI and TB	4	6	4	2	4
	Assist indigent families with burials	120	135	120	108	84

#### 3.16.4 Employees (Social Development HIV/Aids)

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.			%	
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	0	0	0	0	0.00
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	2	2	1	1	50.00
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	0	0	0	0	0.00
<b>Total</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33.33</b>

### 3.16.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenditure:</b>					
Employees	957	980	980	739	-25%
Repairs and Maintenance	0	0	0	0	0%
Other	252	420	409	227	-44%
<b>Total Operational Expenditure</b>	<b>1 209</b>	<b>1 400</b>	<b>1 389</b>	<b>966</b>	<b>-30%</b>
<b>Net Operational Expenditure</b>	<b>1 209</b>	<b>1 400</b>	<b>1 389</b>	<b>966</b>	<b>-30%</b>

### 3.16.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.16.7 Comment on performance overall

The Social Development Unit performs well with regard to being a meaningful and effective partner in a sustainable TB/STI/HIV/Aids Prevention and Treatment Programme. The pillars of this programme are

- HCT (HIV Counselling and Testing)
  - HCT is a continuous process
  - Sections are visited on a regular basis
  - HIV positive clients are continuously counselled and referred
  - A target of ten employees are tested monthly
- Condom distribution
- Training of peer educators is conducted regularly
- Awareness and promotion
- The indigent burial project
- The HCT is conducted regularly with the assistance of the NGOs like Lifeline and Mobile HCT.
- Resistance is still experienced at certain sections, due to stigma and discrimination.
- In spite of supply challenges there has been a tremendous increase in the distribution of condoms, especially since the introduction of the Max Condom.
- Some essential training for peer educators is still a challenge due to lack of funds but other forms of training does take place.

The targets set for the Social Development have been met according to the IDP Objectives of this section.



## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.17 SUSTAINABLE ENERGY AND CLIMATE CHANGE UNIT (SECCU)

#### 3.17.1 Introduction

The SECCU unit was moved to the Electricity sub-directorate at the beginning of 2015. The two leading positions in SECCU are vacant at the moment. This unit champions the energy efficiency and climate change and facilitate the integration of the SPECCS within the Municipality.

The SPECCS set out the Municipality's plan to combat climate change and promote sustainable energy solutions within our jurisdiction.

SPM endorsement of the SPECCS emanates from the Municipality's vision of emerging as South Africa's premier Solar City in line with the Municipality's 'Declaration of Commitment to Energy Efficiency and Climate Change Mitigation', which was signed in 2007.

All Small Scale Embedded Generation (SSEG) applications is currently being handled by the Electricity sub-directorate.

#### 3.17.2 SECCU Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of environmental health to all residents of Sol Plaatje Municipality						
4	Conduct bi-monthly (six per annum) SPECC (Sol Plaatje Energy and Climate Change) committee meetings	6	2	6	0	Not a KPI for 2017/2018
	Report quarterly on the progress of partnerships with regards to the energy efficient and climate change and submit to the Portfolio Committee	4	1	4	0	
	Report quarterly on the implementation the Sol Plaatje Energy and Climate Change Strategy (SPECCS) to the Portfolio Committee	4	1	4	0	

#### 3.17.3 Employees: SECCU

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	0	1	100.00
Other Managers	0	0	0	0	0.00
Professionals	0	1	0	1	100.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	0	0	0	0	0.00
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	0	0	0	0	0.00
<b>Total</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>100.00</b>

#### 3.17.4 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenditure:</b>					
Employees	1 252	1828	1828	1293	-29%
Repairs and Maintenance	0	0	0	0	0%
Other	30	180	180	36	-80%
<b>Total Operational Expenditure</b>	<b>1 282</b>	<b>2008</b>	<b>2008</b>	<b>1329</b>	<b>-34%</b>
<b>Net Operational Expenditure</b>	<b>1 282</b>	<b>2008</b>	<b>2008</b>	<b>1329</b>	<b>-34%</b>



### 3.17.5 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.17.6 Comment on performance overall

The Electricity sub-directorate has been involved in several stake holder engagements with initiatives led by SALGA. Participation included inputs levied for the Integrated Resource Plan (IRP) and effects that SSEG could have on revenue of the municipality.

The performance of the current unit within the Electricity sub-directorate has been very slow.



Hadison Park Substation – Replaced faulty transformer

## COMPONENT F: HEALTH

This component includes: clinics and environmental health.

### 3.18 INTRODUCTION TO CLINICS AND ENVIRONMENTAL HEALTH

The main function of Personal Health Services in the past was to render a preventative service to the community of Sol Plaatje, now it forms part of a more holistic service that is rendered to all residents.

The main function of the Environmental Health Services is to render a cost effective professional environmental health service (health inspections, vector control, refuse removal and cleaning services) to the Sol Plaatje Municipal Area.

#### 3.18.1 Clinics

The Integrated Chronic Disease Management model (ICDM) from National Department of Health, which was implemented at all six clinics, helped to improve productivity to better patient care.

Since implementation of the ICDM model, it also improves the patient-nurse relationship which in fact leads to shorter waiting times at all clinics.

Total number of patients seen for the year : 260 406 compared to a total number of 301 160 patient seen the previous year.

Due to the development and implementation of the Integrated Chronic Disease model (ICDM) during 2016/2017, the aim was to improve the quality of Primary Health Care by

- Encouraging patients to attend the nearest clinic in their vicinity.
- Bookings are made for patients to attend clinics, which led to patients being more spread out during the year.
- Patients also received medication for a period of two to three months for certain conditions, before they have to attend the clinic monthly.

Also kept in mind with this new model (ICDM), patients living near Masakhane Clinic, Phutanang Clinic, Greenpoint Clinic or Galeshewe Day Hospital, must attend one of the said clinics, which do not fall under the jurisdiction of Sol Plaatje.

Chronic diseases and Curative ailments, form 70% of the services rendered at the six Sol Plaatje Clinics.

Maternal, Mental Health, Child Care, Reproductive Health, Prevention of Mother-to-child Transmission (PMTCT), Communicable Diseases, Oral Health, Dispensing, Health Education and Anti-Retroviral Therapy, formed the other 30% of the services rendered to the community of Sol Plaatje.

#### CHALLENGES

- Limited equipment.
- Patient loads.
- Occupational hazards, e.g. Tuberculosis (TB), Extensively Drug Resistant TB, etc.
- Budget constraints.
- Infrastructure unsuitable. No extra space available at facilities.
- No security at clinics.
- Pre-packing, labelling of medication.
- Drug/stock control.
- Out of stock medication.
- No computer services with linkages to clinics – help to identify patients.
- Maintenance of buildings, equipment.
- Work outside scope of practice.
- Staff morale / Absenteeism.
- Lack of support from Department of Health.
- Violent behaviour / patient demands.
- Provincialisation – uncertainties regarding future.



### 3.18.2 Service data for Clinics

Details		2015/2016	2016/2017		2017/2018
		Actual	Estimate	Actual	Estimate
		No.			
1	Average number of Patient visits on an average day	1 505	2 000	1 302	2 000
2	Total Medical Staff available on an average day	69	80	63	80
3	Average Patient waiting time (in minutes)	45-60	45-65	45-60	45-65
4	Number of HIV/Aids tests undertaken in the year	13 744	19 000	9 828	16 000
5	Number of tests in 4 above that proved positive	972	102	1 169	700
6	Number of children that are immunised at under one year of age	1 997	2 200	1 575	2 500
7	Child immunisations above compared with the child population under one year of age	*	*	*	*
* No statistics available for the number of child population under one year of age.					

### 3.18.3 Clinics Policy Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of personal health services to all residents of Sol Plaatje Municipality.						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Provide comprehensive primary health care including - maternal health care (Antenatal, postnatal, reproductive health, cervical screening, breast examination) and TOP referrals, curative-, rehabilitative- chronic services (HIV, ARV & TB Services) and mental health care to reach head count of 80% of population by 30 June	360 000	268 132	360 000	221 605	378 000
	Promote health through preventative health education & immunisation, IMCI and PMTCT to reach a head count of 80% of population by 30 June	60 000	36 353	60 000	35 383	66 000

### 3.18.4 Employees: Clinics

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	0	1	1	0	0.00
Professionals	5	71	5	66	92.96
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	5	11	5	6	54.55
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	2	2	2	0	0.00
Elementary Occupations	8	12	8	4	33.33
<b>Total</b>	<b>21</b>	<b>98</b>	<b>22</b>	<b>76</b>	<b>77.55</b>

### 3.18.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenditure:</b>					
Employees	7 930	7 327	7 327	7 023	-4%
Repairs and Maintenance	90	115	201	163	-19%
Other	4 860	1 155	1 095	3 963	262%
<b>Total Operational Expenditure</b>	<b>12 880</b>	<b>8 597</b>	<b>8 623</b>	<b>11 149</b>	<b>29%</b>
<b>Net Operational Expenditure</b>	<b>12 880</b>	<b>8 597</b>	<b>8 623</b>	<b>11 149</b>	<b>29%</b>

### 3.18.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.18.7 Comment on the Performance of Clinics Overall

The National Department of Health conducted yearly inspections at all the clinics in the Northern Cape. A Status Determination Report has to be drawn up and clinics are rated according to their service delivery. This year Beaconsfield Clinic, which is one of Sol Plaatje's clinics was honoured with the highest percentage rating, namely:

- Beaconsfield Clinic .....94,2% First Place
- Florianville Clinic .....82,0% Second Place
- City Clinic .....80,0% Third Place

Daily provision of services to the community continue, with a few obstacles e.g. huge staff shortages, lack of proper equipment, inefficient space and shortages of medication at all facilities.



## 3.19 ENVIRONMENTAL HEALTH

### 3.19.1 Introduction to Environmental Health

Municipal Health Services (MHS) are entrenched in the Constitution of SA and is set out in various legislation. The MHS is a highly-regulated environment with the following functions:

- Food Safety
- Disease Control
- Environmental Assessments and investigations
- Waste Management
- Pollution Control
- Occupational Health and Safety
- Chemical safety
- Vector Control
- Water Quality Management

The focus on the section is Food Safety, Pollution Control and Environmental Assessments and Investigations. The primary approach within Environmental Health Services is the prevention and limitation of negative and adverse impacts on the health of our communities and the environment.

This section has four EHPs responsible for all the tasks and duties as per the Scope of Practice.

Should the national norm of one EHP per 10 000 of the population be achieved, this will entail a staff component of 28 EHPs. Thus, there is a massive staff shortage.

The function of MHS has the allocated to C municipalities thus District Municipalities.

### 3.19.2 Service Statistics for Environmental Health

Detail	2015/2016	2016/2017
Persons given health/hygiene awareness – training in food safety	1 573	2 557
Inspection/investigations of food premises to ensure compliance to legislation	2 899	2 562
Environmental pollution control investigations	1 740	198
Water samples taken	62	2
Food samples taken	20	0
Inspections of complaints attended to ensure effective hygiene control	385	162
Vector control complaints attended to	2 585	5 165
Foodstuff condemned (unfit for human consumption)	62 394Kg	39 000kg
Certificates of acceptability applications – Inspections new food premises	163	99
Inspections/ investigations of general businesses	875	2 972
Building plan inspections approved	46	554

### 3.19.3 Environmental Health Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of environmental health to all residents of Sol Plaatje Municipality						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Conduct health/hygiene awareness training sessions	240	1 877	240	2 557	240
	Conduct Inspections/investigation of food premises to ensure compliance to legislation	720	2 840	720	2 562	1 200
	Conduct routine inspections and investigations (including complaints) and inspections conducted to ensure compliance to legislation	1 800	2 634	1 800	2 972	2 160
	Conduct surveys, inspections and attend to complaints to ensure effective vector control	2 160	2 453	2 160	5 165	2 160

### 3.19.4 Employees: Environmental Health

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	1	4	1	3	75.00
Professionals	6	24	6	18	75.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	0	5	0	5	100.00
Community and Personal Workers	0	1	0	1	100.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	0	0	0	0	0.00
<b>Total</b>	<b>8</b>	<b>35</b>	<b>8</b>	<b>27</b>	<b>77.14</b>





### 3.19.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>30</b>	<b>15</b>	<b>15</b>	<b>75</b>	<b>438%</b>
<b>Expenditure:</b>					
Employees	6 653	6 079	6 079	5 435	-11%
Repairs and Maintenance	131	221	206	178	-14%
Other	178	330	330	132	-60%
<b>Total Operational Expenditure</b>	<b>6 962</b>	<b>6 630</b>	<b>6 615</b>	<b>5 745</b>	<b>-13%</b>
<b>Net Operational Expenditure</b>	<b>6 932</b>	<b>6 615</b>	<b>6 600</b>	<b>5 670</b>	<b>-14%</b>

### 3.19.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.19.7 Comments on Performance Overall

As per the Constitution of South Africa and the National Health Act, the function of MHS (Municipal Health Services) is allocated to the ambit of District Municipalities, in this case Frances Baard District Municipality. The District Municipality conducted a Section 78 assessment as required by legislation. Based on this the FBDM Council took a resolution to enter into negotiations with SPM to formulate a Service Level Agreement for the delivery of MHS on an agency basis. The negotiations are in progress and the draft SLA was submitted to SPM Council for approval. This is still work in progress.

During November 2016, SPM was de-authorised under the Foodstuffs, Cosmetics and Disinfectants Act and FBDM was authorised. All functions relating to Food Safety was devolved to FBDM. This entailed inspections, investigations, sampling and administration of Certificates of Acceptability. Once the SLA is in place, functions relating to Environmental Health Services will revert back to SPM.

However, there are major staff shortages. Not only was the staff component far below the national norm which would require a personnel component of 28 EHPs, the staff were further depleted due to natural attrition of EHPs.

Despite these challenges, the Environmental Health Section performed well above expectation and all objectives were achieved.

The Vector Control Section continues to deliver a valuable service to communities, business sector and schools.



## COMPONENT G: SECURITY AND SAFETY

This component includes: Traffic Law Enforcement; emergency services; disaster management, licensing and control of animals, and control of public nuisances, etc.

### 3.20 TRAFFIC LAW ENFORCEMENT

#### 3.20.1 Introduction to Traffic Law Enforcement

##### OBLIGATIONS OF THE TRAFFIC SECTION

The Traffic Section is responsible to ensure a safe road environment by providing efficient and effective law enforcement resulting in the reduction in the loss of life as well as the number of persons injured on our roads, and creating public awareness with emphasis to educate all road users.

The main function of traffic services is to ensure the free flow of traffic and for all road users to arrive alive. In order for us to be successful in this objective one needs to ensure as a priority that:

- all vehicles that make use of the road are roadworthy
- the person in control of the vehicle must be driving fit
- pedestrians are safe
- there is no overloading
- there is no drinking and driving
- safety belts are worn.

In order to achieve our main functions emphasis is placed on:

- Road blocks
- Stopping and checking
- Speed and red robot law enforcement
- Hawkers
- Overloading of vehicles
- Taxis

- Parking offences in the CBD
- Drunk driving
- Escort of abnormal loads/processions
- Arrangements and policing of special events
- Execution of warrant of arrests
- Traffic related complaints
- Road signage and markings
- Traffic law administration
  - cashier services (payment of fines and miscellaneous payments)
  - data capturing
  - reporting and capturing of accidents
  - preparation of court dates
  - collecting and filing of warrant of arrests
  - filing & safekeeping of all traffic court documents
  - representations
- Accidents
- Transportation of dangerous goods
- The Gatherings Act (Act No. 203 of 1993)
- Building Plans
- AARTO Awareness.

#### 3.20.2 Service Statistics

Details		2015/2016	2016/2017		2017/2018
		Actual	Estimate	Actual	Estimate
		No.			
1	Number of road traffic accidents during the year	2 795	n/a	3 353	n/a
2	Number of by-law infringements attended	39 619	n/a	41 853	n/a
3	Number of police officers in the field on an average day	44	44	37	48
4	Number of police officers on duty on an average day	49	53	42	53



### 3.20.3 Traffic Law Enforcement objectives taken from the IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of traffic services to all residents of Sol Plaatje Municipality						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Facilitate regular stop and check points to improve road safety	108 000	112 064	108 000	120 373	108 000
	Conduct regular roadblocks to test the roadworthiness of vehicles conducted successfully in line with national initiatives	8	8	8	8	8
	Maintain road traffic signs and road markings in accordance with standards determined for SADC countries	90%	87%	90%	85.67%	90%
	Monitoring and collection of outstanding fines on a monthly basis	50%	47.50%	50%	51.50%	50%
	Report monthly on accidents in Sol Plaatje Municipal Area to the ED and the Safety and Security Committee	12	8	12	12	12
	Conduct bi-annual Fire Arm Training in terms of Regulation 21 (New indicator – 2017/2018)	-	-	-	-	2
	Conduct public awareness programmes for the implementation of AARTO	6	6	6	6	6

### 3.20.4 Employees: Traffic Law Enforcement

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	5	5	5	0	0.00
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	2	9	7	2	22.22
Clerks & Administrative Workers	17	18	12	6	33.33
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	47	53	42	11	20.75
Plant & Machine Operators	1	1	1	0	0.00
Elementary Occupations	13	18	15	3	16.67
<b>Total</b>	<b>86</b>	<b>105</b>	<b>83</b>	<b>22</b>	<b>20.95</b>

### 3.20.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>9 198</b>	<b>12 260</b>	<b>9 760</b>	<b>19 371</b>	<b>98%</b>
<b>Expenditure:</b>					
Employees	28 917	32 578	32 578	30 346	-7%
Repairs and Maintenance	1 099	1 400	1 370	1 117	-18%
Other	2 108	2 135	2 165	1 560	-28%
<b>Total Operational Expenditure</b>	<b>32 124</b>	<b>36 113</b>	<b>36 113</b>	<b>33 023</b>	<b>-9%</b>
<b>Net Operational Expenditure</b>	<b>22 926</b>	<b>23 853</b>	<b>26 353</b>	<b>13 652</b>	<b>-48%</b>

### 3.20.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.20.7 Comment on the Performance of Traffic Law Enforcement Overall

Payments on fines is still and will remain a challenge until the AARTO legislation is finalised. Although legislation compels using full names and identity numbers on summonses, the eNatis system remains on initials; this needs to be changed.

The quality of the road-marking paint is still a major challenge. The purchasing of a road-marking machine is still under review and although placed on the IDP, the item was not approved.

All road-marking is still being done manually.

The procurement of speed and red light law enforcement equipment will ensure that we as a law enforcement agency become more pro-active and will contribute to motorists being more adherent to traffic legislation.

## 3.21 EMERGENCY SERVICES (Inclusive of disaster management)

### 3.21.1 Introduction to Emergency Services

Rendering of an all-inclusive effective emergency service (fire, rescue and disaster management activities) through the following sections Operational, Public Safety and Training and Logistical to the residents of Sol Plaatje Municipal Area.



### 3.21.2 Service Statistics

Details		Year 2015/2016	Year 2016/2017		Year 2017/2018
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	755	The number of incidents cannot be estimated.	649	The number of incidents cannot be estimated
2	Total of other incidents attended in the year	445		333	
3	Average turnout time - urban areas	3 min (92.25% compliance) Compliance according to the SANS 10090, Community safety against fires			
4	Average turnout time - rural areas				
5	Fire fighters in post at year end	40	This cannot be estimated. Additional fire fighters need to be appointed for the new four-shift system to be worked by the operational section; additional personnel at the public safety section, training section and logistical section	41	This cannot be estimated. Additional fire fighters need to be appointed for the new four-shift system to be worked by the operational section; additional personnel at the public safety section, training section and logistical section.
6	Total fire appliances at year end	6	6	6	Dependant on budget and availability of funds to replace depleted fleet
7	Average number of appliances off the road during the year	2	0	2	0



Veld fire



### 3.21.3 Emergency Services Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services to all residents in Sol Plaatje Municipality						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Respond to call-outs within time limits as prescribed in table 1 and table 2 of SANS 10090	85%	69%	85%	87%	85%
	Conduct monthly fire safety/prevention inspections	720	734	720	1 148	720
	Present Fire safety/prevention programmes per annum	24	19	24	54	24
	Emergency preparedness and response	70%	70%	70%	75%	70%
	Conduct training sessions on basic firefighting, first aid, drafting of emergency plans and evacuation training	24	16	24	26	24

### 3.21.4 Employees: Emergency Services

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	%			
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	2	15	2	13	86.67
Professionals	3	7	3	4	57.14
Technicians & Trade Workers	2	2	2	0	0.00
Clerks & Administrative Workers	6	10	6	4	40.00
Community and Personal Workers	0	10	0	10	100.00
Service and Sales Workers	40	79	40	39	49.37
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	8	16	8	8	50.00
<b>Total</b>	<b>62</b>	<b>140</b>	<b>62</b>	<b>78</b>	<b>55.71</b>

### 3.21.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>74</b>	<b>24</b>	<b>24</b>	<b>129</b>	<b>438%</b>
<b>Expenditure:</b>					
Employees	23 441	26 544	26 544	26 218	-1%
Repairs and Maintenance	1 237	1 644	2 044	1 761	-14%
Other	3 043	3 644	3 244	2 894	-11%
<b>Total Operational Expenditure</b>	<b>27 721</b>	<b>31 832</b>	<b>31 832</b>	<b>30 873</b>	<b>-3%</b>
<b>Net Operational Expenditure</b>	<b>27 647</b>	<b>31 808</b>	<b>31 592</b>	<b>30 744</b>	<b>-3%</b>



### 3.21.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.21.7 Comments on Performance Overall

The Emergency Services embarked on action plans to ensure a better service delivery and better performance to legislative requirements. These action plans were:

- **Preventative maintenance programmes for vehicles and equipment** which were implemented through the Logistical Section. This also had the effect of the appointment of an additional Mechanic.
- **Training Centre capability and accreditation** where the Training Centre were re-accredited as an international accredited training provider for the Certificate Assembly of the International Fire Services Accreditation Congress through the Southern African Emergency Services Institute NPC (SAESI). This means that the Sol Plaatje Emergency Services Training Centre can expand its training programme with an additional ten programmes, minimum. At the end of the financial year the Training Centre has also applied for accreditation

through the Local Government SETA (LG SETA) for accreditation on the QCTO NQF 4 Occupational Certificate: Firefighting. At the compiling of the report, all site visits were conducted, and we await the approval letters.

- **Action was taken to ensure that the turnout times of the Emergency Services are better than previous financial years.**
- **The appointment of additional personnel for a four Shift system versus the current two shift system.** The Operational personnel are currently working a two-shift system with 24-hour shifts. The four-shift system will ensure an 8-hour shift; which is much healthier than the current system. At the time of writing the report the four-shift system could not yet be implemented due to negotiations which need to take place between Unions and Management

## COMPONENT H: PARKS AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; cemeteries and campsites.

### 3.22 PARKS AND RECREATION

The provision of sport and recreational facilities, pleasure resort, parks and gardens and other horticultural services, community halls and to provide quality cemetery facilities and services to the residents of Sol Plaatje Municipality.

#### 3.22.1 Service Statistics for Parks and Recreation

The nature and extent of facilities provided are

- Other community halls/facilities.....10
- Cemeteries and crematoriums  
(crematorium private) ..... 12
- Sporting facilities – stadia.....2
- Sport fields (community facility) .....8
- Caravan park ..... 1
- Swimming pools..... 4
- Parks, gardens, islands ..... 83 (60 ha)



### 3.22.2 Parks and Recreation Policy Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To ensure sustainable delivery of community services parks and recreation services to all residents of SPM						
To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Conduct monthly inspections of the cemeteries according to the templates	24	34	204	57	132
	Conduct monthly inspection of parks according to the templates	792	726	792	594	792
	Remove alien vegetation trees as part of the maintenance and administration of parks, sport and recreational centres	320	382	320	281	320
	Maintain community halls monthly	10	9	10	7.33	10
	Maintain swimming pools monthly according to specific standards	4	3	4	4	4
	Maintain stadia monthly according to specific standards	2	1	2	2	2
	Conduct monthly inspections of the resorts (River-ton, Langleg, Transka and Rekaofela)	48	3	4	3.58	4

### 3.22.3 Employees: Parks and Recreation

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	2	3	2	1	33.33
Professionals	1	2	1	1	50.00
Technicians & Trade Workers	13	16	14	2	12.50
Clerks & Administrative Workers	17	18	17	1	5.56
Community and Personal Workers	4	7	4	3	42.86
Service and Sales Workers	6	33	15	18	54.55
Plant & Machine Operators	31	39	28	11	28.21
Elementary Occupations	178	200	181	19	9.50
<b>Total</b>	<b>253</b>	<b>319</b>	<b>263</b>	<b>56</b>	<b>17.55</b>

### 3.22.4 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>6 324</b>	<b>8 933</b>	<b>7 733</b>	<b>6 252</b>	<b>-19%</b>
<b>Expenditure:</b>					
Employees	49 126	56 195	56 195	53 760	-4%
Repairs and Maintenance	3 613	3 974	3 983	3 582	-10%
Other	11 379	9 381	9 399	11 583	23%
<b>Total Operational Expenditure</b>	<b>64 118</b>	<b>69 550</b>	<b>69 577</b>	<b>68 925</b>	<b>-1%</b>
<b>Net Operational Expenditure</b>	<b>57 794</b>	<b>60 617</b>	<b>61 844</b>	<b>62 673</b>	<b>1%</b>



### 3.22.5 Capital Expenditure 2016/2017 – Parks and Recreation

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>2 032</b>	<b>2 134</b>	<b>142</b>	<b>-93%</b>	<b>-93%</b>	<b>2 134</b>
Tommy Morebudi Sports Stadium	832	582	142	-83%	-76%	582
Upgrade Florianville Swimming Pool	1 200	1 552	–	-100%	-100%	1 552

### 3.22.6 Comment on the Performance of Parks and Recreation Overall

One of the challenges that was faced was the shortage of staff which is being addressed by filling all vacant posts. Contract workers were appointed permanently in some of the vacant posts and some permanent workers were promoted.

An amount of R6,8 million was availed by the National Department of Sport and Recreation for the upgrading of sport and recreation facilities which will be used to upgrade the De Beers Stadium, Galeshewe Stadium and the Florianville Swimming Pool. The successful service provider was appointed in March 2017 for the upgrading of the Florianville Swimming Pool Project and work commenced in April 2017.

In addition to the support received from the Department of Sport and Recreation, Outdoor Gym equipment was installed at Frank Roro Cricket Grounds and handed over for public use.

Due to the continuous incidents of theft and vandalism at the sport facilities, the facilities have deteriorated, and the limited funds were spent on maintenance instead of upgrading. Funds were secured to develop a master plan to upgrade all municipal sport facilities to improve their standard. Maintenance of these sport facilities is planned to be implemented during the next five-year IDP period.



## COMPONENT I: CORPORATE SERVICES

This component includes: Communications, Human Resource and Employment Equity, Recruitment and Selection, Training and Organisational Development, Gender and Special Programmes, Employee Relations, Risk Management, Security, Councillor Support, Administration and Committee Services.

### 3.23 INTRODUCTION TO CORPORATE SERVICES

Corporate Services is an internal department that provides corporate and support services to all municipal departments and employees, as well as offers support to municipal political offices, i.e. Office of the Speaker as well as Office of the Executive Mayor.

It also provides the needed support services based on specialised knowledge, best practices, to advice and serve internal directorates on issues of governance and external clients.

The main support activities include: Communications, Human Resource and Employment Equity, Recruitment and Selection, Training and Organisational Development, Gender and Special Programmes, Employee Relations, Risk Management, Security, Councillor Support, Administration and Committee Services.



### 3.23.1 Employees: Corporate Services

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	14	19	15	4	21.05
Professionals	8	8	8	0	0.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	48	93	48	45	48.39
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	40	48	40	8	16.67
Plant & Machine Operators	6	12	6	6	50.00
Elementary Occupations	18	39	19	20	51.28
<b>Total</b>	<b>135</b>	<b>220</b>	<b>137</b>	<b>83</b>	<b>37.73</b>

The Corporate Services Directorate includes the following sections:

- Administration
- Risk Management
- Committee Services
- Liaison Officer
- Labour Relations
- Human Resources
- Security
- Mayor's Office
- Service Delivery
- Gender & Special Projects
- Speaker's Office

### 3.23.2 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>2 706</b>	<b>6 628</b>	<b>7 135</b>	<b>5 358</b>	<b>-25%</b>
<b>Expenditure:</b>					
Employees	47 355	47 628	47 628	45 771	-4%
Repairs and Maintenance	805	2 229	2 237	1 790	-20%
Other	8 066	10 342	10 840	6 447	-41%
<b>Total Operational Expenditure</b>	<b>56 226</b>	<b>60 199</b>	<b>60 705</b>	<b>54 008</b>	<b>-11%</b>
<b>Net Operational Expenditure</b>	<b>53 520</b>	<b>53 571</b>	<b>53 570</b>	<b>48 650</b>	<b>-9%</b>

### 3.23.3 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review. Corporate Services does not have capital projects.

### 3.23.4 Comment on the Performance Overall

Strategic performance indicates how well the municipality has achieved its pre-determined objectives. All municipal institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. The municipality must develop strategic plans and allocate resources for implementation thereof. The implementation must be monitored on an ongoing basis and the results must be reported during the financial year to various role-players to enable stakeholders to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of Section 43 of the Municipal Systems Act 2000, and an overall summary of performance on a functional level and municipal services rendered.

### 3.24 HUMAN RESOURCE SERVICES

#### 3.24.1 Introduction to Human Resource Services

Dedicated and competent staff is fundamental for the municipality in achieving its goals and objectives. The municipality's biggest, and most important asset, is its human capital, therefore the municipality is committed to acquire, retain and develop the best human capital available, and to make diligent efforts to develop and motivate all human capital towards a higher standard of performance. The municipality provides its employees with opportunities to attain their full potential and

to serve at the highest level of responsibility consistent with their own interests, skills and abilities.

At a strategic level, Human Resource provides management with effective and efficient strategic advice and support with reference to new and amended legislation, interpretation of policies, organisational change and sound labour relation practices.

#### 3.24.2 Human Resource Services Objectives Taken From IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To provide a framework for Municipal Transformation and Institutional Development	To table the Human Resource Management Plan to Council by 30 June 2018	100%	80%	100%	100%	100%
	Achieve 80% compliance with the EAP Plan of the municipality by ensuring representation of the ratio profile of the local authority on municipal level by 30 June 2018	80%	66%	80%	69%	80%
To provide an overarching framework for sustainable municipal performance improvement	Evaluate all identified personnel in terms of the performance management system	2	2	2	2	2
	Conduct bi-annual performance assessments of the Municipal Manager and Managers reporting directly to the Municipal Manager by 30 June 2018	2	2	2	2	2
	Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each quarter for 2017/2018	4	4	4	4	4
	Develop and sign performance agreements and performance development plans with all identified personnel before 31 August	100%	100%	100%	75%	100%

#### 3.24.3 Risk Management Resource Services Objectives Taken From IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
	Submission of an Annual Report on risk management maturity level of SPM to NT by 30 June each year	1	1	1	1	1
	To report quarterly on the progress of risk mitigation to the Engagement Management Team (EMT)	4	4	4	4	4

#### 3.24.4 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>751</b>	<b>4 350</b>	<b>4 856</b>	<b>2 702</b>	<b>-44%</b>
<b>Expenditure:</b>					
Employees	12 222	14 445	14 445	11 837	-18%
Repairs and Maintenance	17	811	815	719	-12%
Other	2 628	2 859	3 364	809	-76%
<b>Total Operational Expenditure</b>	<b>14 867</b>	<b>18 115</b>	<b>18 624</b>	<b>13 365</b>	<b>-28%</b>
<b>Net Operational Expenditure</b>	<b>14 116</b>	<b>13 765</b>	<b>13 768</b>	<b>10 663</b>	<b>-23%</b>

### 3.24.5 Comment on the Performance Overall

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

At local government level performance management is institutionalised through the legislative requirements on the performance management process for Local Government.

Performance management provides the mechanism to measure whether targets meet its strategic goals, set by the organisation.

The Constitution of South Africa (1996), Section 152, deals with the objectives of local government which paves the way to performance management with the requirements for an accountable government.

The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

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

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

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP, individual and service provider performance. Bearing this in mind, the need for local government service is forever increasing whilst the affordability for services are declining. However, the municipality has managed to achieve a targeted ratio of employee costs against total expenditure in the table below.

Operating Ratios		
Detail	2017	2016
Employee costs as a % of total expenditure	34.34%	37.25%

## 3.25 FINANCIAL SERVICES

### 3.25.1 Introduction to Financial Services

The Financial Services Directorate is headed by the Chief Financial Officer, with seven divisions in the directorate. The divisions are as follows:

- Revenue Management and Billing
- Expenditure Management and Payroll
- Supply Chain Management
- Assets Management
- Budget and Treasury
- Information Communication and Technology
- Debtors Management.

The financial services directorate is responsible for the implementation and compliance with Municipal Finance Management Act, the Municipal Property Rates Act, as amended, the Municipal Systems Act, Fiscal Powers Act, the Division of Revenue Act, to mention but a few.

During the 2016/2017 financial year, there were approximately 225 employees against staff establishment with 247 positions in the directorate, with cashiers and other services operating at eight service centres for the convenience of the public. The directorate is responsible for ensuring general compliance with supply chain management policy of the municipality, whilst the expenditure section identifies any irregular expenditure that may have been incurred as a result of non-compliance.

The directorate had finalised and tabled to council a general valuation roll that became effective from 1 July 2016, and shall remain valid for a four-year period ending 30 June 2019, with

the exception of amendments to existing properties or new developments, whereby supplementary valuations are conducted throughout each financial year.

Supply chain management division provides secretariat function for all the bid committees as set-up by the Municipal Manager. The Municipal Manager also appointed an ICT Steering Committee, the Asset Disposal Committee and the Insurance Committee all chaired by the Chief Financial Officer or her delegate. These committees have terms of references and report to the Executive Management and to Council, through various committees that exercise oversight on these issues.

The municipality implements consolidated billing and our key billing objectives are as follows:

- Customer information management to ensure accuracy of information and billing
- Timely billing to ensure improved payment levels
- Efficient bill notification procedures, reaching the customer
- Proper and accurate billing for rates based on the category and land use
- Proper tariff for each property category
- Accessibility through properly resourced service centres
- Fast and friendly customer interface (Cashiers, Indigents, and Debt Collection)

The table below represents revenue billed during the 2016/2017 financial year.

### 3.2.5.2 Debt Recovery

Details of the types of account raised and recovered	2015/2016		2016/2017			2017/2018		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Budgeted Billed for the Year	Actual for accounts billed in year	Actual Receipts	Proportion of accounts value billed that were collected	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected
	R'000	%		R' 000		%	R'000	%
Property Rates	484 397	67%	469 708	468 497	343 317	73%	511 595	89.4%
Electricity – B	1 136	68%	1 221	1 101	566	51%	1 122	89.4%
Electricity – C	438 041	87%	452 206	388 248	341 800	88%	476 728	89.4%
Electricity – Prepaid	206 627	100%	222 124	228 952	228 952	100%	233 256	100%
Water – B	1 259	30%	1 341	1 306	527	40%	1 378	89.4%
Water – C	232 012	66%	253 763	252 870	156 517	62%	262 668	89.4%
Sanitation	71 845	51%	75 450	73 787	34 328	47%	59 482	89.4%
Refuse	53 975	58%	56 783	55 729	27 260	49%	44 309	89.4%
Other	113 108	69%	119 329	142 118	62 920	44%	125 893	89.4%

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. For 2016/2017 financial year the average collection rate is budgeted at 89.4%.

### 3.2.5.3 Financial Service Policy Objectives taken from IDP

Municipal KPA	KPI	Unit of Measurement	Source of Evidence	Annual Target	Revised Target	2016/2017		2017/2018	
						Target	Actual	Target	Target
Basic and Sustainable Service Delivery and Infrastructure Development	To appropriate at least 8% of the operational budget on repairs and maintenance by 30 June 2016	% spend on O & M	Financial and Audit reports	6%	6%	8%	7%	8%	8%
	Submit an Audit Action Plan to the Municipal Manager to address issues raised by the Auditor General by 31 January annually	Annual AGSA opinion	AGSA Annual Audit Action Plan	50%	50%	1 Report	1	1	1
Municipal Financial Viability and Management	To ensure that the budget allocation of employee related costs does not exceed 32% of the Operational Budget by 30 June 2016	Employee related cost as a % of Ops Budget	Financial and Audit reports	34%	32%	32%	37%	32%	32%
	Improve revenue enhancement by ensuring a collection rate of 89.4% after debt write off by 30 June 2016	% collection rate	Financial and Audit reports	88.50%	89.40%	89.40%	83%	89.40%	89.40%
	Maintain the cost coverage ratio of 2:1 annually	Cost coverage (Available cash + investments/ monthly fixed operating expenditure)	Financial and Audit reports	3:1	3:1	2:1	2:1	2:1	2:1
	Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2016	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	Financial and Audit reports	2:1	2:1	2:1	2:1	2:1	2:1
	Reduce net debtor days to 200 days by 30 June 2016	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	Financial and Audit reports	25%	200 days	200 days	178 days	200 days	200 days
	To spend at least 90% of the Capital Budget (including VAT) on capital projects identified i.t.o. the IDP by 30 June 2016	% capex of capital budget	Financial and Audit reports	90%	90%	90%	87%	90%	90%
	To spend at least 95% of the Operational Budget annually (30 June)	% opex of operational budget	Financial and Audit reports	95%	95%	95%	96%	95%	95%



### 3.25.4 Employees: Financial Services

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	15	16	14	2	12.50
Professionals	17	17	16	1	5.88
Technicians & Trade Workers	10	10	10	0	0.00
Clerks & Administrative Workers	141	141	135	6	4.26
Community and Personal Workers	23	26	23	3	11.54
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	26	36	26	10	27.78
<b>Total</b>	<b>233</b>	<b>247</b>	<b>225</b>	<b>22</b>	<b>8.91</b>

### 3.25.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>496 684</b>	<b>501 836</b>	<b>484 836</b>	<b>470 755</b>	<b>-3%</b>
<b>Expenditure:</b>					
Employees	86 979	100 818	100 818	91 666	-9%
Repairs and Maintenance	1 826	2 263	2 263	736	-67%
Other	14 379	18 020	18 020	13 642	-24%
<b>Total Operational Expenditure</b>	<b>103 184</b>	<b>121 100</b>	<b>121 100</b>	<b>106 044</b>	<b>-12%</b>
<b>Net Operational Expenditure</b>	<b>(393 500)</b>	<b>(380 736)</b>	<b>(363 736)</b>	<b>(364 711)</b>	<b>0%</b>

### 3.25.6 Capital Expenditure: Finance

There was no capital expenditure during the period under review.

### 3.25.7 Capital Expenditure: Other

There was no capital expenditure during the period under review.

### 3.25.8 Comment on Performance Overall

The municipality's financial performance is similar to those of other municipalities, it is affected by the performance of the economy. Liquidity and sustainability are key in the management of municipal finances.

Though not having conducted a credit rating, the municipality is highly stable with a positive outlook. Afrika Ratings Agency released a report for 2017 where Sol Plaatje was amongst the stable municipalities in the country, and a leading municipality in the province on the same score.

Revenue generation and collection are key, as well as capital budget spending. Though operational activities generated a negative cash flow, the municipality achieved a two months cost coverage compared to one to three months as per MFMA Circular 72.

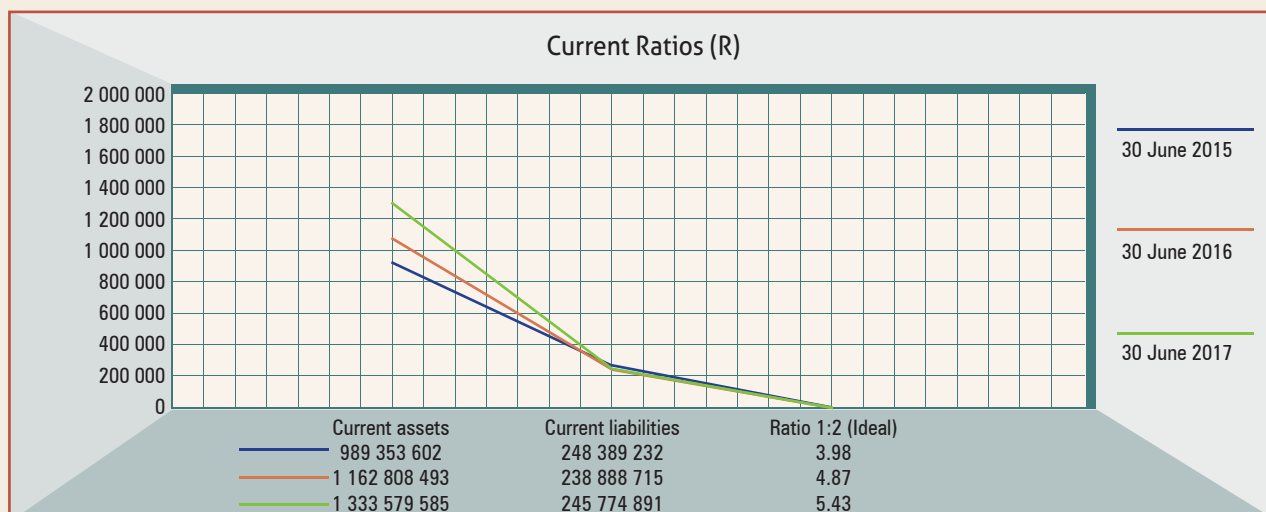
The growing debtors is a major concern for management as this poses a risk on long term sustainability. It is for this reason that Debtors Management Section co-sourced specialist services of a debt collection to improve the situation.

Detail	30 June 2015	30 June 2016	30 June 2017
Cash and cash equivalents	275 457 274	259 275 698	226 561 404
Cash book overdraft	0	0	0

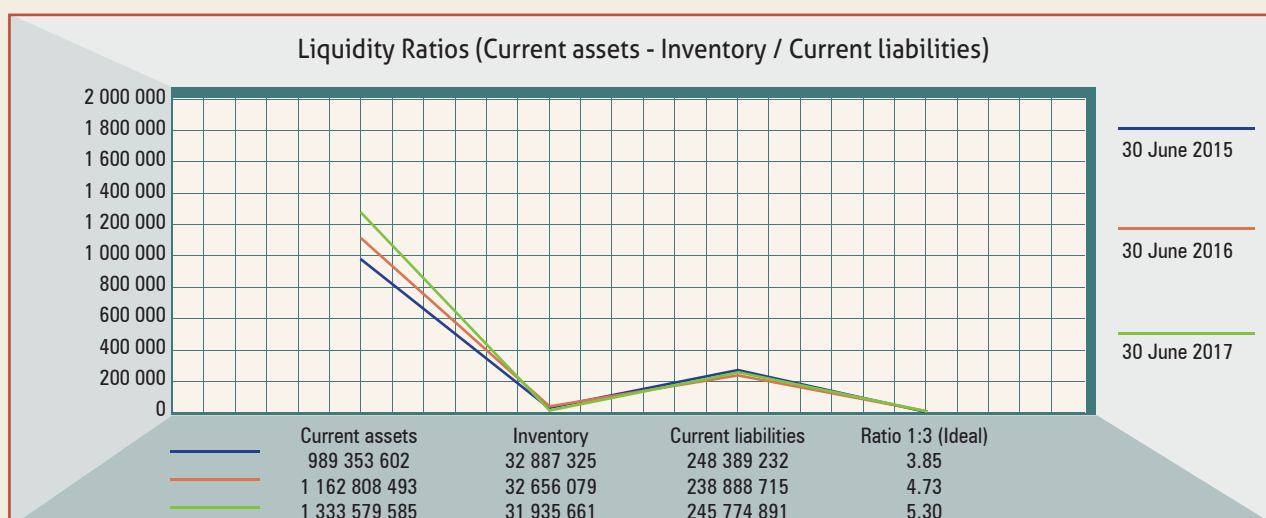
The current ratio reflects the relationship between the current assets and current liabilities of the municipality. This ratio has improved from 1:4.87 in the previous financial year to 1:5.43 in the current financial year. The ratio is well above the norm of 2:1.

This is an indication that the municipality is liquid (assets exceed liabilities) and will be able to meet its short-term commitments.

Current Ratio	30 June 2015	30 June 2016	30 June 2017
Current assets	993 933 909	1 162 808 493	1 333 579 585
Current liabilities	248 389 232	238 888 715	245 774 891
Ratio 1:2 (Ideal)	3.98	4.87	5.43



Liquidity Ratio	30 June 2015	30 June 2016	30 June 2017
Current assets	993 933 909	1 162 808 493	1 333 579 585
Inventory	32 887 325	32 656 079	31 935 661
Current liabilities	248 389 232	238 888 715	245 774 891
Ratio 1:3 (Ideal)	3.85	4.73	5.30



## 3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### 3.26.1 Introduction

The ICT Unit provides a comprehensive range of services to the Municipality. Such services include but are not limited to the following:

- Network Services – Local and Wide area network services using wired and wireless technologies.
- Email Services – sending and receiving of email, use of electronic diary and calendar functions.
- Information Sharing - sharing of restricted and public folders based on necessary folder permissions.
- Logon Services – Providing desktop and specific system logon services for enhanced PC security and traceable network and system use.
- Internet Services – Provisioning of safe internet access including managing of bandwidth and firewalls.
- File Storage Services – Provisioning of common file storage to enable secure backups and access of files when required.
- Computer Services – Provisioning of desktop computers and thin clients for the delivery of municipal services.
- User Support Services – Help desk services to support users in their day-to-day computer tasks and operations
- Hosting Services – Provisioning of a secure and stable redundant environment for the hosting of departmental and transversal software systems such as Solar, Payday and NOSA.
- Archiving Backup and Business Continuity Services – Ensuring business continuity by providing a fire resistant secure environment for hardware and network services.

- GIS Services – Provisioning of Geographic Information Systems
- Software Maintenance and Development Services – Development and enhancements to software systems such as GIS Web Portal and Solar.
- Software Support Services – Providing a central port of call for user support and interacting with system suppliers/vendors in the municipality such as suppliers for Solar, Payday, and the Prepaid Electricity System, etc.
- Installing and Accrediting Services – Evaluating and installing of upgrades and new systems on the technical infrastructure.
- Hardware Implementation Services – Provisioning for the hardware infrastructure necessary for the management and the maintenance of the networks and systems within the municipality.



### 3.26.2 Service Statistics for ICT Services

Detail	2015/2016	2016/2017
Service Requests handled	2 268	3 287
Average network uptime	99%	98.9%
Mission critical production server uptime	100%	99%

### 3.26.3 ICT Service Objectives taken from the SDBIP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
Ensure sound financial management and financial sustainability of SPM	Respond to all IT queries within eight hours	90%	97.50%	90%	98%	90%
	Back-up of all systems and databases on a regular basis to ensure that municipal data is secured	100%	100%	100%	100%	100%
	Update ICT disaster recovery/business continuity plan to reflect all major changes to the enterprise environment by 31 December	1 Plan	1 Plan	1 Plan	1 Plan	1 Plan
	Review and update the ICT Governance framework annually by end March	1	1	1	1	1
	Review and update all ICT policies annually by end March	5	5	10	10	10
	Review and update the ICT risk register annually by end March	1	1	1	1	1
	Ensure an updated and user friendly web site by 30 June 2016	100%	100%	100%	100%	100%

### 3.26.4 Employees: ICT

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	0	2	0	2	100.00
Professionals	4	4	4	0	0.00
Technicians & Trade Workers	4	8	4	4	50.00
Clerks & Administrative Workers	2	5	2	3	60.00
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	0	0	0	0	0.00
<b>Total</b>	<b>11</b>	<b>20</b>	<b>11</b>	<b>9</b>	<b>45.00</b>

### 3.26.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	–	–	–	–	<b>0%</b>
<b>Expenditure:</b>					
Employees	6 006	6 322	6 322	7 038	11%
Repairs and Maintenance	410	267	267	241	-10%
Other	3 985	4 239	4 239	3 478	-18%
<b>Total Operational Expenditure</b>	<b>10 401</b>	<b>10 828</b>	<b>10 828</b>	<b>10 757</b>	<b>-1%</b>
<b>Net Operational Expenditure</b>	<b>10 401</b>	<b>10 828</b>	<b>10 828</b>	<b>10 757</b>	<b>-1%</b>

### 3.26.6 Capital Expenditure 2016/2017 - ICT

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from adjustment budget	Total Project Value
	R'000			%		R'000
<b>Total All</b>	<b>8 000</b>	<b>8 000</b>	<b>4 446</b>	<b>-44%</b>	<b>-44%</b>	<b>7 205</b>
Replacement Programme: IT Hardware	5 000	5 000	1 241	-75%	-75%	4 000
Loose Equipment	3 000	3 000	3 205	7%	7%	3 205

### 3.26.7 Comment on the Performance of ICT Services Overall

For the 2016/2017 financial year the ICT department honoured its commitment to service excellence and continual improvement.

The following IT/GIS initiatives were undertaken for period under review:

- Implementing a new user friendly SharePoint Internet portal that serves the needs of the municipality's external stakeholders.
- Strengthening internal collaboration between council and administration, thus positioning ICT as a strategic enabler to council.
- Paving the way for improved governance of ICT within the municipality, by updating existing policies, and by developing the following new draft policies, frameworks and methodologies (all of which satisfy requirements as set out in DPSA's Municipal Corporate Governance of ICT Policy Framework):
  - ICT Access Management Policy
  - ICT Change Management Policy
  - ICT Continuity Management Policy
  - ICT Management Framework
  - ICT Project Management Framework
  - ICT Project Management Methodology
  - ICT Supplier Management Policy
  - ICT Technical Framework
  - Telecommunications Policy
- Effectively managing and monitoring all software agreements and vendor service levels
- Upgraded Server room in order to provide improved server and network resilience and uptime
- Upgraded server and storage infrastructure in order to accommodate growth and to provide improved service
- Replaced two segments of the Municipal wireless network with more resilient equipment in order to combat interference from other wireless networks
- Installed a radio mast on the Civic Centre in order to relocate radios. This was done in order to move away from Metlife Towers, where interference is a big issue and impacting service delivery to the public
- Implemented a new hardware firewall to effectively protect the municipality ICT estate against malicious software and penetration attempts.





## 3.27 SUPPLY CHAIN MANAGEMENT SERVICES

### 3.27.1 Priorities and Achievements

The top priority of Supply Chain Management is to maximise administrative and operational efficiency in the implementation of its policy to ensure that the right material, equipment and service at the right price, in the right quantity and quality is delivered at the right place. During this process all reasonable cost-effective measures must be enforced for the prevention of fraud, corruption and unfair and irregular practices.

Priorities were set to once again achieve an above average result for the annual stock-take, to aim at achieving a clean audit report and to meet all targets set in our performance management system. This includes processes to meet the target for implementing the new Regulations of the promotion of economic transformation.

The Supply Chain Management Unit managed to achieve most of its targets. A deviation of 4% was set for the annual stock-take and the actual outcome was 0.168%. This reflects a high level of inventory management.

A clean audit report is now within reach considering that there were only minor findings which can now be cleared. Targets of the performance management system were met with the ex-

ception of the bidding turnover time. Corrective actions were taken. The target for economic transformation of 60% was met with an outcome of 65.08% procured from local black SMMEs. This percentage will increase during the next period due to the fact that the new Regulation was only implemented during April 2017.

### 3.27.2 Measures to Improve Performance and Achievements

Achieving supply chain excellence is getting harder. Making supply chain work at the best requires tight cross-functional co-ordination and the right decisions. Tighter cross-functional co-ordination at this stage can be seen as the best tool to improve performance of the supply chain management process as a whole. More performance standards could be set for the entire organisation that has an effect on supply chain management goals and achievements. An analytical team can be introduced to support decision making and identify hidden risks and opportunities, especially for the implementation of the new Regulation to ensure that economic empowerment is effectively on its way.

### 3.27.3 Supply Chain Management Service Objectives taken from IDP

Strategic Objectives	Key Performance Indicator	2015/2016		2016/2017		2017/2018
		Revised Target	Actual	Revised Target	Actual	Target
To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	To improve the SCM turnaround time to twelve weeks for annual contracts from closing date to date of award by 30 June 2017	12 wks	12 wks	12 wks	12.4 wks	12 wks
	To improve the SCM turnaround time to six weeks for once off contracts from closing date to date of award by 30 June 2017	6 wks	6 wks	6 wks	9.01 wks	6 wks
To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from local black SMMEs (category D2 suppliers)	60%	67%	60%	65.08%	60%
To ensure an improved audit opinion in line with the LGTAS	To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals are not more than 5% of tenders/quotes submitted by 30 June 2017	5%	0%	5%	3.30%	5%

Sparrow Street Roodepan, replaced vandalised mini



### 3.27.4 Employees: Supply Chain Management

Job Level	2015/2016	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				%
Municipal Manager and Senior Managers	1	1	1	0	0.00
Other Managers	5	5	5	0	0.00
Professionals	0	0	0	0	0.00
Technicians & Trade Workers	0	0	0	0	0.00
Clerks & Administrative Workers	30	32	27	5	15.63
Community and Personal Workers	0	0	0	0	0.00
Service and Sales Workers	0	0	0	0	0.00
Plant & Machine Operators	0	0	0	0	0.00
Elementary Occupations	1	1	1	0	0.00
<b>Total</b>	<b>37</b>	<b>39</b>	<b>34</b>	<b>5</b>	<b>12.82</b>

### 3.27.5 Financial Performance 2016/2017

Details	2015/2016	2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000				
<b>Total Operational Revenue</b>	<b>42</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>
<b>Expenditure:</b>					
Employees	11 726	13 248	13 248	13 186	0%
Repairs and Maintenance	59	117	117	94	-20%
Other	397	677	677	445	-34%
<b>Total Operational Expenditure</b>	<b>12 182</b>	<b>14 042</b>	<b>14 042</b>	<b>13 725</b>	<b>-2%</b>
<b>Net Operational Expenditure</b>	<b>12 140</b>	<b>14 041</b>	<b>14 041</b>	<b>13 725</b>	<b>-2%</b>

### 3.27.6 Capital Expenditure 2016/2017

There was no capital expenditure during the period under review.

### 3.27.7 Comment on Performance Overall

The supply chain management policy and processes continues to be implemented in accordance with the MFMA and its relevant regulations, with considerable success.

Measuring the overall performance of the supply chain management process can be boiled down to a few key questions. Is the supply chain acquiring the things the organisation needs? Is it providing the user departments with the things they need, including support? Is it doing it all in the right time

and for the right price? Is the system cost effective? Are procedures and controls in place to prevent fraud and corruption?

The key performance indicators, audit report outcomes and the annual stock-take report indicates that the overall performance of supply chain management is on target and measures are in place and/or considered to further improve performance and achievements.



## INTRODUCTION

The Annual Performance Report is hereby submitted to the Municipal Council in terms of the Municipal Systems Act (MSA), Act 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 1 July 2016 to 30 June 2017 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2016/2017.

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

This report will also endeavour to report to Council the Municipality's performance in terms of the five National Government's Strategic Key Performance Areas for local government, which are:

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

## LEGISLATIVE REQUIREMENTS

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

- 1 *A municipality must prepare for each financial year a performance report reflecting*
  - a) *the performance of the Municipality and each external service provider during that financial year;*
  - b) *a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and*
  - c) *measures taken to improve performance.*

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that

*A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.*

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the municipal entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

## MUNICIPAL OVERVIEW

The Sol Plaatje Local Municipality is Category B in terms of the Municipal Structures Act as amended, and falls within Frances Baard District Municipal Boundaries.

The municipality has adopted an Executive Mayor Structure with the Mayoral Committee serving as advisory to the Executive Committee. The Members of the Mayoral Committee serve as Chairperson of Committees established in terms of Municipal Structures Act Section 80.

## FINANCIAL REPORTING RESPONSIBILITIES

The municipality is non-delegated and is classified as a secondary city by National Treasury. As such budget monitoring and compliance is done by National Treasury. On an annual basis, National Treasury conducts mid-term visit to the municipality and, after tabling of the annual budget, a budget benchmark exercise meeting takes place.

National Treasury, from these two major engagements, issues report regarding the following:

- Current year budget performance
- Remarks on the municipality's spatial development framework
- Prior year's budget performance and the audit outcomes
- Risk management.

The municipality also submits its monthly, quarterly and mid-term budget statements to National Treasury for review. National Treasury in turn, consolidates the reports of all secondary cities and metros and benchmarks monthly performance against each other, to give an overview performance of municipalities in the country.



## IDP REVIEW REPORT

### Vision

The existing strategic development agenda of SPM is aimed at giving effect to the vision of the Municipality, namely:

*Sol Plaatje, a dynamic and caring municipality that provides a comprehensive range of affordable services to all its residents.*

This vision is in line with the Back to Basics programme (B2B) which states that the people should be put first and that municipalities should concentrate their efforts in providing basic services such as water and sanitation, human settlements, electricity, waste management, roads and public transportation in order to create decent living conditions.

In order to achieve this vision, it will be important for SPM to ensure growth in the local economy in order to be sustainable. The SPM also needs to improve on the efficiency of its service delivery, the sustainability of its finances and the effectiveness of its administration. This translates into two high level strategic objectives that also encompass all national government priorities, namely:

**A better standard of living for all** - which requires a growing economy depending on a municipal strategy driving urban efficiencies; and

**A better quality of life for all** - which requires a caring municipality concerned at providing universal access to basic municipal services at affordable levels while becoming a place where business would want to locate.

It should be mentioned that during the 2016/2017 year, the process of developing the new IDP covering the period 2017/2018 to 2021/2022 was completed. This included a review of the vision, mission and strategic priorities of the municipality. No IDP review document was done for 2016/2017 as the term of the existing IDP ended on 30 June 2017.

### STRATEGIC PRIORITIES

The strategy for development of the Sol Plaatje Municipality must be to focus on spatial development and zoom in the lens of geographical space-economy.

The space-economy means the geographic distribution of settlements (large and small), the activities within them (residential, commercial, institutional, recreational, etc.) and the relationship of these settlements and activities to the infrastructure that connects and supports them and links in turn to surrounding agriculture and nature areas

People live their lives in geographic space; how activities and infrastructure are organised in space fundamentally impacts on people's access to economic and social opportunities. For example, locating housing for the poor far away from work opportunities, impacts on disposable income, work productivity and transport infrastructure provision. People have to pay a disproportionately high percentage of their incomes to move to and from work, journeys take a long time, and infrastructure and vehicles have to be provided and maintained to transport them. Also, locating business opportunities far from infrastructure increases the cost of products and diminishes the chances of success for large and small businesses.

The apartheid spatial legacy is the foundation for much of the inequity in society. A primary strategy of apartheid was to manipulate the space-economy of towns, to provide good opportunities for whites and the rich and to deny opportunities for blacks and the poor.

The best land and most viable locations, the best infrastructure and networks, have traditionally been offered to the minority of citizens. Only through restructuring the space-economy of our settlements can we hope to overcome our divided legacy.

Secondly, municipal strategy has over the last decade taken a strong sectoral approach. The approach looks at development in sectors such as Local Economic Development Plans, plans for creative industries, small enterprises, tourism, and so on. Unfortunately, much of this work is silent on the impact of space on specific sectors and has assisted to hide spatial inequity in our settlements.

For example, very few, if any, Local Economic Development Plans will look at the relationship between transport infrastructure, economic opportunity and job creation. (See logic of sector plans discussed below.)

Municipal government has considerable influence over the space-economy of settlements. By virtue of its mandate, local government can determine the nature and location of key infrastructure and where settlement is to occur and where not. Local government cannot grow the economy, but it impacts on economic success through the provision and maintenance of infrastructure and how activities are organised in space.

The IDP Objectives remained relevant for the assessment of the performance of the municipality, however, it was also found that there is a need for some emphasis shifts due, mainly to the following issues:

- The greater emphasis placed on the alignment of all government spheres to the National Development Plan – Vision 2030.
- Long term and sustainable local economic growth and job creation
- The Back to Basics (B2B) Programme
- The access of households to municipal services according to the latest National Urban Support Programme data on informal areas – which indicate huge backlogs in terms of basic household services.

This is discussed in more detail later in the report.

### MUNICIPAL PERFORMANCE OBJECTIVES

The municipality has adopted the key performance areas for local government as per the Performance Management Regulations. Various strategic objectives had been agreed upon and are summarised in the table below.

It should be stated here that the key performance areas are cutting across various directorates of the municipality with specific focus on the functional areas and responsibilities of each directorate.

On the other side, the budget allocation is per vote represented by the directorates and again by expenditure type.



Directorates are expected to work with each other in ensuring successful achievements of the set targets within the available budget and other resources. Service delivery performance and sound financial management remain the key areas, whilst institutional support and good governance support performance and compliance.

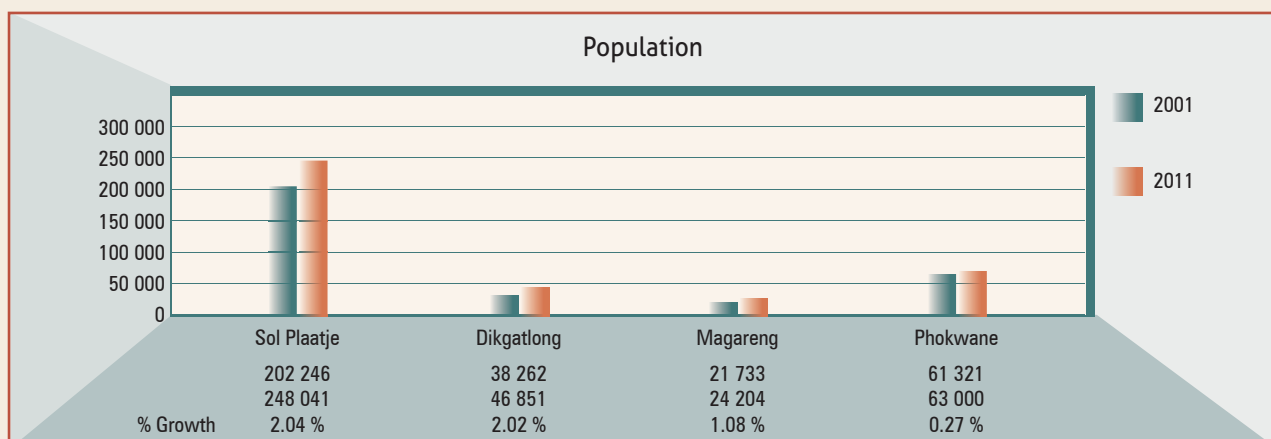
National KPA		IDP Objective	
1	Local Economic Development	1	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks.
		2	To initiate, lead and sustain an investment environment for job creation in the SPM area.
		3	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth.
2	Basic and Sustainable Service delivery and Infrastructure Development	1	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth.
		2	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets.
		3	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM.
		4	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM.
3	Municipal Financial Viability and Management	1	Ensure sound financial management and financial sustainability of SPM.
4	Municipal Institutional Development and Transformation	1	To provide an overarching framework for sustainable Municipal Performance Improvement.
		2	To provide a framework for Municipal Transformation and Institutional Development.
5	Good Governance and Public Participation	1	To ensure an improved audit opinion.
		2	To enhance the public profile, reputation and positioning of SPM.

## SOCIO ECONOMIC STATUS

The IDP Review for 2015/2016 captures the socio-economic status as elaborated on below. Information has been extracted from various reports including the Census 2011 Report and IHS Global's analysis prepared for SPM in 2013. At the end of this section some conclusions and contextual issues are mentioned related to this information.

### Person Statistics

The chart below shows the population growth from 2001 to 2011 in the Sol Plaatje and surrounding municipal areas.



### Labour market and Educational statistics

The following table is a comparison of the labour market and educational statistics between 2001 and 2011, while Chart 2 illustrates the employment per sector in the Sol Plaatje municipal area in 2010.

## Labour Market and Education Statistics 2011 compared to 2001

Labour Market				Education (aged 20 +)					
Unemployment Rate (Official)		Youth Unemployment Rate (official) 15-24 years		No Schooling		Matric		Higher Education	
2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
41.3%	31.9%	51.5%	41.7%	11.3%	7.1%	21.9%	29.2%	8.7%	10.4%

Chart 2: Employment per Sector



As seen in chart above, the tertiary sector employs relatively little unskilled labour compared to the primary and secondary sectors. Therefore, growth in the tertiary sector does not normally have a significant impact on unemployment as the majority of unemployed people are not highly skilled.

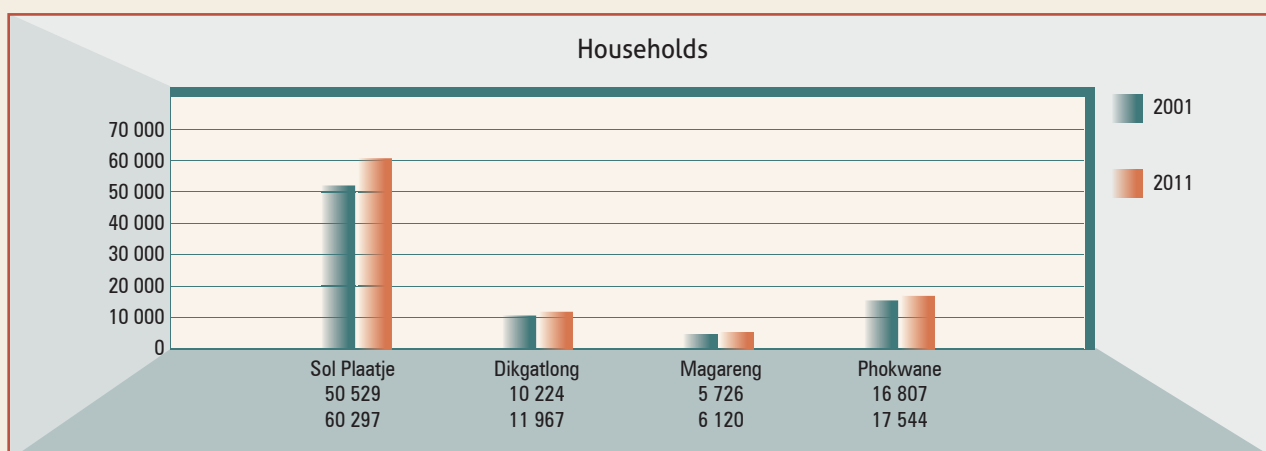
### Household Statistics

The chart below shows a comparison between the number of households in Sol Plaatje and surrounding municipal areas, 2001 vs. 2011.

During the 2011 Census 7 846 households lived in informal settlements. This number increased to 13 361 by the end of 2013 according to a survey done as part of the National Urban Support Programme (NUSP), as seen in table 3 below.

Table 4 indicates the number of households receiving full services. Figure 1 compares the level of service provision in the Sol Plaatje municipal area to that of the Northern Cape province and South Africa as a whole.

Number of Households



## Economic Statistics

From the above chart, it can be seen that when compared to the national economy of South Africa, Sol Plaatje Local municipality has a comparative advantage on community services and almost the same advantage on the transport industry. A slight advantage is also noted on financial services.

However, when it comes to specifically manufacturing, Sol Plaatje has a significant comparative disadvantage relative to the country as a whole. In terms of trade the quotient of Sol Plaatje is relatively similar to that of South Africa.

Generally speaking, Sol Plaatje has a very narrow economy.

### Sol Plaatje Municipality's economic growth forecast in 2010 for 2016 – 4,4%

#### Forecasts and Actual Growth (MPC – Sep 2015)

- 2013 - 1,9% (Actual)
- 2014 - Forecast 2,8% (Actual 1,5%)
- 2015 - Forecast 3,3% (Adjusted 2,8%) - Actual at present 1,5%
- 2016 - Forecast 3% - (Adjusted 1,6%)
- 2017 - Forecast 2,1%

#### Some of the reasons that the MPC gives for the slow-down in economic growth

- Global economic slowdown, especially China
- Goods-producing sectors of the South African economy declined
- Contractions in agriculture, mining and manufacturing
- Growth in the services sectors also moderated
- Sharp decline in the RMB/BER Business Confidence Index to its lowest level since 2011
- Little private sector investment - the only private sector investment increases were into energy-generation projects

#### Consumers are expected to remain constrained against the backdrop of:

- Slow employment growth
- Declining disposable income growth
- Rising inflation
- Tighter affordability criteria for household credit following the implementation of amendments to the National Credit Regulations
- Growth in consumption expenditure by households is only 1,2%.

## PERFORMANCE OVERVIEW

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

- There has been a reduction in the number of KPIs that the Municipality is reporting on. The reduction on the number of KPIs afforded the institution the opportunity to focus on strategic issues which were well-defined, outcome based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes
- There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly
- During 2012/2013 SPM approved a new Macro Structure and the Strategic Planning Unit which resided under the Executive Director: Strategic Services was moved to the Office of the Municipal Manager. The Unit is now called the IDP/PMS Unit and is tasked to co-ordinate the IDP and organisational performance management related processes. The unit works closely with Executive Managers in each Department as the latter are departmental performance co-ordinators

The Municipality endeavoured during the development of the Top Layer as well as with the development of the Departmental SDBIP that the SMART principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The IDP was developed for 2012 through 2017 and was reviewed during 2015/2016. The Top Layer SDBIP in the IDP was also revised during February 2017.

## SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No. 13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next twelve months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

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

KPI Not Yet Measured	KPIs with no targets or actual results for the selected period
KPI Not Met	Actual vs. target less than 75%
KPI Almost Met	Actual vs. target between 75% and 100%
KPI Met	Actual vs. target 100% achieved
KPI Well Met	Actual vs. target more than 100% and less than 150% achieved
KPI Extremely Well Met	Actual vs. target more than 150% achieved

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council/Senior Management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

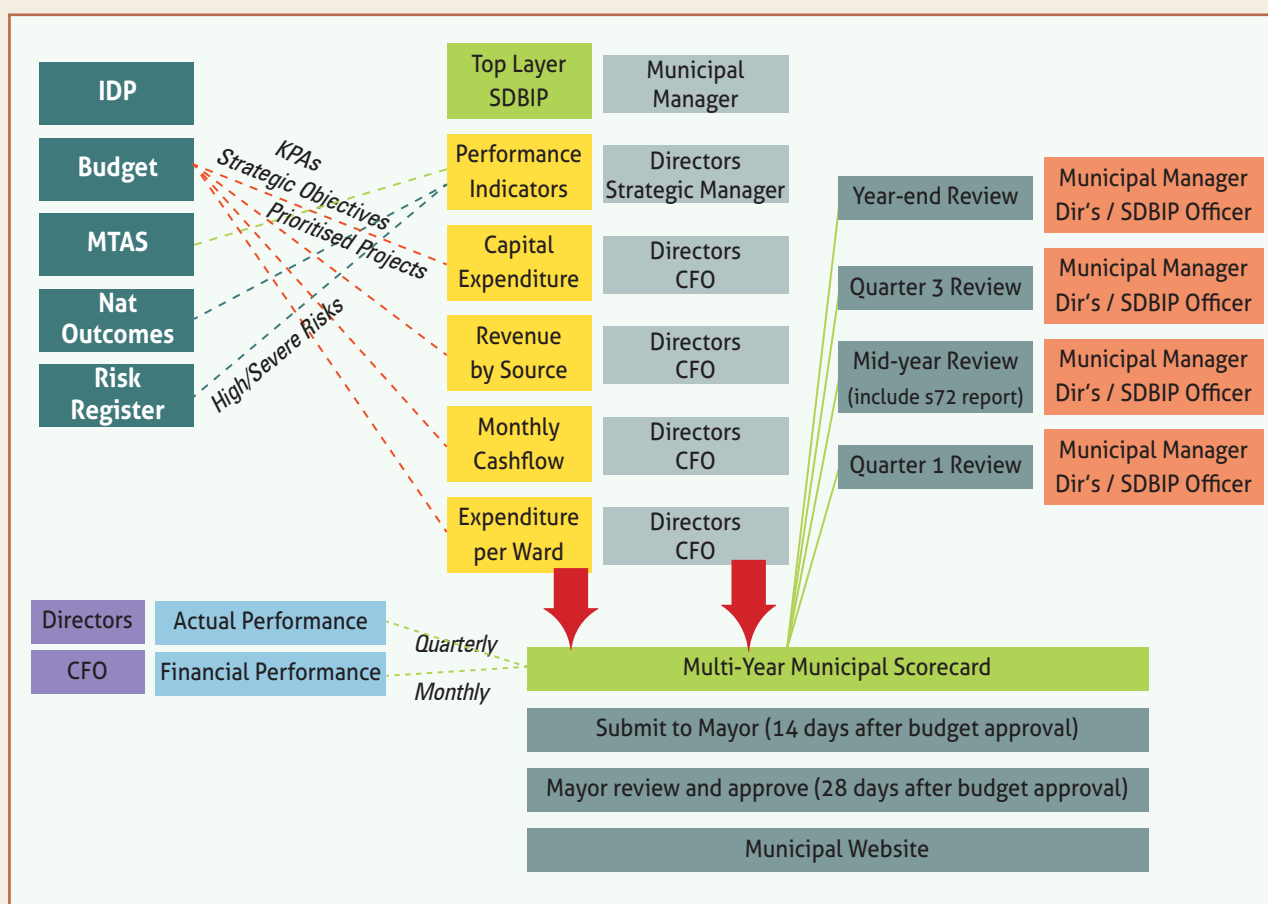
**One-year** detailed plan, but should include a **three-year capital plan**

The necessary components include:

- Monthly projections of revenue to be collected for each source
- Expected revenue to be collected NOT billed

- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Quarterly projections of service delivery targets and performance indicators for each vote
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):



The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by Senior Managers for their Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

#### OVERALL PERFORMANCE PLANNED VS ACTUAL

The performance of the municipality is reflected in the graphs summaries below. The performance per directorate as well as per key performance area is provided. This performance is further disaggregated into the performance per directorate as well as the performance per key performance indicator. Refer to the tables below for detail.



Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017		
						Departmental Corrective Measures	Target	Actual
TL1	To initiate, lead and sustain an investment environment for job creation in the SPW Area	Local Economic Development	Create 200 FTE jobs through EPWP related initiatives of the SPM by 30 June 2017	No of FTE jobs created	349	[D34] PMU Manager: None (June 2017)	200	226
TL2	To provide an overarching framework for sustainable municipal performance improvement	Municipal Institutional Development and Transformation	Monitor the implementation of the Integrated Performance Management Policy by conducting at least one review meeting annually	Reviewed policy. Item on policy review tabled to Council	1		1	1
TL3	To provide an overarching framework for sustainable municipal performance improvement	Municipal Institutional Development and Transformation	Submit the final IDP document for adoption to Council by 31 May annually	Tabled IDP for Council adoption	1		1	1
TL4	To provide an overarching framework for sustainable municipal performance improvement	Municipal Institutional Development and Transformation	Submit the final SDBIP to the Executive Mayor by 30 June annually	SDBIP approved by Executive Mayor	1		2	2
TL6	To provide an overarching framework for sustainable municipal performance improvement	Municipal Institutional Development and Transformation	Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter for 2016/2017	No of Reports submitted	4		4	4
TL7	To continuously assess internal control environment by conducting internal audits across various functions of the municipality	Good Governance and Public Participation	Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least ten internal audit reports to the audit committee during the year	Number of internal audit reports compiled	14		10	18



KPI Not Met	-
KPI Almost Met	-
KPI Met	4 (66.7 %)
KPI Well Met	1 (16.7%)
KPI Extremely Well Met	1 (16.7%)
<b>Total</b>	<b>6</b>

## Financial Services

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017		
						Departmental Corrective Measures	Target	Actual
								R
TL19	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	To improve the SCM turnaround time to twelve weeks for annual contracts from closing date to date of award.	Average time in weeks to award tenders	12		12	12,42
TL20	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	To improve the SCM turnaround time to six weeks for once of contracts from closing date to date of award	Average time in weeks to awards tenders	6	[D135] Manager : SCM: new member appointed (June 2017)	6	9,01
TL21	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Local Economic Development	Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from Local Black SMME's (category D2).	Average % of the Municipality's own procurement for goods and services	67%		60%	62,69%
TL22	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	14 000 Indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2017	No of indigent households receiving free basic services	13 870	[D137] GM : Revenue: A public education drive as well as soliciting the assistance of ward councillors is expected to yield positive results. (June 2017)	14 000	13 425
TL23	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	Improve revenue enhancement by ensuring a collection rate of 89,4% after debt write off by 30 June 2017	% collection rate	83	[D138] GM : Revenue: We are expecting a surge in response from the interventions by our appointed agents to collect debt as well as a revision of our internal processes. (June 2017)	89,40%	77%
TL24	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	To spend at least 90% of the Capital Budget (including VAT) on capital projects identified in terms of the IDP by 30 June 2017	% capex of capital budget	87%	[D139] ED: Financial Services: Project managers to improve spending on capital projects (June 2017)	90%	80%
TL25	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	To spend at least 95% of the Operational Budget annually (30 June)	% opex of operational budget	96%	[D140] ED: Financial Services: To improve spending on operational budget (June 2017)	95%	91%
TL26	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2017	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	2		2	2,26
								G2

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017		
						Departmental Corrective Measures	Target	Actual
TL27	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	Reduce the net debtor days to 200 days by 30 June 2017	Net debtor days - ((Gross Debtors - Bad Debt Provision) / Billed Revenue) x 365	178	[D142] ED: Financial Services: To improve on reducing net debtor days to reach target. (June 2017)	200	251
TL28	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	Maintain a cost coverage ratio of at least 2:1 annually	Cost coverage (Available cash + investments/ monthly fixed operating expenditure)	2		2	2
TL29	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	To spend at least 8% of the operational budget to repairs and maintenance annually	% operating expenditure budget allocated to repairs and maintenance	7%	[D144] ED: Financial Services: Maintenance must be reprioritized (June 2017)	8%	7%
TL30	Ensure sound financial management and financial sustainability of SPM	Municipal Financial Viability and Management	To ensure that the budget allocation for employee related costs does not exceed 32% of the Operational Budget annually	Employee related cost as a % of Ops Budget	37%	[D145] ED: Financial Services: To decrease on employee related costs during budget allocation (June 2017)	32%	34%
TL31	To ensure an improved audit opinion in line with the LGTAS	Good Governance and Public Participation	To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals is not more than 5% of tenders/quotes awarded by 30 June 2017	% successful appeals = Total number of successful appeals / Total number of tenders awarded x 100	0		5%	3.30%
TL32	To ensure an improved audit opinion in line with the LGTAS	Good Governance and Public Participation	Submit an audit action plan to the Municipal Manager to address findings raised by the Audit General annually	Audit action plan submitted	1		1	1
TL33	To enhance the public profile, reputation and positioning of the SPM	Good Governance and Public Participation	Ensure an updated and user friendly website by 30 June 2017	% compliant to relevant legislation	100%		100%	100%
TL34	To ensure that the municipality provides basic services to the community in a cost effective manner	Good Governance and Public Participation	Monitoring of the implementation back to basics to inform service delivery strategy by conducting at least two review meetings annually.	Back to Basics strategy adopted	1		2	2



KPI Not Met	4 (25 %)
KPI Almost Met	5 (31.3 %)
KPI Met	4 (25 %)
KPI Well Met	2 (25.5 %)
KPI Extremely Well Met	1 (6.3%)
<b>Total</b>	<b>16</b>

Corporate Services

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL5	To provide an overarching framework for sustainable municipal performance improvement	Municipal Institutional Development and Transformation	Co-ordinate bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager by 30 June 2017	Number of assessments conducted	2		2	2	G
TL35	To enhance the public profile, reputation and positioning of the SPM	Good Governance and Public Participation	To communicate to the public (established residential areas) by issuing monthly news letters	Number of newsletters issued.	12		12	12	G
TL36	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	Achieve 70% compliance with the EAP plan of the municipality by ensuring representation of the racial profile of the local authority on municipal level by 30 June 2017.	% compliance to the EAP	66%	[D201] Employment Equity Manager: Monitoring of the plan in terms of the target is very critical. Information received from Dept. of Labour (June 2017)	70%	66%	O
TL37	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	Monitor the implementation of the Human Resource Management Plan through conducting at least one review meeting annually.	HRM Plan tabled	New		1	1	G
TL38	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	Review and submit the strategic risk register to the Accounting Officer by 31 March 2017	Strategic risk register	1	[D203] Chief Risk Officer: None (April 2017) [D203] Chief Risk Officer: None required (May 2017) [D203] Chief Risk Officer: None (June 2017)	4	4	G
TL39	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	To report quarterly on the progress of risk mitigation to the Executive Management Team (EMT)	Number of reports	4	[D204] Chief Risk Officer: None (April 2017) [D204] Chief Risk Officer: None required (May 2017) [D204] Chief Risk Officer: None (June 2017)	4	4	G
TL40	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	Submit an Annual Report on risk management maturity level of SPM to NT by 30 June each year	Maturity Report submitted	1	[D205] Chief Risk Officer: None (April 2017) [D205] Chief Risk Officer: None required (May 2017) [D205] Chief Risk Officer: None required (June 2017)	1	1	G
TL41	To provide a framework for Municipal Transformation and Institutional Development	Municipal Institutional Development and Transformation	To fully complete the first phase in order to progress to phase 2 of the security project to increase the quality of security within SPM by 30 June 2017	% complete in terms of the project plan	New		100%	40%	R



Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL54	To enhance the public profile, reputation and positioning of the SPM	Good Governance and Public Participation	To respond to all media enquiries and issue media statements within 24 hours after an occurrence	Response time	New		24	20	B
TL55	To enhance the public profile, reputation and positioning of the SPM	Good Governance and Public Participation	To communicate to the informal residential areas by issuing quarterly newsletters	Number of newsletters issued	New		4	4	G

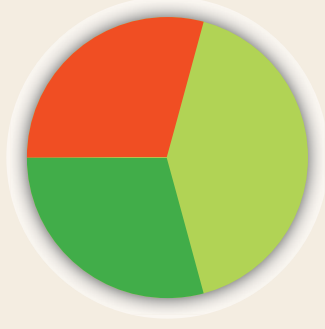


	KPI Not Met	1 (10 %)
	KPI Almost Met	1 (10 %)
	KPI Met	7 (70 %)
	KPI Well Met	-
	KPI Extremely Well Met	1 (10 %)
	<b>Total</b>	<b>10</b>

## Community and Social Development Services

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL49	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	To complete the first phase of implementation of the project on the upgrade of the landfill site by 30 June 2017	% complete in terms of the project plan and project progress report from contractor	New	[D266] Manager: Environmental Health: (June 2017)	100%	100%	G
TL50	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	To fully complete the first phase of the implementation of the project to construct the Homevale Fire Station by 30 June 2017	% complete in terms of the project plan and project progress report from contractor/project manager	New	[D267] Chief Emergency Services: Although we are behind on the project, it is due to circumstances beyond our control (April 2017) [D267] Chief Emergency Services: None (May 2017) [D267] Chief Emergency Services: All drawings will be issued before end July 2017 and all tender documentation will be issued for approval before end of August 2017. (June 2017)	100%	72,50%	R
TL51	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	Review the Integrated Waste Management Plan by 30 June 2017	Reviewed integrated waste management plan	New	[D268] Manager: Environmental Health: An understanding was reached that all strategic documents be co-ordinated at management level. CFO to make recommendations to MM in this regard. Whilst the process of IDP is continuing ahead of this review, the process will ensure consistency between the two documents and contractual agreements are being investigated. - An email from the CFO, Ms Mahloko dd 26 February 2017 (June 2017) (June 2017)	1	0	R
TL52	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	Respond to 85% of emergency call-outs within time limits as prescribed in table 1 and table 2 of SANS 10090 by 30 June 2017	% call-outs that were responded to within the time limits	New		85%	92,25%	G2

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL53	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	To achieve at least 70% compliance with the National Disaster Management Tool by 30 June 2017	% compliance with the National Disaster Management Tool	New	[D270] Chief Emergency Services: None (June 2017)	70%	75%	G2
TL57	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	To appoint a contractor for the upgrade of the Florianville swimming pool by 30 June 2017	Signed Appointment letter	New	[D467] Manager : Parks and Recreation : (June 2017)	1	1	G



	KPI Not Met	2 (33.3 %)
	KPI Almost Met	-
	KPI Met	2 (33.3 %)
	KPI Well Met	2 (33.3 %)
	KPI Extremely Well Met	-
	<b>Total</b>	<b>6</b>

# Strategy, Economic Development and Planning

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL42	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	Ensure a turnaround time of ten weeks for building plan approval for buildings or architectural buildings greater than 500m2 in accordance with NBRBSA - 103/1977	Average time in weeks to approve building plans	16 weeks	[D34] PMU Manager: None (June 2017)	10	24,62	R
TL43	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	Ensure a turnaround time of six weeks for building plan approval for buildings or architectural buildings less than 500m2 in accordance with NBRBSA - 103/1977	Average time in weeks to approve building plans	16 weeks	[D334] Manager: Urban Planning: To urgently appoint additional staff members to assist in the processing of building plans. (June 2017)	6	14,6	R
TL44	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	Improving the turnaround time for development applications (rezoning) from receipt of all sectional comments, submission to Development and Planning Committee and Council to ten weeks by 30 June 2017	Average time in weeks to approve applications	10 weeks	[D335] Manager: Urban Planning: No corrective measure. (April 2017) [D335] Manager: Urban Planning: No corrective measure. (June 2017)	10	8	B
TL45	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	To approve all land use applications received until 30 April of the current financial year through MPT (Municipal Planning Tribunal) by 30 June 2017	Number of land use applications approved	1	[D463] Manager: Urban Planning: To continue processing applications within required timeframes. (April 2017) [D463] Manager: Urban Planning: To finalize all outstanding MPT applications in financial year 2017/2018. (June 2017)	100%	41,38%	R
TL46	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	Promote tourism into the city using arts, culture and heritage as a strategy by creating a marketing platform for SMMEs through at least four events partnered by Sol Plaatje on an annual basis.	Number of marketing platforms created (events)	5		4	9	B
TL47	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	Support SMME's through business incubation by setting up developmental programmes for at least ten businesses annually	Number of business provided with a developmental programme	10		10	22	B
TL48	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Local Economic Development	To identify suitable land for the upgrade of at least three informal settlements in order to ensure security of land tenure for community	Number of informal settlements identified for upgrade	2	[D339] Manager: Urban Planning: Phase II of Santa Centre to be completed in May 2017 (April 2017) [D339] Manager: Urban Planning: No corrective measure. (June 2017)	3	3	G



Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL56	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Local Economic Development	To reduce the backlogs (plans received before 1 July 2016) for building plan approvals by 50% by 30 June 2017	Percentage of backlogs as at 1 July 2016	New	[D466] Manager: Urban Planning: None (April 2017) [D466] Manager: Urban Planning: To clear the outstanding backlog. (June 2017)	50%	61%	B
L58	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	To complete 70% of the Taxi lay-by project by 30 June 2017	% project progress	New	[D468] GURP Manager: Not required. (April 2017) [D468] GURP Manager: This project is part of the multi-year initiative which is Public Transport Network. Project will be implemented once the appointment is done in the subsequent financial year. (May 2017) [D468] GURP Manager: The project is part of the R25m Public Network Transport Upgrade Project and R4m was allocated for the taxi lay-by's but as the focus of Public Network Transport has changed this project will only commence in the next FY 2017/2018. (June 2017)	70%	0%	R



KPI Not Met	3 (33.3%)
KPI Almost Met	2 (22.2%)
KPI Met	1 (11.1%)
KPI Well Met	-
KPI Extremely Well Met	3 (33.3%)
<b>Total</b>	<b>9</b>

## Infrastructure and Services

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL8	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Basic and Sustainable Service Delivery and Infrastructure Development	Ensure that delivery of at least 80% of the components of the high lift pumps for Riverton take place by 30 June 2017	% of total components delivered	100%	[D34] PMU Manager: None (June 2017)	80%	72%	O
TL9	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Basic and Sustainable Service Delivery and Infrastructure Development	To complete at least 30% of the construction project for a new pump station building at Riverton Waste Water Treatment Works (to host the new high lift pumps) by 30 June 2017	% complete in terms of the project plan and progress report from contractor	100%	[D437] City Engineer: Water and Sanitation: Negotiate reasonable storage package for newly manufactured pumps and associated electrical components. (April 2017) [D437] City Engineer: Water and Sanitation: None (May 2017) [D437] City Engineer: Water and Sanitation: The contractor fell four weeks behind schedule due to unknown electrical cables that were exposed within the construction area and time was spent to trace and relocate cables. Contractor will accelerate the rate of progress to catch-up with construction programme (June 2017)	30%	14%	R
TL10	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Basic and Sustainable Service Delivery and Infrastructure Development	To complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017	% complete in terms of the project plan and project progress report from contractor	77%	[D438] City Engineer: Water and Sanitation: None (April 2017) [D438] City Engineer: Water and Sanitation: None (May 2017) [D438] City Engineer: Water and Sanitation: Enable the contractor to commission new equipment by ensuring that required quality of effluent is provided for testing and commissioning purposes. (June 2017)	100%	100%	G
TL11	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Basic and Sustainable Service Delivery and Infrastructure Development	To complete 100% of phase 1 for the upgrade of the Ritchie WTW by 30 June 2017	% complete in terms of the project plan and project progress report from contractor	New	[D439] City Engineer: Water and Sanitation: None (April 2017) [D439] City Engineer: Water and Sanitation: None (May 2017)	100%	100%	G

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017		
						Departmental Corrective Measures	Target	Actual
TL12	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Decrease electricity losses to 18% by 30 June 2017	% electricity losses	19,30%	[D440] Chief Superintendent Distribution: By-passed and faulty prepayment meters to be replaced. All credit meters to be read on a monthly basis (April 2017) [D440] Chief Superintendent Distribution: By-passed and faulty prepayment meters to be replaced. All credit meters to be read on a monthly basis (May 2017) [D440] Chief Superintendent Distribution: By-passed and faulty prepayment meters to be replaced. All credit meters to be read on a monthly basis (June 2017)	18%	24,54%
TL13	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	Basic and Sustainable Service Delivery and Infrastructure Development	586 additional households connected to the electricity network by 30 June 2017	No of houses connected to electricity network	1 876		586	1 015
TL14	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Decrease water losses to 45% by 30 June 2017	% water losses	56,39%	[D442] City Engineer: Water and Sanitation: Implementation of projects to reduce water losses needed. (May 2017) [D442] City Engineer: Water and Sanitation: Implementation of projects to reduce water losses needed. (June 2017)	45%	50,56%
TL15	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Achieve 92% Blue drop Status (BDS) by 30 June 2017	Annual % performance per system report	98%	[D443] City Engineer: Water and Sanitation: None. (May 2017)	92%	98%
TL16	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Achieve 80% Green drop Status (GDS) by 30 June 2017	Annual % performance per system report	71%	[D444] City Engineer: Water and Sanitation: Maintenance needs to be prioritised to improve operational and compliance performance. (May 2017)	80%	68%

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Overall Performance for Sep 2016 to Jun 2017			
						Departmental Corrective Measures	Target	Actual	R
TL17	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Paving of 4 km residential roads by 30 June 2017	Km of roads paved	2.1 km	[D445] City Engineer: Roads and Storm Water: Project to be accelerated early into the financial year for completion (June 2017)	4	2,71	R
TL18	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Resealing of 6 km of roads by 30 June 2017	Km of roads resealed	New	[D446] City Engineer: Roads and Storm Water: Project to be accelerated for completion early in next FY (June 2017)	6	3,97	O
TL59	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	Ensure that the delivery of all identified critical fleet assets as per the fleet replacement programme is done by 30 June 2017	Vehicles delivered	New		100%	100%	G
TL60	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Basic and Sustainable Service Delivery and Infrastructure Development	To complete the technical investigation for bulk water and sanitation services linked to the Lerato Park New Development by 30 June 2017	Technical investigation report	New	[D470] City Engineer: Water and Sanitation: None (April 2017) [D470] City Engineer: Water and Sanitation: Expedite the process of finalizing the SLA. (May 2017)	100%	100%	G

#### CONCLUSION

We believe that this annual performance report provides a complete and accurate overview of the municipality's performance against targets set for the 2016/2017 financial year.



	KPI Not Met	4 (30.8 %)
	KPI Almost Met	3 (23.1 %)
	KPI Met	4 (30.8 %)
	KPI Well Met	1 (7.7%)
	KPI Extremely Well Met	1 (7.7%)
	<b>Total</b>	<b>13</b>





GURP Projects





# CHAPTER 4

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

### 4.0 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The main purpose of Organisation Development is to provide training and development interventions with the aim to increase the competencies of officials so that services can be rendered effectively.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS - TURNOVER AND VACANCIES

(Approved posts are the approved posts as per the tabled and approved organogram end June 2016)

Description	2015/2016	2016/2017			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.				%
Municipal Manager's Office	26	29	25	4	13.79
<b>Infrastructure and Services</b>					
Executive Director's Office	12	13	11	2	15.38
Water & Sanitation	178	326	178	148	45.40
Electricity Services	145	225	144	81	36.00
SECCU	1	2	0	2	100.00
Housing	60	77	58	19	24.68
Roads & Storm Water	65	161	88	73	45.34
SEDP	87	179	87	92	51.40
<b>Community Services</b>					
Clinics	21	98	22	76	77.55
Emergency Services	62	140	62	78	55.71
Environmental Health	8	35	8	27	77.14
Library Services	39	66	37	29	43.94
Motor Vehicle Licensing & Registration	29	48	28	20	41.67
Parks & Recreation	253	319	263	56	17.55
Social Development HIV/Aids	3	3	2	1	33.33
Traffic Law Enforcement	86	105	83	22	20.95
Waste Management	111	349	135	214	61.32
Corporate Services	135	220	137	83	37.73
<b>Financial Services</b>					
Finance	233	247	225	22	8.91
ICT	11	20	11	9	45.00
Supply Chain	37	39	34	5	12.82
<b>Totals</b>	<b>1 602</b>	<b>2 701</b>	<b>1 638</b>	<b>1 063</b>	<b>39.36</b>

Note: These figures do not include the whole organisation

#### 4.1.2 Vacancy Rate 2016/2017

Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using full-time equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.		%
S54 Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S56 Directors (excluding Finance Posts)	7	2	28.60
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	14	7	50.00
Fire fighters	101	56	55.40
Senior management: Levels 13-15 (excluding Finance Posts)	105	43	41.00
Senior management: Levels 13-15 (Finance posts)	25	3	12.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	729	185	25.40
Highly skilled supervision: levels 9-12 (Finance posts)	218	9	4.10
<b>Total</b>	<b>1 201</b>	<b>305</b>	<b>15.10</b>

*Note: The figures outstanding relate to the Task levels which have not been evaluated for all levels. It is expected that the Appeals process will be finalised by June 2016*

#### 4.1.3 Turnover Rate 2016/2017

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No.		
2013/2014	93	136	146%
2014/2015	101	143	142%
2015/2016	23	63	274%
2016/2017	76	77	101%

#### 4.1.4 Comment on Vacancies and Turnover

Vacancies are recorded on two software systems and the rate remains a matter for concern. Finally, the organogram was approved by Council on 29 June 2016. This will mean that the

organogram will have to be reloaded onto the software system and carefully monitored with our software system to ensure that there are no discrepancies.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The primary objective of Human Resource Management is to render an innovative Human Resource service that addresses both skills development and an administrative function as approved in the staff establishment

### 4.3 POLICIES

#### 4.3.1 Comment on Workforce Policy Development

Human Resource Section regularly reviews existing policies and procedures in addressing all human resource related matters and any challenges faced by the Municipality. One of our biggest challenges remains the recruitment and retention of skilled technical staff in order to meet the Municipality's objectives as set out in the IDP.

Recruitment includes headhunting technical staff based on the provisions of the recruitment and selection policy.



#### 4.3.2 Human Resource Policies and Plans

Human Resource Policies and Plans				
Item	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	100%	7 July 2010
2	Attraction and Retention	100%	100%	Tabled at Committee of Council: Corporate
3	Code of Conduct for employees	100%	100%	Schedule 1 of Municipal Systems Act
4	Delegations, Authorisation & Responsibility	100%	100%	Adopted by June 2005
5	Disciplinary Code and Procedures	100%	100%	SALGBC Agreement: adopted
6	Essential Services	100%	100%	Regulated by the Labour Relations Act
7	Employee Assistance / Wellness	90%	100%	Tabled at Committee of Council: Corporate
8	Employment Equity	100%	100%	7 July 2010
9	Exit Management	100%	100%	HR Procedure
10	Grievance Procedures	100%	100%	SALGBC Agreement
11	HIV/Aids	100%	100%	7 July 2010
12	Human Resource Training and Development	100%	100%	Regulated by Skills Development Act
13	Information Technology Policies	100%	100%	30 June 2010, reviewed July 2012
14	Job Evaluation	100%	100%	Approved by Council, 4 November 2014
15	Leave	100%	100%	SALGBC
16	Occupational Health and Safety	100%	100%	Regulated by Health and Safety Act
17	Official Housing	N/A	N/A	Not Applicable
18	Travelling and Subsistence Allowance Policy	100%	100%	8 December 2009; reviewed 2012
19	Official transport to attend Funerals	N/A	N/A	Not applicable
20	Official Working Hours and Overtime	100%	0%	Conditions of Service:
21	Organisational Rights	100%	100%	SALGBC Agreement
22	Payroll Deductions	100%	100%	HR Procedure
23	Performance Management and Development	100%	90%	Approved 7 July 2010
24	Recruitment, Selection and Appointments	100%	100%	Approved 2 June 2015
25	Remuneration Scales and Allowances	100%	100%	SALGBC Agreement
26	Resettlement	100%	100%	Housing Procedure
27	Sexual Harassment	100%	100%	Reviewed 7 July 2010
28	Skills Development	100%	100%	Regulated by Skills Development Act
29	Smoking	90%	100%	Tabled at Committee of Council: Corporate
30	Special Skills	100%	100%	Council resolution
31	Uniforms and Protective Clothing	100%	100%	HR Procedure

#### 4.3.3 Comment on Workforce Policy Development

Municipalities fall under the scope of the South African Local Government Association (SALGA); accordingly, the policy environment for municipalities, including the Sol Plaatje Municipality, is regulated by the South African Local Bargaining Council (SALBC) agreements. Given that municipalities exercise legislative and executive authority in terms of Chapter 7 of the Constitution of the Republic of South Africa (1996, as amended), read in conjunction with the legislative framework on co-operative governance, municipalities adopt policies and procedures to regulate the policy lacuna of the SALBC framework, for instance section 151(3) of the Constitution provides that "a Municipality has the right to govern on its own initiative, the local affairs of its community, subject to national and provincial legislation...". Accordingly, the policy schedule referred to under 4.2.1 reflects this dialectical interrelationship between policies adopted by the SALBC and the municipality for the applicable period. The local government legislative framework including but not limited to the following legislation regulates other policies:

- Constitution of the Republic of South Africa (*Act No. 108 of 1996, as amended*)
- Local Government: Municipal Finance Management Act (*Act No. 56 of 2003*) (referred to hereafter as the MFMA)
- Local Government: Municipal Structures Act (*Act No. 117 of 1998*)
- Local Government: Municipal Systems Act (*Act No. 32 of 2000, as amended*)
- Employment Equity Act (*Act No. 55 of 1998*)
- Basic Condition of Employment Act (*Act No. 75 of 1997, as amended*)
- Labour Relations Act (*Act No 66 of 1995, as amended*)
- Occupational Health and Safety Act (*Act No. 85 of 1993, as amended*)
- Skills Development Act (*Act No. 97 of 1998, as amended*)



#### 4.4 IOD INJURIES

In terms of injury on duty SPM is unable to prematurely calculate injuries on duty (IOD) for any future injuries.

Number and Cost of Injuries on Duty 2016/2017					
Type of injury	Injury Leave Taken	Employees injured	Proportion employees using IOD sick leave	Average Injury Leave per employee	Total Estimated Cost (Rand)
	Days	No.	%	Days	
Required basic medical attention only	0	11	0%	0	9 612.56
Required Medical attention	240	23	1.18%	10.43	210 832.55
<b>Sub Total</b>	<b>240</b>	<b>34</b>	<b>1.18%</b>	<b>7.06</b>	<b>220 445.11</b>
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>240</b>	<b>34</b>	<b>1.18%</b>	<b>7.06</b>	<b>220 445.11</b>

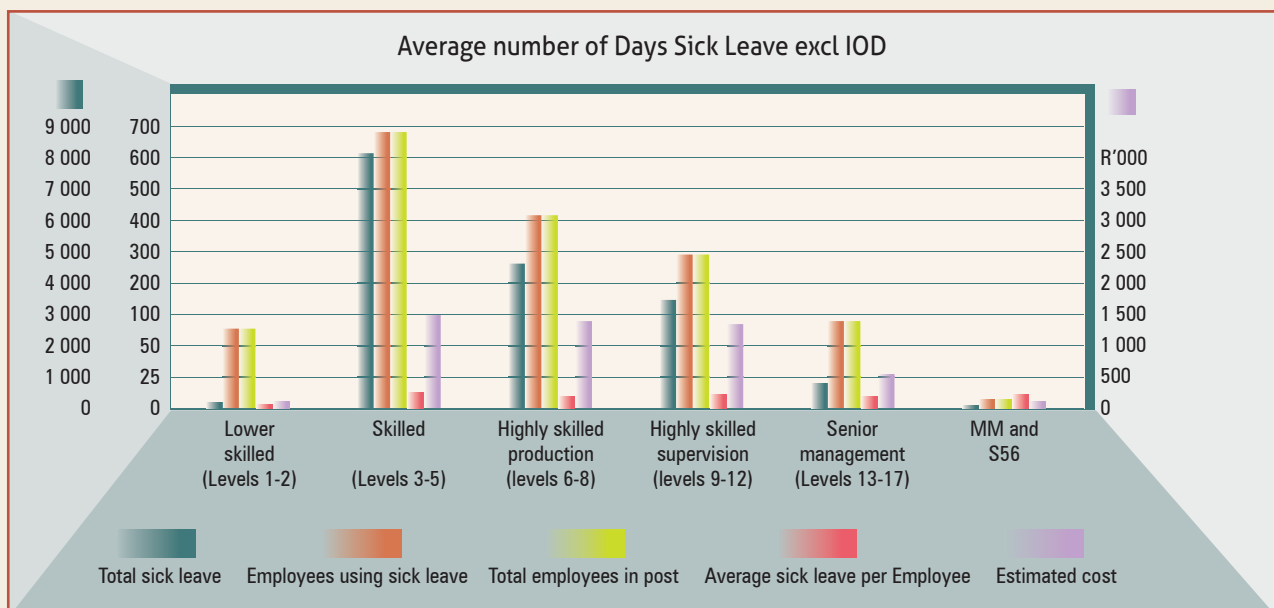
##### 4.4.1 Number of Days and Cost of Sick Leave (excluding Injuries on duty)

Sick leave per employee is not calculated separately, it forms part of the total remuneration package per employee.

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employee	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	171	16.00	73	73	2.34	60
Skilled (Levels 3-5)	8 324	10.00	690	690	12.06	3 000
Highly skilled production (levels 6-8)	4 760	13.50	411	411	11.58	2 800
Highly skilled supervision (levels 9-12)	3 485	13.00	293	293	11.89	2 700
Senior management (Levels 13-17)	842	24.50	91	91	9.25	1 100
MM and S56	53	36.00	5	5	10.60	92
<b>Total</b>	<b>17 635</b>	<b>113</b>	<b>1 563</b>	<b>1 563</b>	<b>11.28</b>	<b>11 120</b>

\* Number of employees in post at the beginning of the year T 4.3.2

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



#### 4.4.2 Comment on Injury and Sick Leave

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Occupational injury will influence the loss of man hours according to the seriousness of the injury/disease and can be costly to the municipality based on the financial and productivity performance.

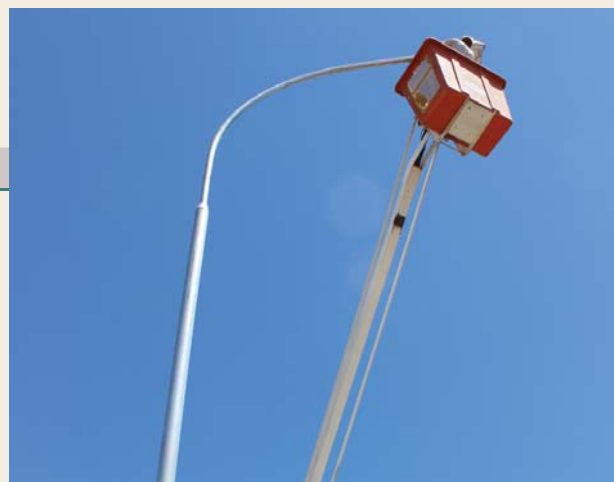
The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

#### 4.4.3 Number and Period of Suspensions

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Hearing Finalised
Accountant Salary & Costing	Theft and Fraud	1 September 2016		Dismissed 23 March 2017
Clerk Sundry Creditors	Theft and Fraud	29 September 2016		Dismissed 2 February 2017
Co-ordinator Legal Collections	Fraud	5 October 2016		Dismissed 18 April 2017
Senior HR Officer	Fraud	1 September 2016		Dismissed 24 April 2017
Administrator HR	Fraud	23 September 2016		Dismissed 20 June 2017

#### 4.4.4 Comment on Suspensions and Cases of Financial Misconduct

There is a tendency by the accused employees to contest their cases in the SALGBC and Labour Court. No disciplinary cases of financial misconduct took place in the municipality according to Section 171 – 173 of the MMFA.



### 4.5 PERFORMANCE REWARDS

The performer of the year of 2016/2017 did not take place due to little interest from sections. Only three nominations were received.

#### 4.5.1 Comment on Performance Rewards

The municipality does not budget for performance awards, however the Reward and Incentive Policy is in a draft format. After thorough consultation the policy will be presented to committees of Council for approval.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.6 INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

During this year the relationship with LGSETA has improved, however, the major challenge is with the implementation of training and development in the inability of the LGSETA to communicate the amount of grant payments to be received as well as when such payments will be made which hampers the effective planning and implementation of training. This indirectly affects the perception and attitude of the officials towards training.

The problem of employees not attending training once being nominated was discussed on several occasions. The trend however remains unchanged.

The emphasis on future training is still to implement PIVOTAL training that is aimed at participants receiving full and accredited qualifications relevant to the work they are doing.

The LGSETA has not yet communicated and/or paid any monies to pay for PIVOTAL related training.



#### 4.6.1 Skills Development and Training

Management Level	Gender	Employees trained in post as at 2017/06/30	Number of skilled employees required and actual as at 30 June Year 2017											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: 30/6/16	Actual: 30/6/17	Target 2017/2018	Actual: 30/6/16	Actual: 30/6/17	Target 2017/2018	Actual: 30/6/16	Actual: 30/6/17	Target 2017/2018	Actual: 30/6/16	Actual: 30/6/17	Target 2017/2018
Managers	Female	30	0	0	0	0	14	18	0	0	7	0	0	3
	Male	59	0	0	0	0	16	35	0	0	17	0	1	10
Professionals	Female	32	0	1	1	3	24	30	1	0	20	4	0	4
	Male	46	0	2	4	1	8	39	4	1	14	5	0	5
Technicians and Trade Workers	Female	8	0	4	2	34	0	0	1	1	0	35	0	0
	Male	184	0	11	4	95	41	52	11	3	5	106	0	29
Community and Personal Services Workers	Female	51	0	1	0	0	16	33	0	0	0	0	10	0
	Male	126	0	10	1	0	42	63	0	8	14	0	17	2
Clerical and Administrative Workers	Female	13	0	0	0	21	0	4	0	0	22	21	34	25
	Male	23	0	0	0	15	0	14	0	0	25	15	8	24
Machine Operators and Drivers	Female	1	0	0	0	0	0	0	0	0	0	0	0	0
	Male	98	0	0	0	0	26	25	0	0	60	0	5	5
Labourers	Female	141	0	0	0	0	8	30	0	0	100	0	203	7
	Male	650	0	0	0	0	17	185	0	0	201	0	235	26
Sale and Service Workers	Female	277	0	1	0	0	153	178	0	0	0	0	0	16
	Male	175	0	0	0	0	94	112	0	0	0	0	0	28
<b>Total</b>		<b>1 974</b>	<b>0</b>	<b>30</b>	<b>12</b>	<b>169</b>	<b>459</b>	<b>801</b>	<b>17</b>	<b>13</b>	<b>513</b>	<b>186</b>	<b>513</b>	<b>184</b>

#### 4.6.2 Skills Development Expenditure 2016/2017

The total budget allocated for skill development programme was R400 000 for all management levels, and the total sum spend for the skill development expenditure is R353 000, for all level of profession within the Municipality.

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on Skills Development 2015/2016							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Managers	Female	14	0	50 000	25 000	12 365	0	0	25 000	12 365
	Male	16	0	0	30 000	21 402	0	0	30 000	21 402
Professionals	Female	24	0	0	400 000	353 000	0	0	10 000	10 450
	Male	8	0	0	20 000	17 428	500 000	489 892	520 000	507 320
Technicians and Trade Workers	Female	0	0	0	50 000	0	0	0	50 000	0
	Male	41	0	0	320 000	353 397	400 000	389 333	720 000	742 730
Clerical and Administrative Workers	Female	34	0	0	30 000	18 600	0	0	30 000	18 600
	Male	8	0	0	21 996	11 450	0	0	21 996	11 450
Community and Personal Service Workers	Female	34	0	0	4 000	2 500	0	0	4 000	2 500
	Male	8	0	0	30 000	28 507	0	0	30 000	28 507
Machine Operators and Drivers	Female	0	0	0	20 000	0	0	0	20 000	0
	Male	26	0	0	6 000	5 867	0	0	6 000	5 867
Elementary occupations	Female	215	0	0	1 000	259	0	0	1 000	259
	Male	244	0	0	2 000	1 888	0	0	2 000	1 888
Sales and Service Workers	Female	153	0	0	35 000	37 213	0	0	35 000	37 213
	Male	94	0	0	65 000	60 701	0	0	65 000	60 701
Total		919	0	50 000	1 059 996	924 577	900 000	879 225	1 569 996	1 461 252

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



#### 4.6.3 Comment on Skills Development and Related Expenditure and on the Financial Competency Regulations

The table below presents a summary of trained officials in finance directorate

Position	Requirements	MFMP Training	Year
Municipal Manager	NQF level 6	Yes	2012 Dec
Chief Financial Officer	NQF level 7	Yes	2012 Dec
BTO Manager	NQF level 7	Yes	2012 Dec
Head: SCM	NQF level 6	Yes	2013 Dec
Other managers reporting to CFO	NQF level 5-6	Yes	2012 Dec
SCM Practitioners	NQF level 3-5	Yes	In progress
Revenue Management	NQF level 5-6	Yes	2015 May

All staff that are indicated as in progress shall complete the MFMP training in April 2015, well ahead of the expiry date of the exemption. The municipality provides all the necessary resources to ensure that staff completes the training in time.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.7 INTRODUCTION TO WORKFORCE EXPENDITURE

The employee expenditure is based on the approved organisational structure in terms of Council Resolution C239/06/16. The assumption was that all filled positions as at 30 June 2016 are migrated into the new structure on 1 July 2016. Vacant funded positions were moved provided that they existed in the new organisational structure. Unfunded vacant positions were not considered in the organisational structure except in a case where vacancy rate had to be calculated. Newly created positions in the organogram were not funded.

Employee benefits are determined through the Recruitment and Selection Policy. The municipality remunerates its employees using the Tuned Assessment of Skills and Knowledge (TASK). The total remuneration is determined by the level of the position.

It can be seen from the table below that the spending on employee cost had increased significantly from 2015 to 2016 as a result of the above.

Description	30-Jun-17	30-Jun-16	30-Jun-15
Employee costs actual	566 597 417	602 966 171	463 015 266
Total Operational Expenditure	1 650 002 002	1 618 672 245	1 510 650 713
Employee costs as % of Operational Expenditure	34.34%	37.25%	30.65%

### 4.8 EMPLOYEE EXPENDITURE TRENDS

The realisation of the vision of the municipality, that of offering affordable services to the people depends on the optimal usage of human resource capital as employed by the municipality.

For the type and quality of work performed, strong supervisory controls are a prerequisite to successful delivery of service in a cost-effective manner.

Further to this, management has realised that consequence management is integral to the gains needed in as far as quality, turnaround time and serving people.

Since the adoption of the Tuned Assessment of Knowledge and Skills (TASK) remuneration system, the employee earnings has significantly improved, and this contributes to attraction and retention of skills, especially, the technical, engineering and professionals serving the organisation.

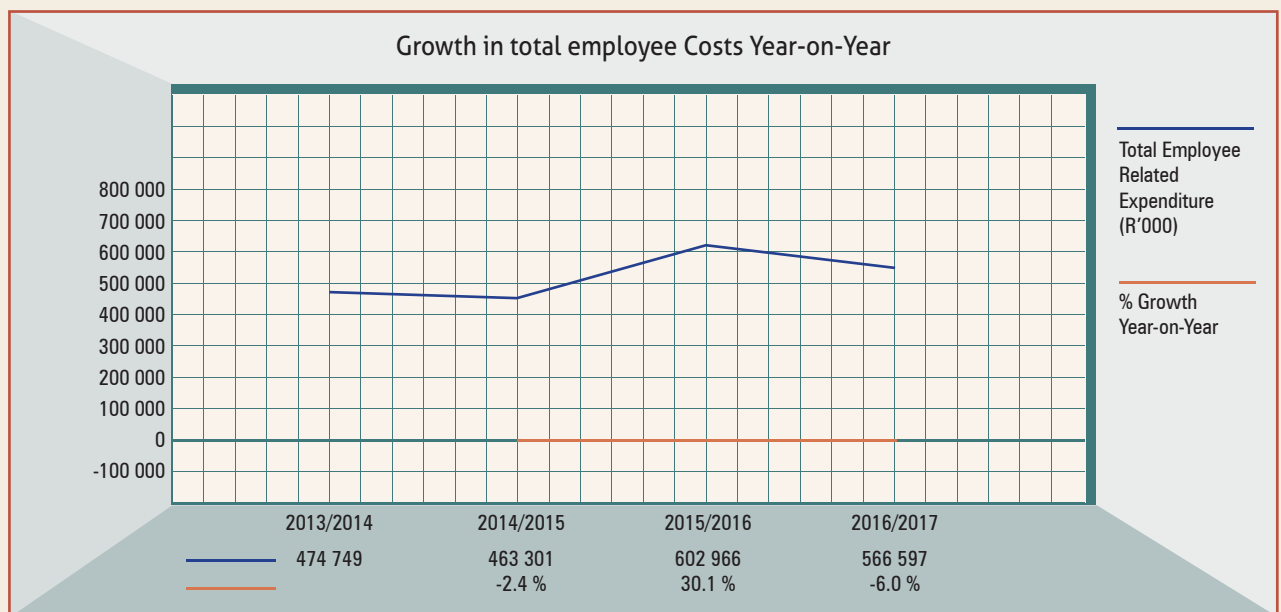
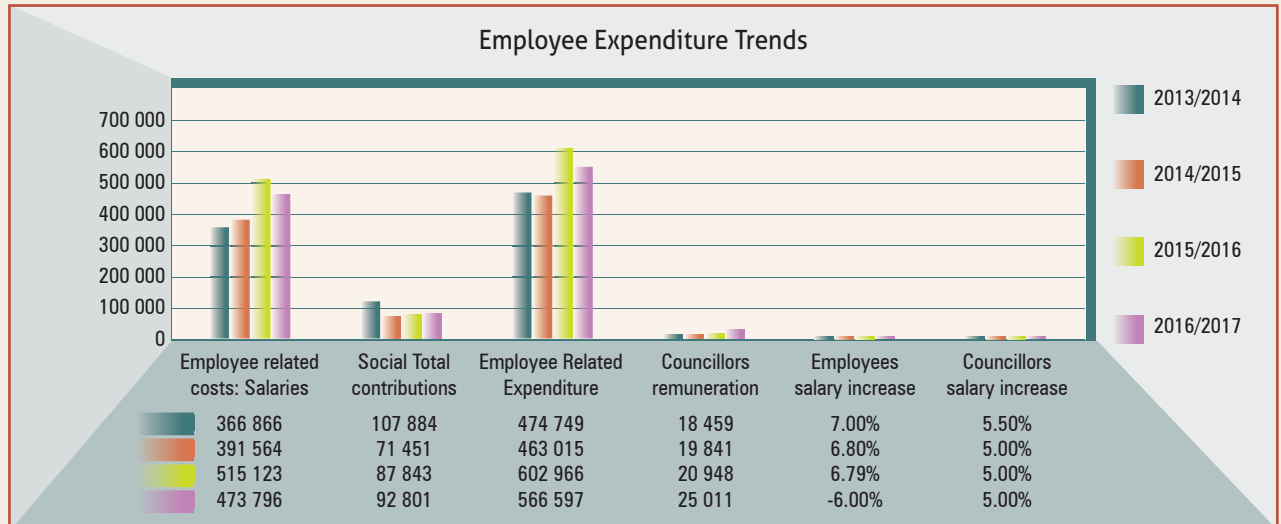
To ensure consistency and cost containment, it is becoming imperative that the municipality develops a remuneration policy for Senior Managers, professionals and Engineers. The policy must also cover employee benefits that are being offered to all staff and councillors of the municipality.

Description	2013/2014	2014/2015	2015/2016	2016/2017
	R'000			
Employee related costs: Salaries	366 866	391 564	515 123	473 796
Social contributions	107 884	71 451	87 843	92 801
<b>Total Employee Related Expenditure</b>	<b>474 749</b>	<b>463 015</b>	<b>602 966</b>	<b>566 597</b>
Councillors remuneration	18 459	19 841	20 948	25 011
Employees salary increase	7.00%	6.80%	6.79%	-6.00%
Councillors salary increase	5.50%	5.00%	5.00%	5.00%

Due to liquidity constraints, management implemented controls in the filling of vacancies in the organisation. This has seen a better control on growth of employee cost budget for the period. In implementing this strategy, a differentiation is made amongst critical managerial, critical professional and service delivery related positions to ensure that we meet the needs of the customers and fulfil our mandate of provide access to basic services.

These measures are continuing as the collection rate is steady at 80% average for 2016/2017, against a required rate of 87.5% as per the SDBIP.

Councillors are remunerated based on upper limits gazette as promulgated by the Minister for CoGTA. A 5% general increase was approved and implemented with total councillor's benefits amounting to R25 011 000.



#### 4.8.1 Comment on Employee Expenditure Trends

In terms of National Treasury's Circular 72 (norms and standard ratios for benchmarking), employee costs between 25% to 40% is acceptable depending on the size and services rendered by the municipality. The municipality's own target is 33% employee costs ratio against total operating expenditure. As at 30 June 2017, the employee costs were 37% of the total operating, which is higher than the target.

At the same time, the annual increase for 2016/2017 financial year was average inflation rate as at 6% plus 1.5%. However, the year on year increase in employee costs is 13%. Management needs to put measures to control growth in employee costs above the average annual increase, especially if the number of heads is not changing.

#### 4.8.2 Number of Employees whose salaries were increased due to their positions being upgraded

The municipality does not upgrade positions. The level of positions changes due to the outcome of the Job Evaluation process.

#### 4.8.3 Employees whose salary levels exceed the grade determined by job evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Snr Clerk	2	T6	C1	Position was graded below what employees were currently receiving.
Clerk	1	T5	C1	
Admin Officers: PA	4	T10	C5	
Admin Officers: Informal Trade	2	T10	C5	
General Assistants	26	T3	A3	
Switchboard Operators	2	T5	B3	
Handyman	14	T5	B3	
Snr Clerk	2	T6	B4	
Snr Clerk	6	T6	B3	
Administrator	1	T8	C1	
Liaison Officer	1	T9	C3	
Cashier	12	T5	B2	
Security Guard	4	T6	B1	
Clerk	2	T5	B2	
Artisan: Plumber	1	T10	C3	
Administrator	1	T9	C2	
Engineer	1	T15	E1	
Controller	4	T10	C5	
Admin Officer	3	T9	C3	
Driver Messenger	3	T4	B3	
Snr Admin Officer	1	T11	D5	
Employee Relations Manager	1	T11	D4	
Snr Clerk	2	T6	C5	
Internal Investigator	1	T11	D3	
Liaison Officer	1	T12	D4	
Head Properties	1	T14	D3	
Project Manager	1	T12	D3	
Mason	1	T6	C1	
Controller: Sanitation	1	T7	C2	
Risk Officer	1	T11	D1	
Communications Officer	1	T11	D1	
Principal Clerk	6	T7	C1	
Clerk	4	T5	B3	
Project Manager	1	T11	C5	
SDBIP Officer	1	T11	C5	
Snr Admin Officer	1	T11	C5	
Foreman: Sanitation	1	T11	C5	
Engineering Technician	1	T11	C5	

#### 4.8.4 Employees appointed to posts not approved

The municipality has no employees who were appointed in positions that are not on the approved staff establishment of the municipality.

#### 4.8.5 Comment on Upgraded Posts and those that are at variance with normal practice

The municipality does not upgrade posts as it is not normal practice.

# CHAPTER 5

## FINANCIAL PERFORMANCE

### 5.0 INTRODUCTION

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

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

Like any other trading business, external factors such as inflation, interest rates, currency weaknesses, the municipality is affected by such. The 2016/2017 financial year has been characterised by various economic circumstances such as job losses which further escalate the trouble of unemployment, increase in prices as a result of rand weakening, increase in petrol prices etc., overall the economy slows down. Government consumption as a percentage of GDP is worrying, whilst sectors such as agriculture and mining are contracting.

The introduction of the minimum wage has resulted in an im-

passe with the employers in the affected sectors as these impact on competitiveness of business in the world market for same commodities. In terms of the Minister of Finance Budget Speech of February 2017, he acknowledged the slower than projected GDP growth rate. The rating agencies decision to rate South Africa to junk status, also brought another challenges for government. As such, the municipality is not immune to all of this. Sustainability depends on the municipal service users being able to pay their bills on time on a monthly basis. It is for this reason that the collection rate is key performance indicator in the organisational scorecard. The average collection as per the audited financial statements is 82% which is below the rate as per the budget assumptions of 87,5% for the same period.

Overall, the municipality's financial performance was well within the budget, which is an indication of credible budget assumptions. The capital budget as well performed well within the budget for the same period.

Name of the Firm	Amount Paid	Nature of the Service
Aganang Consulting Engineers	2 256 781,83	Storm Water Upgrade
Altimax Chartered Accountants & Registered Auditors	79 040,00	Financial Statement Review
Aurecon South Africa (Pty) Ltd	1 514 729,82	Upgrade Waste Water Treatment Works
Bigen Africa Services (Pty) Ltd	2 280 000,00	Lerato Park Link Water
Bosch Munitech (Pty) Ltd	29 982,00	Landfill Site
Esri South Africa (Pty) Ltd	1 508 680,34	IT Consulting
Gibb (Pty) Ltd	1 113 681,58	Homelite Satellite Fire Station
Go Aga Consult	1 374 563,98	Repair of a Concrete Reservoir
Ignite Advisory Services (Pty) Ltd	323 650,22	Performance Management
Linri Enterprises cc	235 524,00	Annual Report
Makone Consulting Engineers cc	2 095 802,86	Bulk Water Augmentation Project
Moedi Consulting Engineers (Pty) Ltd	211 462,71	Zone Metering
Smec South Africa Pty Ltd	1 439 952,38	Upgrading of Landfill Site
V3 Consulting Engineers (Pty) Ltd	1 710 000,00	IDP Plan
Zuri Concepts & Projects	1 083 638,59	Nelson Mandela Statue
	<b>17 257 490,31</b>	



## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Revenue Collection Performance by vote and by source are included as **Appendix K**.

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

The municipality performed very well for the year in as far as billing and expenditure control. The 1st of July 2015 marked the implementation of the new General Valuation Roll that covers a four-year period ending 30 June 2019. The municipality has Municipal Property Rates By-Laws as well as Customer Care, Credit Control and Debt Collection to ensure effective billing and debt collection.

As a result of mSCOA piloting, classification of revenue and expenditure took place in the year and as such restatement of prior year's financials was necessary to ensure comparability and consistency in reporting.

Total revenue billed exceeded the final budget estimates, whilst expenditure was controlled, to align this with the collection and cash flow position of the municipality.

Municipality continued to invest in infrastructure development, refurbishment and upgrades as well as renewal, especially with regards to service delivery related infrastructure assets.

Maintenance is as critical to ensure that assets continue to render services with minimal downtime as a result of deferred maintenance. However, it is clear that close monitoring on maintenance is exercised and underspending avoided.

As part of corporate social responsibility as well as fulfilling the mandate of looking after indigent households, the municipality approved various grants and subsidies to indigent households, organisations, groups and associations in support of ideas and concepts that are aligned with our development goals, tourism and improving living conditions of the people.

NC09.1 Sol Plaatje - Reconciliation of Table A1 Budget Summary

Description	2016/2017						2015/2016					
	Original Budget	Budget Adjustments (t.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
1	2	3	4	5	6	7	8	9	10	11	12	
(R'000)												
Financial Performance												
Property rates	486 708	(17 000)	469 708	468 497		(1 211)	99.7%	96.3%				484 397
Service charges	1 087 887	(25 000)	1 062 887	963 045		(99 842)	90.6%	88.5%				909 207
Investment revenue	19 000	1 000	20 000	21 576		1 576	107.9%	113.6%				20 996
Transfers recognised – operational	165 897	2 713	168 610	163 924		(4 685)	97.2%	98.8%				164 215
Other own revenue	140 059	44 120	184 179	198 411		14 232	107.7%	141.7%				163 742
Total Revenue (excluding capital transfers and contributions)	1 899 552	5 833	1 905 385	1 815 453		(89 931)	95.3%	95.6%				1 742 557
Employee costs	644 340	–	644 340	566 597	–	(77 743)	87.9%	87.9%	–	–	–	602 966
Remuneration of councillors	23 312	2 632	25 944	25 011	–	(933)	96.4%	107.3%	–	–	–	20 948
Debt impairment	190 500	–	190 500	190 195	–	(305)	99.8%	99.8%	–	–	–	159 613
Depreciation & asset impairment	55 650	4 967	60 617	58 708	–	(1 909)	96.9%	105.5%	–	–	–	57 792
Finance charges	27 757	33	27 790	27 789	–	(1)	100.0%	100.1%	–	–	–	29 018
Materials and bulk purchases	647 408	8 070	655 478	613 714	–	(41 764)	93.6%	94.8%	–	–	–	587 694
Transfers and grants	61 510	1 080	62 590	7 984	–	(54 606)	12.8%	13.0%	–	–	–	6 625
Other expenditure	240 866	12 555	253 421	160 004	–	(93 418)	63.1%	66.4%	–	–	–	154 016
Total Expenditure	1 891 344	29 337	1 920 681	1 650 002	–	(270 679)	85.9%	87.2%	–	–	–	1 618 672
Surplus/(Deficit)	8 208	(23 504)	(15 296)	165 451		180 748	-1081.7%	2015.8%				123 885

Description	2016/2017							2015/2016				
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
(R'000)												
1	2	3	4	5	6	7	8	9	10	11	12	
Transfers recognised – capital	81 564	16 733	98 297	89 523		(8 774)	91.1%	109.8%				111 728
Contributions recognised - capital & contributed assets	–	–	–	–		–						261
Surplus/(Deficit) after capital transfers & contributions	89 772	(6 771)	83 001	254 974		171 973	307.2%	284.0%				235 873
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
Surplus/(Deficit) for the year	89 772	(6 771)	83 001	254 974		171 973	307.2%	284.0%				235 873
Capital expenditure & funds sources												
Capital expenditure	125 204	1 525	148 892	119 807		(29 084)	80.5%	95.7%				151 651
Transfers recognised – capital	81 564	16 733	98 297	89 523		(8 774)	91.1%	109.8%				111 728
Public contributions & donations	–	–	–	–		–	–	–				–
Borrowing	–	–	–	–		–	–	–				–
Internally generated funds	43 640	6 955	50 595	30 284		(20 311)	59.9%	69.4%				39 922
Total sources of capital funds	125 204	23 688	148 892	119 807		(29 085)	80.5%	95.7%				151 651
Cash flows												
Net cash from (used) operating	174 128	(14 796)	159 332	95 296		(64 036)	59.8%	54.7%				146 294
Net cash from (used) investing	(125 204)	(23 688)	(148 892)	(119 807)		29 085	80.5%	95.7%				(151 651)
Net cash from (used) financing	(8 246)	–	(8 246)	(8 204)		42	99.5%	99.5%				(10 824)
Cash/cash equivalents at the year end	264 037	–	261 470	225 562		(34 908)	86.6%	85.8%				259 276

### 5.1.2 Financial performance of operational services

Financial Performance of Operational Services						
Description	2015/2016	2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	(R'000)				%	
Operating Cost						
Water	172 431	209 194	208 294	176 301	-16%	-15%
Waste Water (Sanitation)	53 770	63 501	70 201	60 888	-4%	-13%
Electricity	558 088	622 243	631 643	616 512	-1%	-2%
Waste Management	47 075	53 403	53 403	53 636	0%	0%
Housing	18 726	23 196	23 196	17 672	-24%	-24%
Component A: sub-total	850 089	971 537	986 737	925 009	-5%	-6%
Waste Water (Storm Water Drainage)						
Roads	37 088	34 725	36 025	34 981	1%	-3%
Transport	20 610	38 881	38 881	24 356	-37%	-37%
Component B: sub-total	57 698	73 606	74 906	59 337	-19%	-21%
Planning	23 941	14 432	14 432	17 049	18%	18%
Local Economic Development	13 912	25 018	25 268	22 056	-12%	-13%
Component B: sub-total	37 852	39 450	39 700	39 105	-1%	-1%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	–	–	–	–		
Community & Social Services	69 039	77 037	78 306	71 698	-7%	-8%
Environmental Protection						
Health	16 651	16 627	16 627	14 240	-14%	-14%
Security and Safety	33 293	53 832	53 832	36 148	-33%	-33%
Sport and Recreation	38 788	50 679	50 679	41 225	-19%	-19%
Corporate Policy Offices and Other	515 262	608 576	619 894	463 240	-24%	-25%
Component D: sub-total	673 032	806 751	819 338	626 551	-22%	-24%
Total Expenditure	1 618 672	1 891 344	1 920 681	1 650 002	-13%	-14%

### 5.1.3 Comment on Financial Performance

The municipality relies on billed revenue to fund its operations. Non-collection of billed revenue will result in cash flow difficulties in the medium to long term.

It is for this reason that operational expenditure is adjusted monthly to align with monthly cash collected. As per the table above, the revenues projected were in line with the actuals for 2016/2017 with an insignificant variance of 0,51% below the estimate, whilst the expenditure varies with 16% below the projected annual expenditure as per the budget.

This variance is a result of the municipality having realised the lower than projected collection rate and had to put expenditure

control measures on goods and services not to diminish the accumulated reserves at a faster pace. The municipality further realised savings as a result of valuation of post-employment benefits in the 2016/2017 financial year. The municipality also put more stringent procedures in the filling of vacancies to accumulate budget for the filling of vacancies as per the new organogram that became effective from 1 July 2016, after it was adopted by Council on 26 June 2016.

The municipality realised a surplus of approximately R255 million as per the audited financial statements for the period as a result of lower than projected operational expenditure against the actual operational revenue.



## 5.2 GRANTS

The following grants were gazetted and transferred to the municipality:

### 5.2.1 Grant Performance

Financial Performance of Operational Services						
Description	2015/2016	2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	(R'000)				%	
Operating Transfers and Grants						
National Government	154 635	156 370	156 876	152 932	-2.20%	-2.51%
Equitable share	143 335	144 171	144 171	144 171	0.00%	0.00%
Financial Management Grant	1 600	1 625	1 625	1 625	0.00%	0.00%
Municipal Systems Improvement	930	1 300	1 300		-100.00%	-100.00%
Expanded Public Works	4 984	5 574	5 574	5 574	0.00%	0.00%
Infrastructure Skills Development Grant (ISDG)	3 786	3 700	4 206	1 562	-57.78%	-62.86%
Department of Water Affairs						
Provincial Government	6 609	7 407	8 676	8 006	8.1%	-7.7%
Health subsidy		–	–			
Library Services	6 609	7 407	8 676	8 006	8.1%	-7.7%
COGHSTA						
Department of Economic Development & Tourism (NDA)						
Other Grants	–					
District Municipality	1 599	–	2 500	2 816		12.6%
Frances Baard District Municipality	1 599		2 500	2 816		12.6%
Other grant providers	1 372	2 120	2 120	170	-92.0%	-92.0%
MIG Operational	–	2 120	2 120		-100.0%	-100.0%
Miscellaneous	1 372			170		
Other Donations						
Total Operating Transfers and Grants	164 215	165 897	170 172	163 924	-1.2%	-3.7%

#### COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality received various grants and subsidies as per the table above to fund some of its operations. Operating grants are about 8% of the total revenue funding the operational activities, which is an indication that the municipality is mainly self-funded.

All grants are gazetted in either the National Gazette, the Division of Revenue Act as well as in the Provincial Gazette.

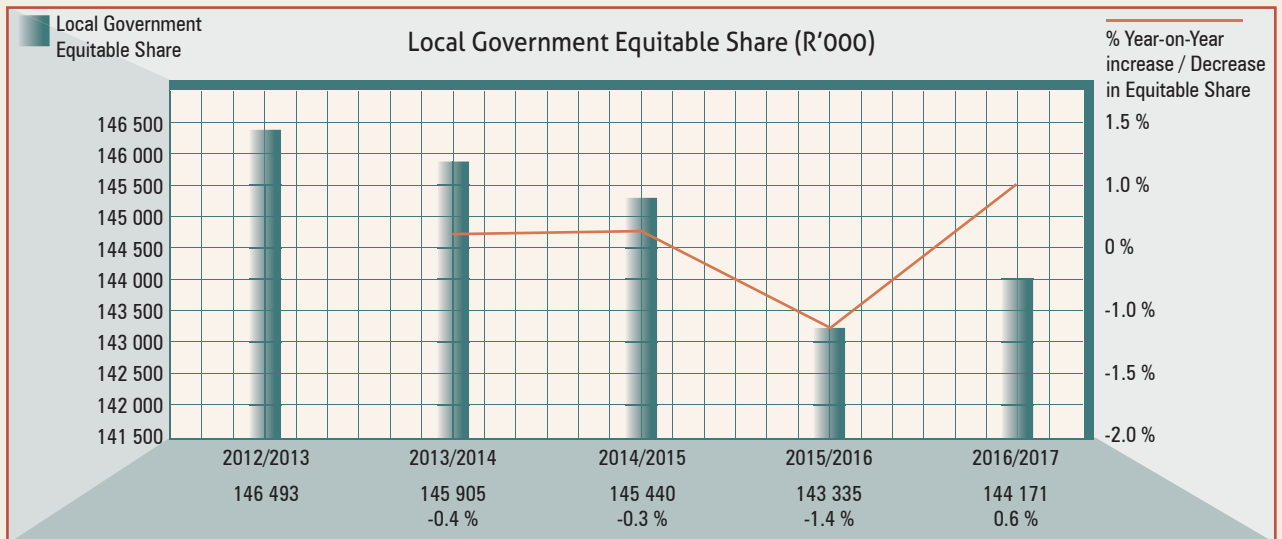
Grants from the district municipality are approved together with the budget and are communicated through written correspondence.

The municipality is providing Primary Health Services and as such received a provincial grant to this effect. The grant received is far less than the costs of providing the services. The shortfall is funded from rates income of the municipality.

The Department of Sports, Arts and Culture also allocates a grant to the municipality for the provision of library services across the city, with special focus on infrastructure and other assets (books etc.).

Grants received during the year were below the final budget estimates by 3.8%.

## Depiction of year-on-year increase/(decrease) in Equitable Share



The graph above indicates the trends in equitable share allocations for the last five years, which has been in the decline. National Treasury reviewed the equitable share, and the new formula became effective on 1 March 2012.

Equitable share is utilised mainly to subsidise free basic services as per the indigent policy of the municipality. The indigent register had almost 14 000 households registered and benefitting for the financial year ended 30 June 2016 against a target of 12 000 households.

This is an indication that the below target GDP growth impacts on job creation and sustainability.

### INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

#### Unemployed Graduates Programme: funded by the Infrastructure Skills Development Grant of National Treasury

This year Sol Plaatje Municipality was rated as one of the six top performing municipalities out of the eighteen municipalities in the country who are part of a National Treasury pilot project to professionalise unemployed graduates. In this period ten out of fifteen interns, 66%, have become professionalised, and the remaining candidates are very close to submitting their applications for professionalisation.

The areas in which interns were professionalized are :

- Town Planning,
- Fitting and Turning, and
- Boiler Making.

Disciplines in which interns are still to complete their professionalisation include:

- Civil and Electrical Technicians
- Civil Technologists, and
- Laboratory Assistant.

From this one can see that Sol Plaatje Municipality is serious about skills transfer and in enabling it to achieve its strategic goals in the long term. The contractual period of the engineering interns was extended to allow them to gain the required exposure under the supportive eye of SAICE (South African Institution of Civil Engineering).

The project started in earnest on January 2013 and to date R13 816 686 has been utilised for the project to professionalise fifteen interns. After months of hard work this year ten interns

successfully completed the goal of becoming professionals. Three were employed at other municipalities, five were absorbed into the municipality and two found employment in the private sector.

Regardless of this intervention the Municipality is still faced with several challenges with regard to infrastructure management, bulk infrastructure capacity shortage, poor water quality and compromised basic service delivery resulting from the shortage of technical skills. This Infrastructure Skills Development Grant project is intended to professionalise interns in areas where there is a lack of manpower and professionalised skills to assist the municipality to improve on service delivery.

Given the Infrastructure challenges, the Municipality fully supports this Unemployed Graduate Project. Sol Plaatje Municipality has managed to utilise this pilot project to enhance skills particularly in the area of design and has consequently revived this section – a great asset to the municipality.

Other areas where value has been added are:

- The workshop manufacture and installation of pipes in the inlet works of Riverton and in the Waterworks reservoir
- Town planning
- Laboratory
- Civil (Roads and Sanitation), and
- Electrical projects.

The interns have developed amazingly during the past year and have really added much value to their sections. Sol Plaatje Municipality will attempt to employ these professionalised graduates in vacant posts in order to comply with the relevant legislation.

Gratitude is expressed to the project task team, sections within the municipality, consulting engineering firms where interns were seconded, supervisors and registered mentors for their contribution in making this project a success.

### CHALLENGES AND SOLUTIONS

As this is a pilot programme there have been challenges and some of these matters prevented us from reaching the twenty recruits that were initially planned. For example:

- The initial period of the contract had to be extended for the ECSA candidates to gain sufficient work exposure
- Limited female candidates who accepted the positions

- The lack of professional bodies for certain fields of scarce skills (e.g. Property Developers; Building Controllers; etc.)
- The shortage of engineering graduates in this region
- The delay in the approval of the roll-over hampered effective spending patterns. This resulted in the budget and the business plan having to be revised.

It has been a privilege to have been part of this project, and it is noted that National Treasury has approved the new phase to be started during the 2017/2018 financial year.

#### THE EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT

The Expanded Public Works Programme (EPWP) is a government strategy to reduce poverty and unemployment. EPWP involves creating work opportunities for the unemployed through maximising job opportunities within projects. In support of this Sol Plaatje Municipality (SPM) has adopted the strategy and is implementing it through its maintenance and capital programmes. This includes work done in-house and work contracted out to service providers.

The municipality has signed an agreement with the National Department of Public Works for the implementation of EPWP within the municipality. The total budget allocation for 2016/2017 is R5 574 000, and 138 Full Time Equivalent (FTE) were targeted performance for the incentive grant. The FTEs must be created within the Infrastructure, Environment, Culture and Social EPWP programmes/projects for the 2016/2017 financial year.

SPM has so far been steadfast in the implementation of EPWP, however the main challenge thus far is the declining incentive grant over the years and ensuring the sustainability of jobs created through the programme.

At the end of the financial year funds were fully spent on various projects. The municipality had to counter fund the projects by approximately R9 million in order to ensure continuation of projects.

The annual report serves to give feedback on the progress of projects implemented under the incentive grant funds as stipulated in the 2016 Division of Revenue Act (DoRA).

	Project Name	No. of Work Opportunities	No of FTE created
1	Sol Plaatje Cleaning & Greening Project	472	203
2	Cleaning of Newton Reservoir	10	6.1
3	CBD Taxi Rank	17	5.9
4	Landfill Site Labour	11	4.3
5	Resealing of Roads in Ritchie	11	6.1
6	Resealing of Roads in Roodepan	2	0.5
7	Taxi Rank	25	10.1
<b>TOTAL</b>		<b>548</b>	<b>236</b>

#### PROGRESS ON INCENTIVE GRANT PROJECTS

Feedback on projects as tabulated in the project list supplied to the National Department of Public Works. The municipality had seven projects for the 2016/2017 period.

##### Scope of work

Projects implemented during the financial year consist mostly of infrastructure, environmental and culture sector related projects.

##### Project location

All the projects are located within the Sol Plaatje Local Municipal jurisdiction.

##### Duration of the project

The project duration is an average of between six to twelve months, depending on the nature of the projects.

##### Work opportunities

The number of job opportunities created were 548 for financial year (July 2016 – June 2017)

##### Expenditure

The total expenditure incurred by the municipality is R13 000 000 for the period 2016/2017.

##### Branding

Branding on projects remain a challenge due to budgetary constraints and therefore not all projects are branded except for the Sol Plaatje Cleaning and Greening project, in terms of EPWP requirements.

##### Training and workshops

Training provided in most projects is non-accredited training.

##### Challenges and conclusion

The incentive grant allocation continues to decline over the years. Despite this the municipality remains steadfast in the drive of combating unemployment through EPW Programmes within its community.

#### OVERALL SUMMARY FOR THE YEAR

The EPWP projects are progressing extremely well within the Sol Plaatje Local Municipality.

Number of projects..... 7  
 Work Opportunities.....548  
 Estimated FTEs created .....236

#### CONCLUSION

Sol Plaatje Municipality remains committed in supporting the EPWP as a government strategy to reduce poverty and unemployment.

There are still challenges in terms of financing all anticipated initiatives however, the municipality strives to enhance job creations efforts within all its projects.

#### 5.2.2 Grants expenditure from sources other than DoRA

Details of Donor	Actual Grant 2015/2016	Actual Grant 2016/2017	2016/2017 Municipal Contribution	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and benefit from the grant received, include description of any contributions in kind
	(R'000)					
FBDM	7 318	7 816	–	30.06.2017	N/A	
GURP	4 763	–	–	30.03.2017	N/A	
DWA	5 000	3 000	–	30.03.2017	N/A	

## Frances Baard District Municipality – Grant

The FBDM allocations are mainly utilised to fund repairs and maintenance related activities, especially with regards to sewer and sanitation. Ritchie Bulk Augmentation and other O and M were funded from this grant.



### 5.2.3 Comment on Conditional Grants and Grants Received from Other Sources

#### THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)

The purpose of this report is to provide information on the annual performance of the municipality in regard to funds received from the Municipal Infrastructure Grant (MIG). This will take into consideration projects implemented with the allocated funding, challenges experienced during planning and implementation, achievements, successes and lessons learned.

#### BACKGROUND

The MIG programme is part of government's overall strategy to eradicate poverty and create a conducive environment for local economic development. It is expected to maximise em-

ployment opportunities and enterprise development. The programme is also service delivery driven and central to the strategic objectives of municipalities. Municipalities play a central role in the co-ordination of developmental activities and the delivery of municipal infrastructure projects within their area of jurisdiction. MIG is focused on improving the capacity, efficiency, effectiveness, accountability and thus sustainable service delivery in local government.

National and provincial government are responsible for creating enabling policies, financial and institutional environment for the MIG programmes. Municipalities are responsible for planning and implementing of the municipal infrastructure.

#### ALLOCATION AND EXPENDITURE

	2014/2015	2015/2016	2016/2017
Allocation per FY	R 47 211 000	R 48 329 000	R 37 079 000
Expenditure per FY	R 47 211 000	R 48 329 000	R 35 759 770
<b>Difference</b>	<b>R 0</b>	<b>R 0</b>	<b>R 1 319 230</b>

NB: The expenditure reflected above for 2016/2017 period is provisional pending the final outcome of amount stated in the municipal Annual Financial Statements for the year under review.

#### COMMENTS

An initial amount of R47 552 000 was allocated during the financial year 2016/2017 as per Division of Revenue Act (DoRA) however, it was later adjusted downward to R37 079 000 due to slow expenditure by mid-year. The funding allocated to the Municipality was used to finance the following MIG projects:

PROJECT NAME
Upgrading of Infrastructure at Kimberley Landfill Site
Homevale Satellite Fire Station
Lerato Park: Construction of Bulk Water Mains
Lerato Park: Construction of link Sewer and upgrading of downstream infrastructure
Riverton new High Lift pumps - Phase 2
MIG Roodepan ward 1 & 2: Upgrading of Roads and Storm Water Infrastructure
MIG Galeshewe Ward 13: Upgrading of Roads and Storm Water Infrastructure

#### EVALUATION AND PROGRESS

##### Action taken by various actors during the period 2016/2017

The co-ordination of the project identification and prioritization process is conducted in such a way that it integrates municipal IDP and Budget processes to ensure that the objectives of the municipality are achieved. Registered projects are scheduled over the MTREF period as per DoRA allocation projections. It should be noted that the municipality is not fully committed for the next MTREF and require to submit more business plans for registration.

The PMU is responsible for the administration and reporting on MIG and other funded projects within the municipal, it is also involved in other grants such as the RBIG, WSIG, INEP, EPWP, FBDM etc. The MIG DoRA and other related reports indicating progress and expenditure on projects are submitted timely to all relevant stakeholders. The operations of the PMU are kept within the framework as outlined by the MIG guidelines. All MIG conditions as prescribed in the DoRA are addressed sufficiently and timely by the municipality.

- EPWP reporting quarterly (Information captured monthly on EPWP MIS)
- Review Infrastructure Skills Development Grant (ISDG) reports review
- PMU Quarterly reports
- Municipal Capex and progress report
- Department of Water and Sanitation reports
- SDBIP reporting; and
- Other ad hoc reports as may be required by the Municipality.
- Projects Planning & Site Meetings (Depends on No. of projects);
- FBDM Infrastructure Steering Committee meetings (Bi-Monthly);



## WHAT ARE THE RESULTS AND WHO BENEFITS IN 2016/2017?

The following projects deliverables were achieved for financial year 2016/2017:

Project Name	Project Deliverables
Upgrade of Kimberley Landfill site Facilities	<p>The construction of the landfill site facility commenced in the previous financial year and the following work was completed successfully as at end June 2017:</p> <ul style="list-style-type: none"> <li>Construction of a new Clear-vu security fence around the premises</li> <li>Access control: Construction of a new guard house with boom and sliding gate</li> <li>Construction of a new paved access road, including parking facilities</li> <li>Two weighbridges including traffic signals</li> <li>Construction new ablution facility</li> <li>Security fenced recycling sorting facility, tyre storage facility; Garden refuse area</li> <li>Bulk civil services including water supply, sanitation and storm water; and Electrical supply, and High mast lights.</li> </ul>
Riverton new High Lift pumps - Phase 2	<p>The project involves the procurement of two new high-lift pumps to supply potable water from the Riverton WTW to Kimberley. The proposed new pumps will the current water demand and will improve the reliability of potable water pumping.</p> <p>At end of the June 2017 the pumps had been ordered and 95% manufacturing was complete. The pumps will be stored and installed after the new pump station building is complete, which is currently under construction.</p>
Homevale Satellite Fire Station	Professional engineers were successfully appointed during financial year under review. The project designs are complete, and the construction phase will take place in the 2017/2018 financial year.
Lerato Park: Construction of Bulk Water Mains	Professional engineers have been appointed during financial year under review. The project designs are complete, and the construction phase will take place in the 2017/2018 financial year.
Lerato Park: Construction of link Sewer and upgrading of downstream infrastructure	Professional engineers have been appointed during financial year under review. The project designs are complete, and the construction phase will take place in the 2017/2018 financial year.
MIG Roodepan ward 1 & 2: Upgrading of Roads and Storm Water Infrastructure	The project involved the upgrade of gravel roads to paved standards within Wards 1 & 2. During the financial year 0.944 km of streets were paved. The project will continue during the 2017/2018 financial year to complete the full project scope.
MIG Galeshewe Ward 13: Upgrading of Roads and Storm wWater Infrastructure	The project involved the upgrade of gravel roads to paved standards within Wards 1 & 2. During the financial year 2.479 km of streets were paved. The project will continue during the 2017/2018 financial year to complete the full project scope.

Despite the actual projects outputs achieved, the following outcomes benefited the community of Sol Plaatje municipality through the MIG programme:

- The upgraded landfill site will assist the municipality in terms of compliance with the Department of Environmental Affairs requirements for Landfill Site permits. The municipality is now able to operate the site effectively and waste management can be properly accounted for. The municipality intends to formalise recycling initiatives in an effort to enhance LED through waste management activities.
- Poverty alleviation through temporary jobs created during project implementation was possible.
- Improved road network not only provide improved access for communities and businesses but also improves connectivity, safety, storm water management and less maintenance on vehicles using these routes.



Landfill site

## RELATING BACKLOGS TO MUNICIPAL SPENDING ON SERVICE DELIVERY INFRASTRUCTURE

One of the municipal IDP objectives is that the municipality must concentrate on its core functions that is to improve efficiency of its service delivery to households who are in dire need of basic services.

In the past three financial years the main focus of the Municipality was to upgrade its bulk infrastructure capacity and provision of housing to complement basic service delivery needs. The bulk infrastructure priorities were meant to expedite human settlement programmes within the Municipality. The

mentioned strategic programmes are currently ongoing and there has been a significant progress to realise these municipal objectives. Progress on these has led to the upliftment of the moratorium on new developments.

The increase in informal areas is still a major challenge for the municipality. And the rate at which these settlements grow fast outpaces the funding availed to eradicate service backlogs. The current municipal backlogs as presented in the IDP are as follows:

Service Type	Backlog Census 2011	Current Backlogs
New Houses (Subsidised)	7 846	5 296
New Erven Planned and Surveyed	7 846	2 618
Houses connected to Water	8 743	4 507
Houses connected to Sanitation	9 343	4 076
Houses connected to Electricity	9 127	4 222
Houses provided with Waste Removal	9 490	6 190
Roads Rehabilitation		260 km
Residential Roads Paved		257 Km

### THE EPWP IMPLEMENTATION

The Expanded Public Works Programme (EPWP) is a government strategy to reduce poverty and unemployment in society. EPWP involves creating work opportunities for the unemployed through maximising job opportunities within projects. In support of this SPLM has adopted the strategy and implementing it through its maintenance and capital programmes. This includes work done in-house and work contracted out to service providers. SPLM has so far been steadfast in the implementation of EPWP. The main challenge thus far is the decreasing incentive

grant over the years and ensuring the sustainability of jobs created through the programme. An amount of R5 574 000 was allocated to the municipality for the financial year. At year end the funds were fully spent on various projects. The municipality had to counter-fund the projects in order to ensure their continuity.

The following projects were embarked on during 2016/2017 financial year, these projects are not limited to the provided list however, the listed ones are those reported on the EPWP MIS:

	Project Name	No. of Work Opportunities	No of FTE created
1	CBD Taxi Rank 2016	17	5.9
2	IG/EPWP Sol Plaatje Cleaning Project	472	203
3	Maintenance of Newton Reservoir	10	6.1
4	Resealing of Roads in Roodepan	2	0.5
5	Resealing of roads in Ritchie	11	6.1
6	Taxi Rank	25	10.1
7	Upgrading of landfill Sol Plaatje	11	4.3
<b>TOTAL</b>		<b>548</b>	<b>236</b>

### RELEVANCE OF INFRASTRUCTURE NEEDS TO THE MUNICIPAL IDP

The rolling five-year Integrated Development Plan (IDP) contains key municipal plans and priorities for the political term of office which came to an end at June 2016. Central to the execution of the IDP is the need for economic growth and job creation as well as the need to maintain, upgrade and extend municipal infrastructure in order to facilitate much needed economic development. These considerations impact on all choices and decisions the municipality has to make. Marketing the city and attracting international and regional investment are also key elements in financing the execution of SPM's IDP. It is the intention of SPM to finance its capital needs through National Government Grant funding such as MIG; RBIG, WSIG, NDPG, FBDM, Own Funding and/or loan financing or a combination thereof.

### CHALLENGES AND REMEDIAL MEASURES

During the financial year MIG funds were reduced by approximately R10 million due to under-spending on certain projects. This was due to planned projects commencing much later than planned dates and various other reasons provided by project managers like SCM issues. To improve the state of affairs the municipality need to prepare and register more business

plans based on needs identified through the IDP process so that there are sufficient projects ready for implementation. This will assist in ensuring that the grant is fully committed for the MTREF.

### LESSONS LEARNED AND RECOMMENDATIONS

- The municipality to register more projects to prepare for the MTREF
- To start project planning a year prior to actual implementation
- The involvement of all relevant stakeholders at as early as project identification is important to ensure buy-in; and
- Lack of capacity in project management within municipality may leads to poor project implementation.

It is recommended that the good relations already established between the three spheres of government should be maintained and harnessed so as to achieve the common objectives of government at all times.

## 5.3 ASSET MANAGEMENT

### 5.3.1 Introduction to Asset Management

The implementation of GRAP within the public sector requires of entities to perform a review of useful lives as well as to conduct impairment testing on an annual basis.

A direct relationship exists between conditional assessment and the useful life assessment, as the condition of an asset will inform the municipality of its remaining useful life.

This exercise was duly completed and the necessary journals to adjust the RUL (Remaining Useful Lives) of the assets was implemented.

National Treasury indicates that the review of useful life is a check to see if there is any evidence to suggest that the expected life should be changed. This evidence could be internal or external.

These factors will provide evidence of an asset's function and capacity/utilisation from which to form an opinion on the condition of the asset (Conditional assessment).

The DPLG Guidelines for infrastructure management suggests this simple generic five-point grading:

Grade	Description	Detailed description	Indicative RUL
1	Very good	Sound structure, well maintained. Only normal maintenance required.	71-100% EUL
2	Good	Serves needs but minor deterioration (< 5%). Minor maintenance required.	46-70% EUL
3	Fair	Marginal, clearly evident deterioration (10-20%). Significant maintenance required.	26-45% EUL
4	Poor	Significant deterioration of structure and/or appearance. Significant impairment of functionality (20-40%). Significant renewal/upgrade required.	11-25% EUL
5	Very poor	Unsound, failed needs reconstruction/replacement (> 50% needs replacement)	0-10% EUL

*'EUL' is Expected Useful Life. 'RUL' is Remaining Useful Life*

- The methodology applied for the impairment and useful lives assessment of property, plant and equipment in line with the applicable accounting standards
- Sufficient provision is made for the impairment of property, plant and equipment in the annual financial statements; and
- We ensured that assets disclosed in the annual financial statements are stated at cost that are in line with GRAP 17 Property, plant and equipment, GRAP 21 and 26 on Impairment.

The methodology is applicable to all property, plant and equipment as the Municipalities asset are measured at cost. This includes the following:

- Moveable assets
- Infrastructure Assets
- Land Inventory
- Community Assets

#### APPLICABLE ACCOUNTING STANDARDS

- GRAP 17 Property, plant and equipment
- GRAP 21 Impairment of Non Cash-generating Assets
- GRAP 26 Impairment of Cash-generating Assets.

#### METHODOLOGY ASSESSMENT OF REMAINING USEFUL LIFE

- Assessment frequency and recognition

#### GRAP 17.56

*"An entity shall assess at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors."*

In assessing whether there is any indication that the expected useful life of an asset has changed, an entity considers the following indications:

- The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.
  - The entity has changed the utilisation rate of the asset.
  - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- The asset is approaching the end of its previously expected useful life.
- Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- (g) The asset is assessed as being impaired in accordance with GRAP 21 and GRAP 26"

The Municipality will therefore assess the useful lives at each reporting period if, and only if there are indicators of any change since the preceding reporting date for a specific category of assets.

The change in useful life will be accounted for as change in an accounting estimate.

#### • Assessment process

As indicated above, the useful lives of a specific category of assets will only be reviewed if one of the indicators of the listed indicators of change have been identified. The assessment will take place as follows:

**Step 1:** The responsible engineers are provided with the extract of all assets under their management and use. They are required to work through the asset registers and identify any assets that may require an adjustment to the remaining useful lives.

**Step 2:** A meeting is convened with the engineers to explain the methodology to be applied.

**Step 3:** Once the assets in question have been identified, the engineers, in conjunction with the asset management unit and a representative from finance, will convene a detailed discussion. The assets requiring adjustment are identified with the GIS system, and the various factors impacting on the condition of that asset is discussed by the relevant parties.

**Step 4:** When consensus has been reached between the parties, the final assessment is done by categorising the assets into Green, Orange and Red categories.

Assessment Outcome	Description	Grade
Green	No indication of change in RUL	1-2
Orange	Minimal indication of change in RUL	3
Red	Significant change in RUL	4-5

#### • Assessment grading

The Municipality use the Generic grading table provided by DPLG to conclude on the required action on the useful live assessment.

Grade	Description	Detailed Description	Indicative RUL
1	Very Good	Sound structure, well maintained. Only normal maintenance required.	71-100% EUL
2	Good	Serves need but minor deterioration (<5%). Minor maintenance required.	46-70% EUL
3	Fair	Marginal, clearly evident deterioration (10-20%). Significant maintenance required.	26-45% EUL
4	Poor	Significant deterioration of structure and/or appearance. Significant impairment of functionality (20-40%). Significant renewal/upgrade required.	11-25% EUL
5	Very Poor	Unsound, failed needs reconstruction/ replacement(> 50% needs replacement)	0-10% EUL
'EUL' is Expected Useful Life 'RUL' is Remaining Useful Life			

## 1 METHODOLOGY FOR IMPAIRMENT

### 1.1 Impairment test frequency

The Municipality will test for Impairment at the ends of each financial period if indicators of impairment are present. Only if an indication(s) exists the impairment calculation will be done.

#### GRAP 21 AND 26

### 1.2 Impairment Indicators

Sol Plaatje Municipality will consider the following as minimum indicators of impairment.

#### 1.2.1 External sources

- The demand or the need for the services provided by the asset has ceased or is about to cease.
- Significant long-term changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.
- The demand or the need for the service provided by the asset has taken a significant long-term decline.

- Market value of the asset has declined significantly during the period, more than what is expected from passage of time or use.

#### 1.2.2 Internal sources

- Physical damage or obsolescence of the asset.
- Significant long-term changes in the manner or extent to which an asset is used or expected it be used during the period or in the near future, that will have an adverse effect on the entity.
- Entity has decided to halt the construction of the asset before it is completed or in an usable condition; and
- Internal reporting indicated that the economic performance of an asset is or will be significantly worse than expected.

### 1.3 Process documentation

Towards year-end, the National Treasury impairment checklist and asset registers are provided to the various engineers for consideration and feedback.



Meetings are conducted with each engineer to discuss the responses on the check list.

The Fixed Asset Register is also provided to the relevant directorate managing those assets to indicate if any assets should be impaired.

Each engineer signs off on the checklist, indicating whether impairment is required or not.

No impairment assessment was done by an external service provider for the period under review.

Where no indicators existed of impairment at year-end, no further procedures were performed.

## 1.4 Cash and Non-cash generating assets

Below is set out how the Municipality views its consideration in applying GRAP 21 or 26.

### 1.4.1 Non-cash generating assets

The Municipality regard the following asset categories as Non-cash generating assets

- Loose/Moveable assets
- Vehicles
- Storm water
- Roads
- Street lights
- Robots/Signalised intersection

The above assets do not generate any cash inflows and are largely used in support of service delivery.

GRAP 21 will therefore be applied to these assets.

#### • Community assets

Community assets consist of the following categories:

- Community land and buildings
  - Civic buildings
  - Community flats/houses/old age homes
  - Clinics
  - Business incubators
  - Parking
  - Public conveniences
  - Taxi ranks
  - Halls
- Parks and gardens
  - Cemeteries
  - Parks
  - Caravan parks
- Recreational facilities
  - Resorts
  - Sports Complex/Stadium
  - Swimming pools

The main purpose of community assets is to deliver a service to the community. Any income received from the use of community assets is regarded as incidental and is insignificant in relation to the total use of the assets.

GRAP 21 will therefore be applied to all community assets.

#### • Electricity, Water and Sewerage

Sol Plaatje Municipality operates an electrical, sewerage and water network consisting of numerous separately identifiable assets. The main objective of operating these networks is to provide a service to the community in terms of the mandate of the entity. However, the municipality generates significant cash flows from these assets whilst exercising its mandate. GRAP 26 tends to imply that even though it may be the intention of management to hold an asset for services delivery purposes, the asset should be classified as a cash generating asset when the asset generates significant market related cash flows which are representative of the risk involved in holding the asset. This is representative of the situation within Sol Plaatje Municipality and implies that the assets within these networks are cash generating assets.

However, the following matters require consideration before classifying the assets as cash generating:

- The electrical, sewerage and water networks consist of various separately identifiable assets. Although certain of these assets may be stand-alone items, they do not function independently, since one component feeds from the output of another (Refer to annexure 1 for an analysis of the purpose of the various assets within the network). It therefore follows, that the individual assets within the network does not operate independently, but rather forms part of a group of assets, being the network, which entails a cash generating unit. Each network, however, then contains further sub-groups of assets which contribute to it achieving its objective (e.g. Electricity – HV Substations, MV Substations and Reticulation).
- The cash flows generated by the assets cannot be attributed to each individual asset or within the sub-groups as mentioned above, but only to each of the networks as a whole.
- It is however, inappropriate to apply this methodology to the entire network; due to the vast constituency thereof and the unique characteristics of each individual asset e.g. impairment indicators at a high voltage substation may not necessarily indicate impairment of overhead lines or underground cables. An impairment loss may therefore be incorrectly proportioned amongst individual assets within the group and vice versa.

GRAP 21 will therefore be applied to all these assets since it will result in the most accurate assessment of impairment.

## 2 IMPAIRMENT CALCULATION

### 2.1 Value in use

Value in use is the present value of the asset's remaining service potential and is determined using the depreciated replacement cost method.

#### Depreciated replacement cost

Depreciated replacement cost is the current cost that will have to be incurred to replace the asset and then this amount is depreciated to reflect the asset's current age and condition.

The current replacement cost is obtained from the following sources:

- If there was a purchase in the last six months of the same asset by the Municipality the invoice of that particular purchase is used to determine the current replacement cost

In the specific case of steel water pipes, it is not relevant to calculate the depreciated replacement cost. As explained by the engineers, steel pipes are no longer used and as such, due to advancement in technology in this area, these kinds of pipes will be replaced by PVC or UPVC pipes. Due to this fact, it was not considered appropriate the depreciated replacement cost for steel pipes. It should be noted that the bulk of the pipes that were impaired for the 2016/2017 financial year were steel pipes.

### 2.2 Fair value less cost to sell

The Macsteel catalogue was used to determine the mass-to-length ratio of the steel pipes based on the pipe diameter. For pipe diameters higher than 220mm, the mass-to-length ratio was determined by extrapolation.

The steel scrap value per kg was provided on [http://www.scrap-metalsolutions.co.za/price\\_list.php](http://www.scrap-metalsolutions.co.za/price_list.php) (Steel heavy over 3mm, R1.71 per kg).

A deterioration factor of 0.6 was also used in the calculation. This deterioration factor was provided by our engineers, based on their experience when doing pipe excavations.

The scrap metal value equation is as follows:

$$\frac{\frac{\text{(Mass (kg))}}{\text{(Length (m))}} \{Macsteel catalogue\} \times \text{Pipe length(m)} \{Asset register\}}{\frac{\text{X (Scrap value (R))}}{\text{Mass(kg)}} \{Fine trading website\}} \times 0.6 \{deteriorationfactor\}$$

In addition to this, there is no scrap value for non-steel pipes and pumps. In consultation with the engineers a 30% reduction in carrying value was agreed upon to account for impairment of these items.

## HERITAGE ASSETS

### Factors considered in deciding on the application of GRAP 103

The Municipality used **GRAP 103** to decide on the appropriate recognition and disclosure of all heritage assets within the Municipality.

The Municipality has identified the following categories of heritage assets.

- Municipal jewellery
- Other antiques and collections
- Antique paintings
- Areas of land of historic or specific significance
- Monuments

Information regarding the specific nature of each category of heritage assets and our rationale for not valuing these assets.

#### Main points for consideration:

- An active market does not exist for any of the categories of assets that have not been valued.
- No future economic benefit is expected from any of these assets and as such, the recognition criteria as per GRAP 103 is not met.
- The mandate of the municipality is to provide basic services to the community (they do not deal in art or heritage items).
- It is impractical to try to obtain reliable values for items that will in all probability never be sold.

## RECOGNITION OF HERITAGE ASSETS

**GRAP 103-13:** A heritage asset shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) The cost or fair value of the asset can be measured reliably.

The municipality has used the paragraphs of GRAP as above in the recognition process of its heritage asset.

During this process the municipality identified assets that do qualify as heritage assets due to the recognition criteria as set out in **GRAP 103-13**. This asset category is set out below.

- Other antiques and collections

**GRAP 103-15:** The entity uses judgement to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

However, during this process, the municipality also identified assets that can be classified as heritage assets due to the recognition criteria as set out in GRAP 103-13 and 15 but do not qualify.

- Municipal jewellery
- Antique paintings
- Areas of land of historic or specific significance
- Monuments

These assets are as set out below.

This decision was based on the fact that the municipality could not with certainty attach the flow of future economic benefits or service potential associated with the assets or that the fair value could also not be measured reliably.

By applying **GRAP 103-15** the municipality made this decision.

### Disclosure of Heritage Assets

**GRAP 103-17:** If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

**GRAP 103-18:** Judgement is required in applying the initial recognition criteria to the specific circumstances surrounding the entity and the asset. If, on initial recognition of a heritage asset, it cannot be reliably measured by the entity, then it should not be recognised as such in the financial statements. Instead, relevant and useful information about the heritage asset, as required in paragraph .93, should be disclosed.

**GRAP 103-93:** When an entity does not recognise a heritage asset, or a class of heritage assets as a result of reliable measurement not being possible on initial recognition (see paragraph .17), the entity shall disclose the following for each heritage asset or class of heritage assets:

- Description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received, and the amount recognised in the statement of financial performance.

As per **GRAP 103 17, 18, 93** the municipality will disclose the asset that could be reliably measured and which future economic benefits or service potential flow to the municipality is certain on the face of the Statement of Financial Position, and the assets that do not qualify in the notes with the requirements as set out in paragraph 93, hence the amount for heritage assets remain at a nominal amount of R6 801 944.

### COMMUNITY ASSETS

Community Assets are defined as any asset that contributes to the community's well-being. Parks, libraries and fire stations are good examples of the aforementioned. We did a due diligence exercise/process to work through the Community Asset base to verify all the community assets. The methodology utilised to verify aforementioned properties included the Sol Plaatje Properties GIS viewer which was employed to verify the information.

#### 5.3.2 Treatment of the three largest assets acquired

Treatment of the Three Largest Assets Acquired 2012/2013				
Asset 1				
Name	Upgrade of Galeshewe Storm Water			
Description	Refurbish and upgrade of storm-water Galeshewe			
Asset Type	Infrastructure			
Key Staff Involved	Directorate Infrastructure & Services			
Staff Responsibilities	Project Management			
Asset Value	2013/2014	2014/2015	2015/2016	2016/2017
	0	0	0	23 280 000
Capital Implications	Grant Funding NDPG			
Future Purpose of Asset	To render sufficient service on providing a good storm water network			
Describe Key Issues	Refurbish and upgrade of the storm water required to improve the capacity of the city			
Policies in Place to Manage Asset	Asset Management Policy, Asset Management Strategy and Maintenance Plans.			
Asset 2				
Name	Homevale WWTW extension 15ML			
Description	Upgrade of the Sewerage plant			
Asset Type	Infrastructure			
Key Staff Involved	Directorate Infrastructure & Services			
Staff Responsibilities	Project Management			
Asset Value	2013/2014	2014/2015	2015/2016	2016/2017
	56 258 474	34 684 140	51 511 952	14 316 000
Capital Implications	Grant Funding and Loan term loan			
Future Purpose of Asset	To render a sufficient service on waste water treatment			
Describe Key Issues	Increase in capacity required			
Policies in Place to Manage Asset	Asset Management Policy, Asset Management Strategy and Maintenance Plans			

Treatment of the Three Largest Assets Acquired 2012/2013				
Asset 3				
Name	Upgrade of Landfill Site			
Description	Providing Services and Monitoring mechanisms to improve service delivery			
Asset Type	Infrastructure			
Key Staff Involved	Directorate Infrastructure & Services			
Staff Responsibilities	Project Management			
Asset Value	2013/2014	2014/2015	2015/2016	2016/2017
	0	886 000	9 906 000	13 086 000
Capital Implications	To render sufficient service to an area but also to install monitoring mechanisms to monitor water losses.			
Future Purpose of Asset	To render a sufficient service on the Landfill Site			
Describe Key Issues	To provide sufficient service at the Landfill Site			
Policies in Place to Manage Asset	Asset Management Policy, Asset Management Strategy and Maintenance Plans			

### FLEET REPLACEMENT 2016/2017

An amount of R4 266 million was spent on replacing the old and redundant fleet.

#### 5.3.3 Comment on Asset Management

##### Asset one

This project was necessitated by the drive to maintain all assets to ensure that the storm water network lends itself to the safe distribution of storm water to minimise damage to the current infrastructure such as roads and prevent litigation against Council in the event of cloud bursts and storms. This project will significantly improve the safety of all members of the community in the Municipal area. The projects have been developed to maximise return on investment by having the greatest impact on reducing serious casualties and litigation against Council for flood damage etc.

##### Asset two

Managing waste water is obviously linked to the management of the entire water cycle. Inadequate waste water management pollutes water bodies that are also important sources for drinking water, fisheries and other services. Therefore, the discharge of waste water, without or with inadequate treatment, involves significant costs, including environmental and social ones.

Waste water management and treatment involves significant benefits (avoided costs). Therefore, the cost of no action may be interpreted as benefits not achieved due to the discharge of the waste water with no or inadequate treatment.

In other words, if untreated or inadequately treated waste water is discharged directly into the environment, costs are generated or potential benefits are lost.

##### Asset three

The Landfill Site is a legal requirement that Council has to comply with and is a great resource for municipalities and will assist in keeping the city clean and meeting the challenges pertaining to refuse removal and dumping.

This initiative places the basics of refuse removal management at the fingertips of both professionals and novices alike because it succinctly covers all aspects of the land fill legal requirements per se.

#### 5.3.4 Repair and Maintenance Expenditure 2016/2017

Detail	Original Budget	Adjustment Budget	Actual	Budget variance
	(Rand)			
Repairs and Maintenance Expenditure	140 908 172	142 978 172	121 747 706	-14.85%

#### 5.3.5 Comment on Repair and Maintenance 2016/2017

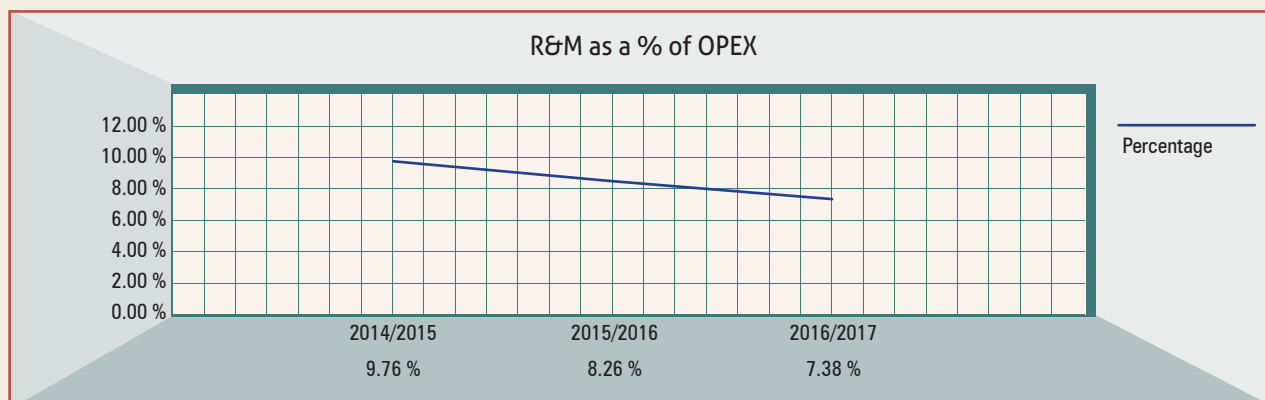
The municipality has grown the repairs and maintenance over the past three years substantially of budget growth above inflation. A target of 10% of the total operational expenditure budget has been set for the next 2016/2017 MTREF which was achieved to ensure that the asset generating assets continues to do so and increase the level of certainty of service availability is ensured at all times.





### 5.3.6 Repairs and Maintenance over the past three financial years

Repairs and Maintenance	2014/2015	2015/2016	2016/2017
Actual expenditure Repairs and Maintenance	147 485 771	133 683 745	121 747 706
Gross Expenditure	1 510 650 581	1 618 672 245	1 650 002 002
Percentage	9.76%	8.26%	7.38%



### 5.3.7 Comment on Repairs and Maintenance Expenditure

The Municipality's objective is to increase the percentage spent on Repairs and Maintenance over the next MTREF periods.

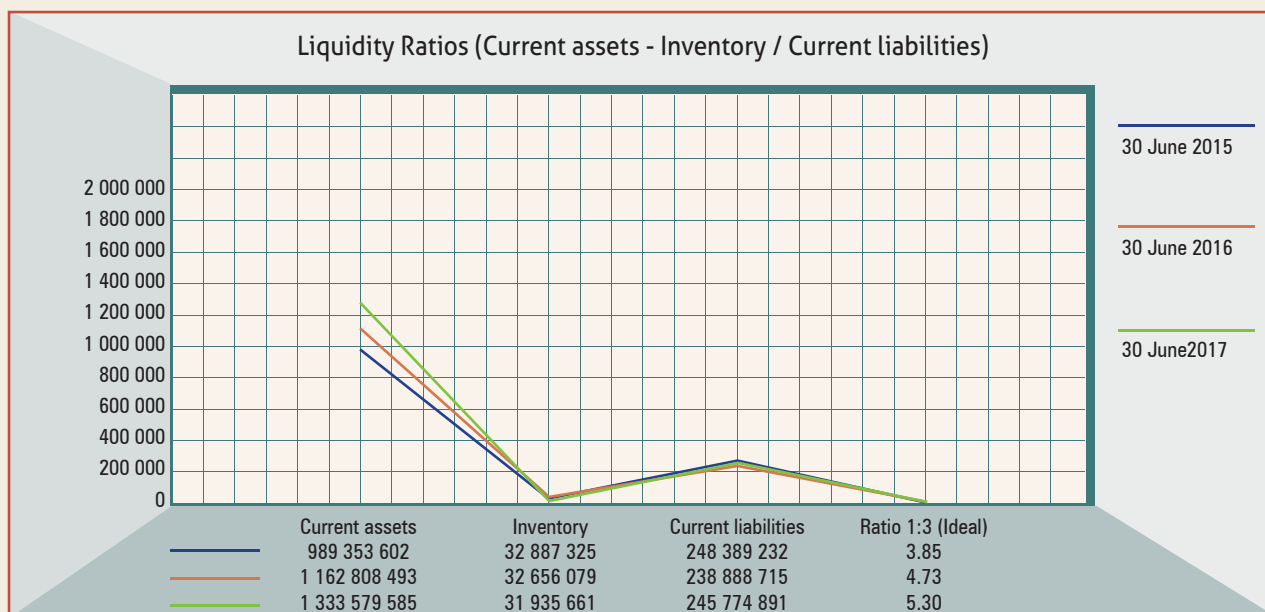
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## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.4.1 Liquidity Ratio

Liquidity Ratio	30 June 2015	30 June 2016	30 June 2017
Current assets	989 353 602	1 162 808 493	1 333 579 585
Inventory	32 887 325	32 656 079	31 935 661
Current liabilities	248 389 232	238 888 715	245 774 891
Ratio 1:3 (Ideal)	3.85	4.73	5.30



### COMMENT ON LIQUIDITY RATIO

The liquidity ratio of the municipality has improved from the previous financial year, from 4.73 to 5.30, against a National Treasury norm of 1:3, which is very positive. This means that

each liability of the municipality is covered 5.30 times by an asset. It further indicates that the municipality is able to meet its short to medium term commitments.

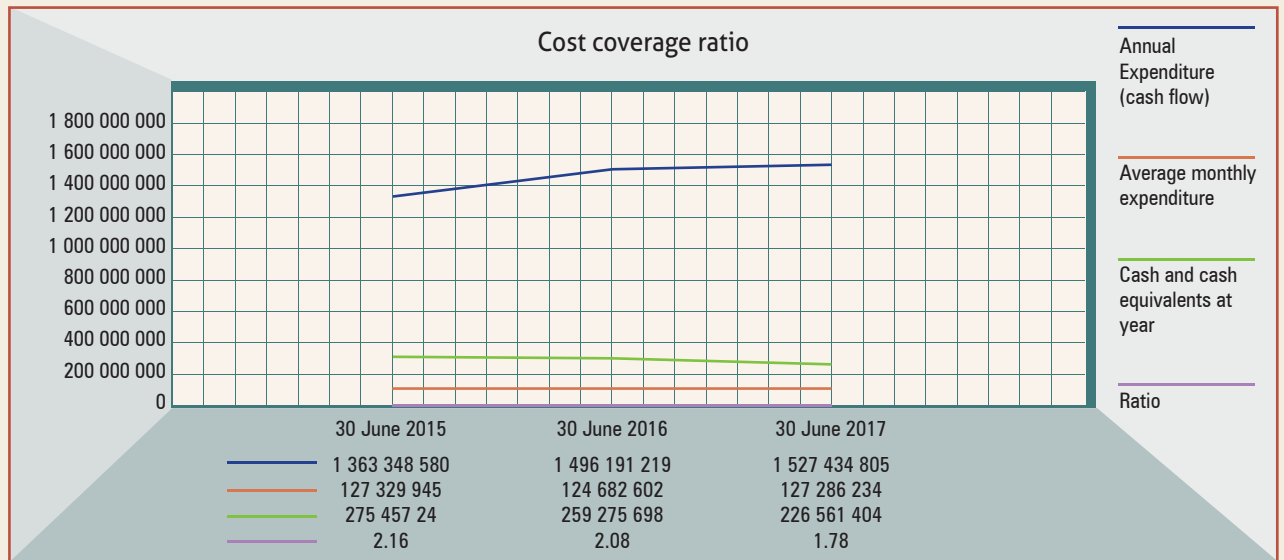
#### 5.4.2 Cost Coverage Ratio

Cost Coverage Ratio	30 June 2015	30 June 2016	30 June 2017
Annual Expenditure (cash flow)	1 363 348 580	1 496 191 219	1 527 434 805
Average monthly expenditure	127 329 945	124 682 602	127 286 234
Cash and cash equivalents at year-end	275 457 274	259 275 698	226 561 404
Ratio	2.16	2.08	1.78

##### COMMENT ON COST COVERAGE RATIO

The cost coverage ratio of the municipality has declined slightly from the previous year – from 2.17 months' coverage to 1.99 months' coverage. The ratio shows the number of months for

which the municipality would be able to fund its monthly expenditure should no revenue be received. The main reason for the decline is the decrease in the cash balance as at year-end.



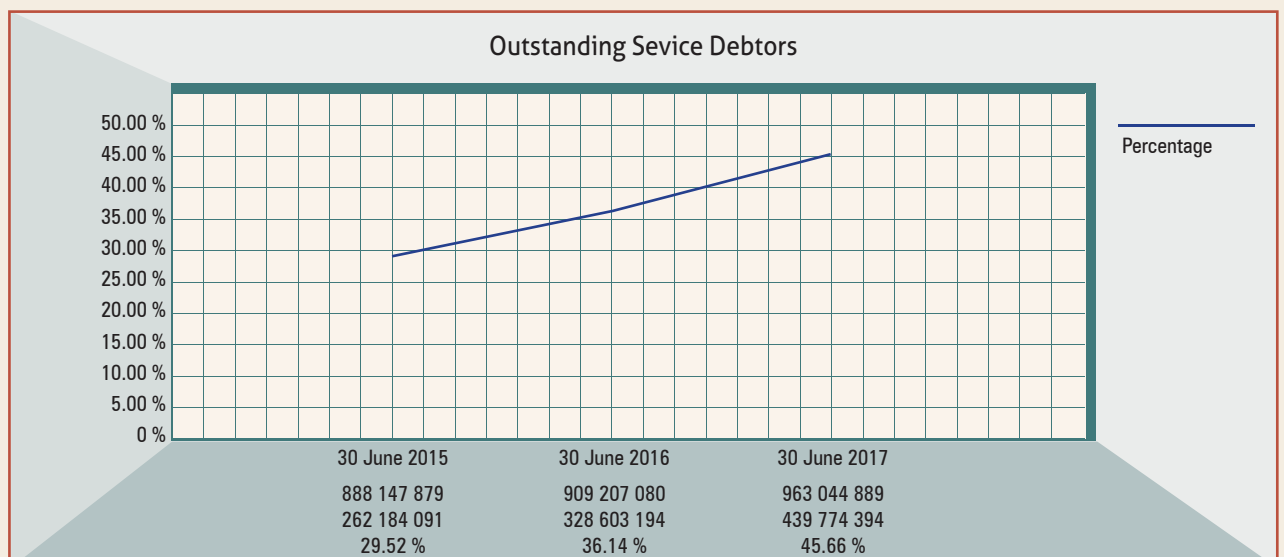
#### 5.4.3 Total outstanding service debtors

Total Outstanding Service Debtors	30 June 2015	30 June 2016	30 June 2017
Outstanding debt	262 184 091	328 603 194	439 774 394
Amount billed	888 147 879	909 207 080	963 044 889
Percentage	29.52%	36.14%	45.66%

##### COMMENT ON TOTAL OUTSTANDING SERVICE DEBTORS

Outstanding service debtors have increased from 36.14% at 30 June 2016, to 45.66% at 30 June 2017. This is a worrying trend and measures need to be put in place to address this risk.

Tough economic conditions have largely contributed to the increase in outstanding debtors.



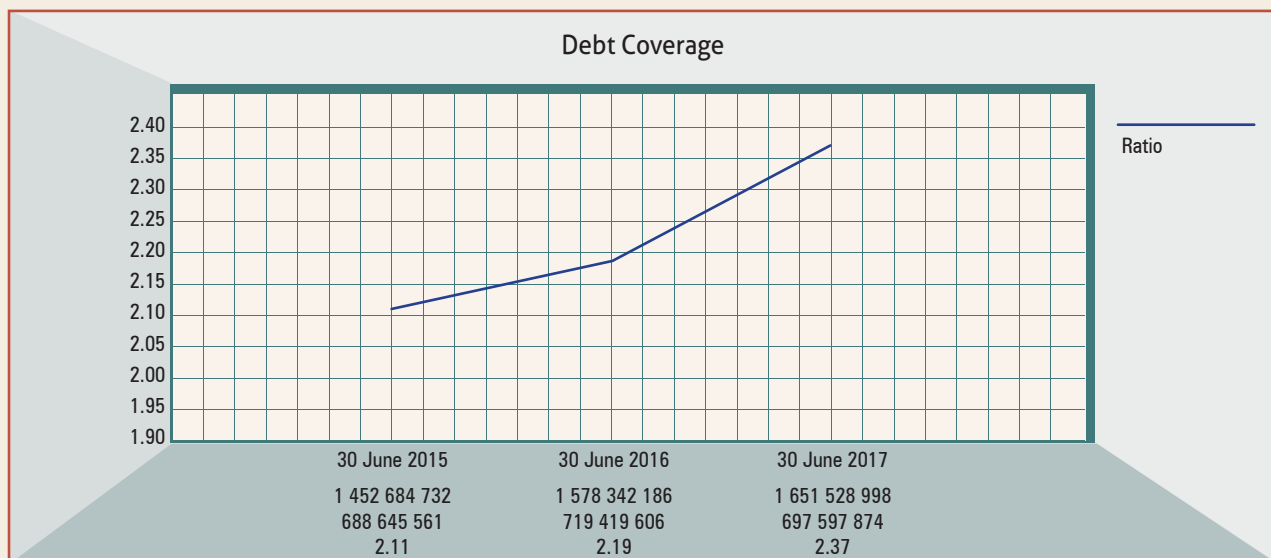
#### 5.4.4 Debt Coverage

Debt Coverage	30 June 2015	30 June 2016	30 June 2017
Total liabilities	688 645 561	719 419 606	697 597 874
Total Own Operating Revenue	1 452 684 732	1 578 342 186	1 651 528 998
Ratio	2.11	2.19	2.37

##### COMMENT ON DEBT COVERAGE

The debt coverage ratio examines the relationship between the municipality's own generated revenue (revenue excluding grants, subsidies and public contributions received) and the total liabilities of the municipality. This ratio has improved from

the previous financial year, mainly due to the fact that no additional long term debt was incurred, whilst the own revenue increased by 5%.



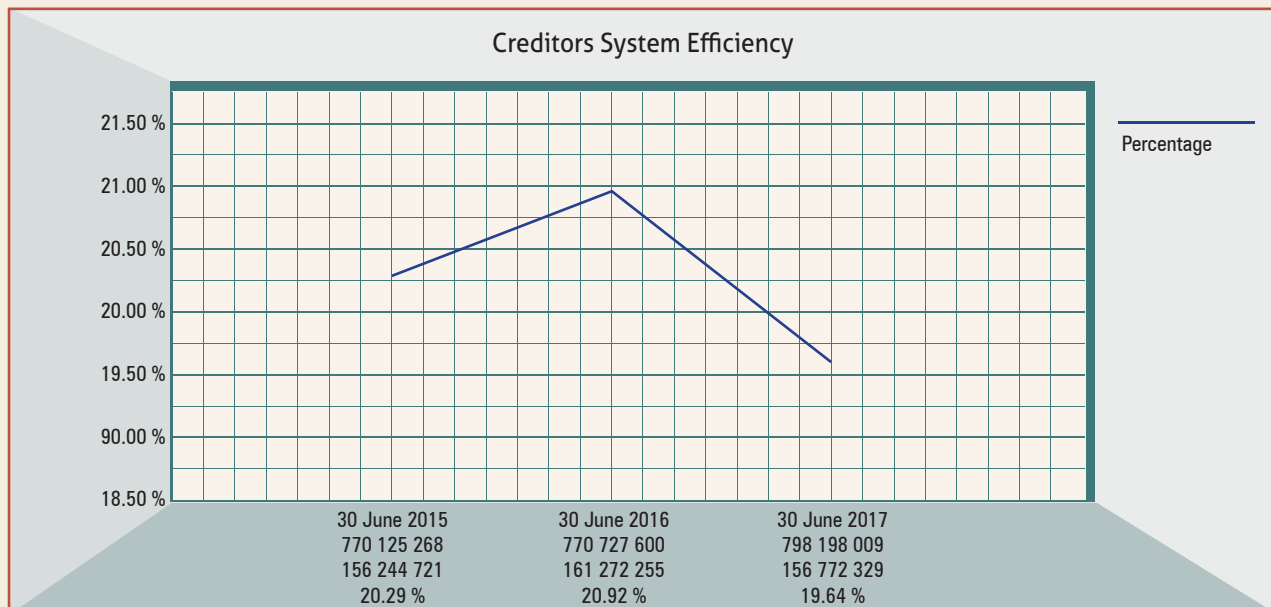
#### 5.4.5 Creditors System Efficiency

Creditors Efficiency	30 June 2015	30 June 2016	30 June 2017
Outstanding creditors	156 244 721	161 272 255	156 772 329
Total credit purchases	770 125 268	770 727 600	798 198 009
Percentage	20.29%	20.92%	19.64%

##### COMMENT ON CREDITORS SYSTEM EFFICIENCY

The percentage of outstanding creditors as a percentage of the total credit purchases of the municipality has increased for the

previous financial year. This is mainly due to large creditors (e.g. ESKOM) that were outstanding at year end.



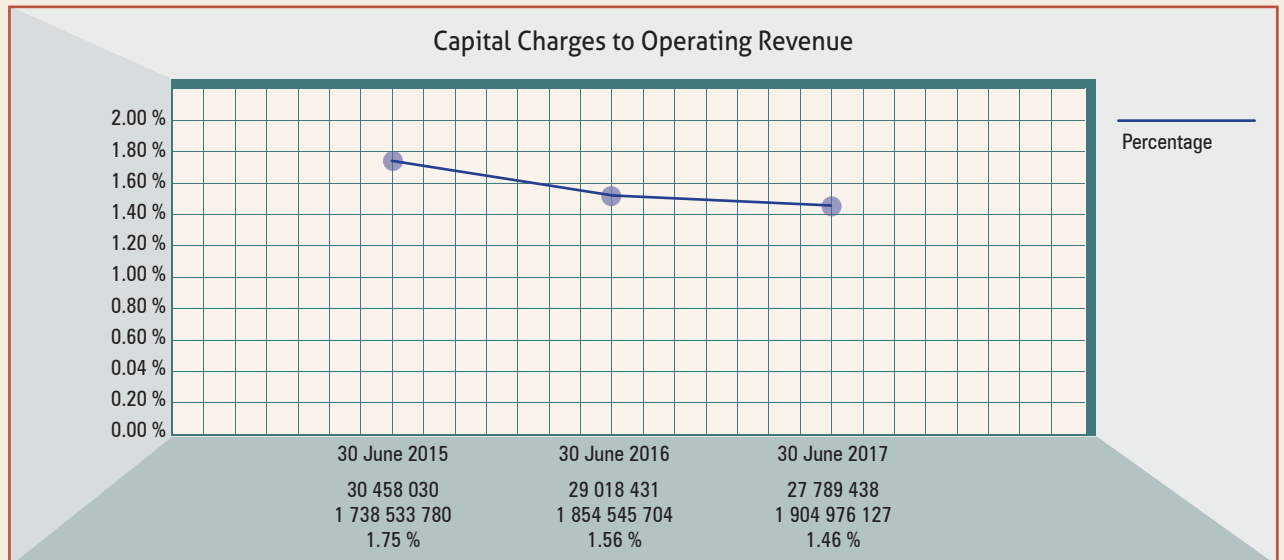
#### 5.4.6 Capital Charges to Operating Revenue

Capital Charges to Operating Revenue	30 June 2015	30 June 2016	30 June 2017
Total revenue	1 738 533 780	1 854 545 704	1 904 976 127
Interest paid on long term borrowings	30 458 030	29 018 431	27 789 438
Percentage	1.75%	1.56%	1.46%

##### COMMENT ON CAPITAL CHARGES TO OPERATING REVENUE

The interest paid as a percentage of total revenue has decreased from the previous financial year. The main reason for this is that no additional long term financing has been incurred

and as such the interest is decreasing proportionately year-on-year.



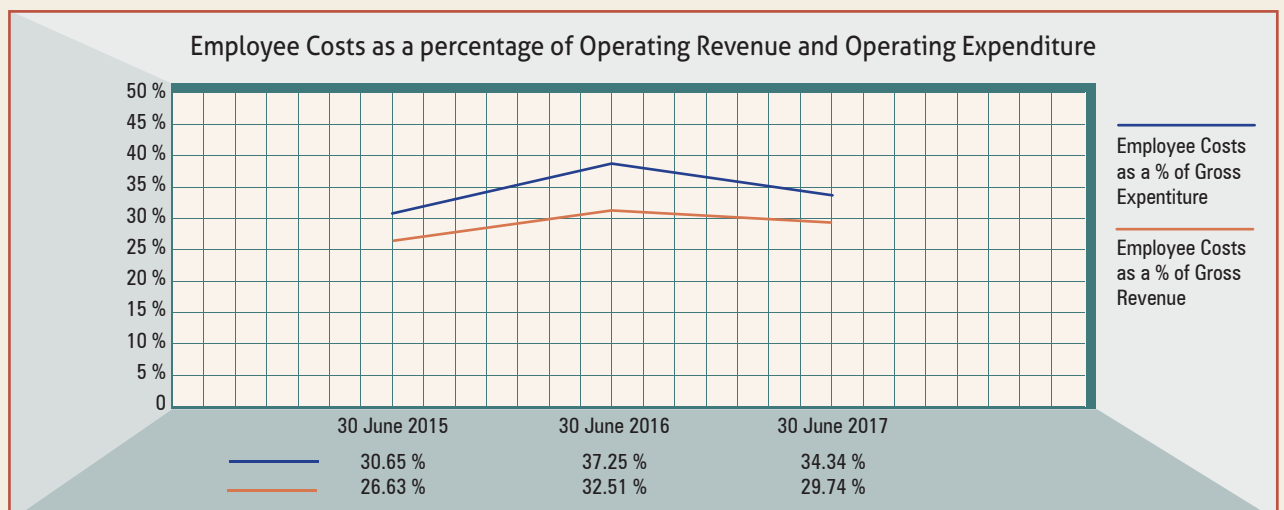
#### 5.4.7 Employee costs

Employee costs	30 June 2015	30 June 2016	30 June 2017
Gross Revenue	1 738 533 971	1 854 545 704	1 904 976 127
Gross Expenditure	1 510 650 713	1 618 672 245	1 650 002 002
Employee costs	463 015 266	602 966 171	566 597 417
Employee costs as a % of Gross Revenue	26.63%	32.51%	29.74%
Employee costs as a % of Gross Expenditure	30.65%	37.25%	34.34%

##### COMMENT ON EMPLOYEE COSTS

Employee cost as a percentage of total expenditure and total revenue has decreased from the previous financial year. The main contributor here is the actuarial gain incurred on

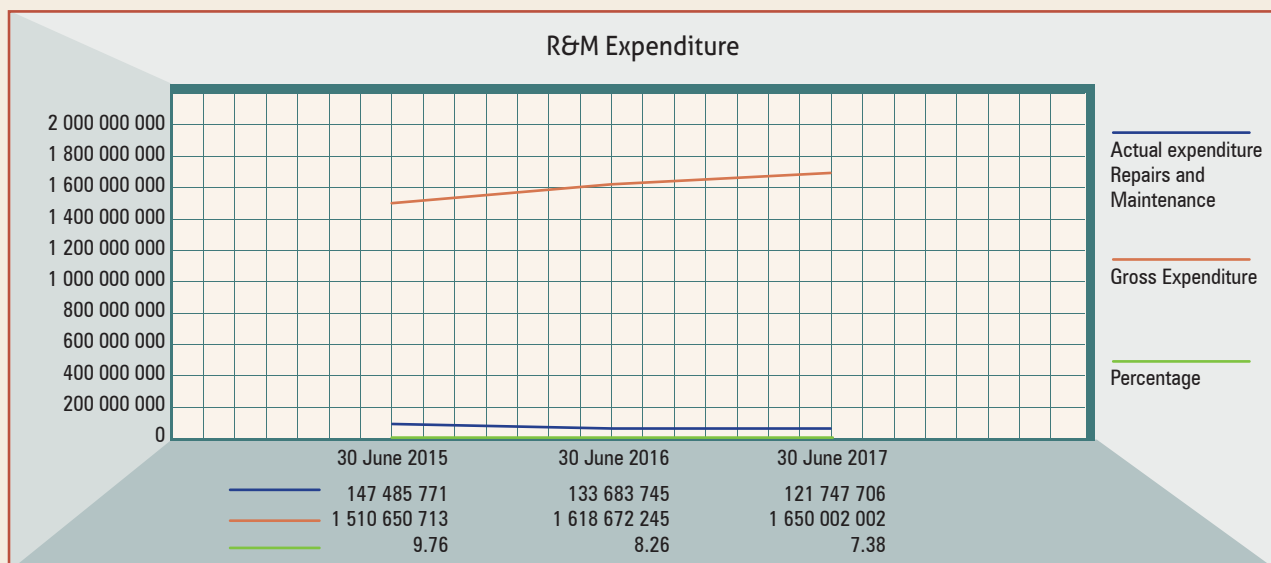
the valuation of post-retirement health care benefits for the 2016/2017 financial year.





## 5.4.8 Repairs and Maintenance

Description	30 June 2015	30 June 2016	30 June 2017
Actual expenditure Repairs and Maintenance	147 485 771	133 683 745	121 747 706
Gross Expenditure	1 510 650 713	1 618 672 245	1 650 002 002
Percentage	9.76%	8.26%	7.38%



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

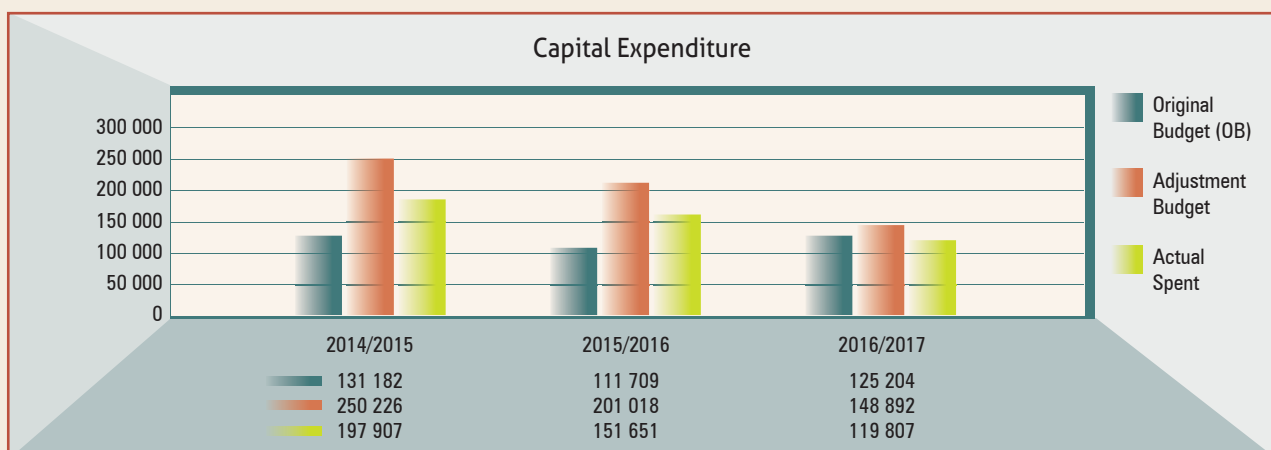
### 5.5 CAPITAL EXPENDITURE

The 2016/2017 capital budget remained focused in addressing the critical infrastructure needs pertaining to water, sewer, roads, electricity and waste management. In the main as reflected in the capital budget, the provision of infrastructure and services remain the focal point of the capital programme.

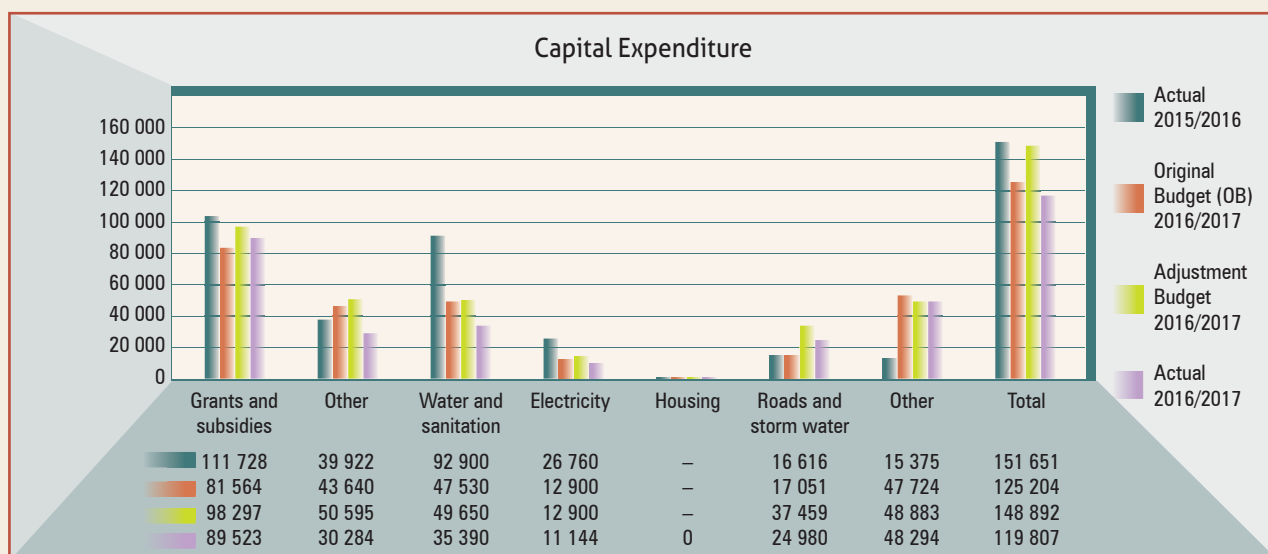
It remains a huge challenge to secure sufficient funding to augment the grant funding as to ensure sustainable growth in the city and its surrounds. Infrastructure as is the norm, makes up

the bulk of the capital programme accounting for 81.27% of the allocated budget of R148,892 million. Infrastructure projects were allocated R121,84 million of the total capital programme.

The actual spending as at 30 June 2017 were R119,807 million against the adjustment budget. The related charts shown will further emphasise the importance of the infrastructure projects.



Capital Expenditure - Funding Sources: 2015/2016 to 2016/2017						
Details	2015/2016	2016/2017				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to Adjustment Variance	Actual to OB Variance
	R' 000				%	
Source of finance						
External loans	—	—	—	—	—	—
Public contributions and donations	—	—	—	—	—	—
Grants and subsidies	111 728	81 564	98 297	89 523	-8.93%	9.76%
Other	39 922	43 640	50 595	30 284	-40.14%	-30.60%
Total	151 651	125 204	148 892	119 807	-19.53%	-4.31%
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	73.7%	65.1%	66.0%	74.7%	45.7%	-226.3%
Other	26.3%	34.9%	34.0%	25.3%	205.5%	710%
Capital expenditure						
Water and sanitation	92 900	47 530	49 650	35 390	-28.72%	-25.54%
Electricity	26 760	12 900	12 900	11 144	-13.61%	-13.61%
Housing	—	—	—	0	—	—
Roads and storm water	16 616	17 051	37 459	24 980	-33.31%	46.50%
Other	15 375	47 724	48 883	48 294	-1.21%	1.19%
Total	151 651	125 204	148 892	119 807	-19.53%	-4.31%
Percentage of expenditure						
Water and sanitation	61.3%	38.0%	33.3%	29.5%	147.0%	592.6%
Electricity	17.6%	10.3%	8.7%	9.3%	69.7%	315.8%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	11.0%	13.6%	25.2%	20.8%	170.5%	-1078.8%
Other	10.1%	38.1%	32.8%	40.3%	6.2%	-27.7%



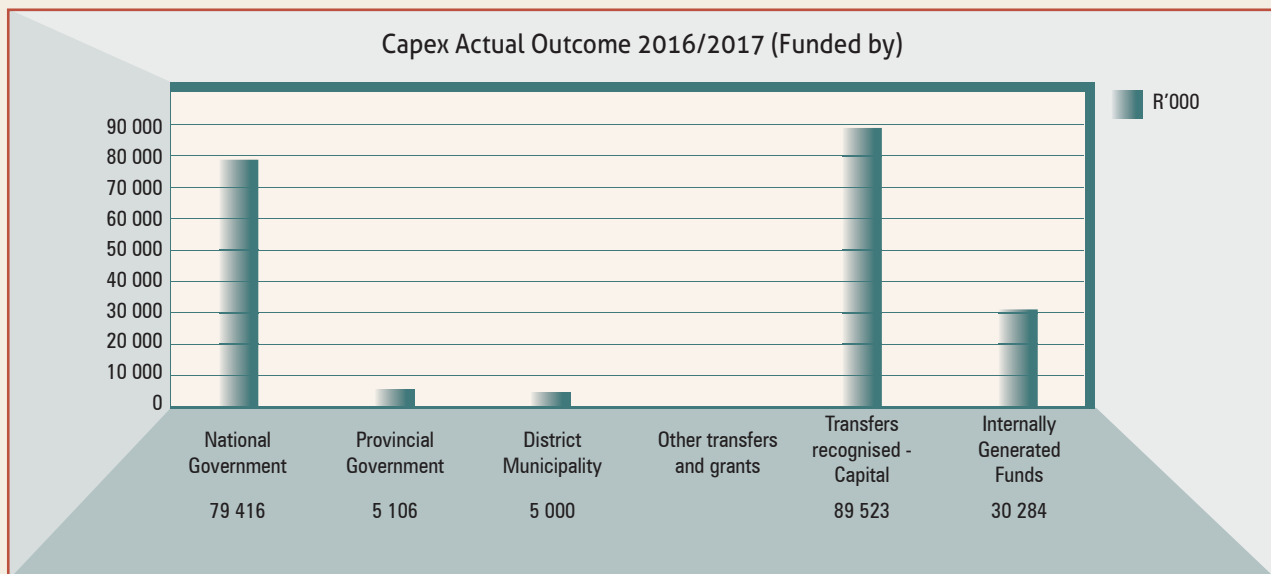
## FUNDING THE CAPITAL BUDGET

Total Capital Expenditure - Standard	Original Budget	Total Budget Adjust-ments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome
	R'000			
Funded by:				
National Government	75 732	–	74 759	79 416
Provincial Government	5 832	11 154	16 986	5 106
District Municipality		5 000	5 000	5 000
Other transfers and grants		1 552	1 552	
Transfers recognised – capital	81 564	17 706	98 297	89 523
Public contributions & donations				
Borrowing				
Internally generated funds	43 640	6 955	50 595	30 284
Total Capital Funding	125 204	24 661	148 892	119 807

### COMMENT ON SOURCES OF FINANCE

The capital is in the main funded through grant funding augmented by contributions from the capital replacement reserve. It is clear from the above table and graphs that the pressure on the municipality's internal reserves for financing of capital projects is increasing. Grant funding, in turn, is decreasing. As a result, some projects need to be put on hold and implemented when funds become available. This leads to increased funding

needed as cost escalates to a level where the new cost estimates exceed the original cost for the projects. This in turn can lead to further delays in implementation. This trend necessitates careful consideration and prioritisation in terms of capital projects. It further indicates that innovative strategies are needed to enhance the revenue of the municipality in order to maintain the required level of reserves



## 5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

Capital Projects	2016/2017				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment Variance
				%	
A. Galeshewe Storm Water Project	7 500 000	25 000 000	23 280 324	210%	-7%
B. Roads Projects / Roodepan / Galeshewe	25 750 000	25 750 000	24 965 676	-3%	-3%
C. Upgrade Homevale Waste Water Plant	14 920 188	14 920 188	14 316 223	-4%	-4%
D. Upgrade Landfill Site	12 148 495	12 148 495	13 086 367	8%	8%
E. Replace High Lift Pumps Riverton	9 092 796	12 097 721	12 468 935	37%	3%

Name of Project – A	Galeshewe Storm Water Project
Objective of Project	To upgrade storm water system in Galeshewe and parts of CBD area.
Delays	No delays
Future Challenges	None identified
Anticipated citizen benefits	Benefits will ensure running of storm water through the channels that will be constructed thus ensuring longevity of the city roads.
Name of Project – B	Roads Projects / Roodepan / Galeshewe
Objective of Project	Upgrade and refurbish major roads in Galeshewe and Roodepan
Delays	None
Future Challenges	None
Anticipated citizen benefits	Roads directly link with investment attraction, and as such the impact will eventually lead to job creation
Name of Project – C	Homevale Waste Water Treatment Plant
Objective of Project	Increase the capacity of the current treatment works for future growth and development of the city
Delays	Unanticipated delays due to phases that took period of time longer than anticipated
Future Challenges	None identified
Anticipated citizen benefits	The facility has the capacity to handle 15ML a day sewer treatment, this will enable the municipality to be able to consider various developments in and around the city. The project is also critical for the construction and development of Lerato Park with more than 4 000 houses to be developed.
Name of Project – D	Upgrade of Landfill Site
Objective of Project	Extend the lifespan of the landfill site, comply with environmental act
Delays	The tender outcomes indicated higher budget than anticipated, as such an application for budget maintenance to the MIG Office had to be authorised first, and the project is implemented in phases
Future Challenges	Vandalism of infrastructure
Anticipated citizen benefits	Waste management capabilities of the municipality
Name of Project – E	Replace High Lift Pumps Riverton
Objective of Project	Modernisation of the pump station, ensuring certainty of water for the residents of Sol Plaatje Local Municipality
Delays	Construction of pump house which was not thought of at the conceptualisation of upgrade of the pumps at the current plant in Riverton
Future Challenges	Pumps are highly modern and staff training will be critical to ensure that they are able to operate and maintain the pumps
Anticipated citizen benefits	Certainty of water

#### COMMENT ON CAPITAL PROJECTS

The Homevale Waste Water Treatment Works, the roads resealing project, the Kimberley Bulk Water Line, the replacement of High Lift Pumps and the upgrade of the Landfill Site will remain an integral part of the Capital and IDP for years to come.

These projects are the epitome of the capital programme and will be for the foreseeable future as they are part of the entire growth and development programme of the Municipality.

The capital projects per ward are depicted in the following table

Capital Project	Original Budget	Adjust. Budget	Actual	Variance (Actual - Adj)	Variance (Actual - OB)	Physical Progress	Wards
	R' 000			%			
Water							
Ritchie Water Augmentation	15 000	7 000	6 086	-13%	-59%	100%	All
Replacement of water meters	2 500	2 500	—	-100%	-100%	100%	All
Riverton Water Purification Plant	13 230	12 757	12 469	-2%	-6%	92%	All
Lerato Park Water	1 000	2 000	443	-78%	-56%	192%	All
Riverton Pump Station	10 000	4 296	—	-100%	-100%	292%	All
Sanitation/Sewerage							
Homevale WWTW Extension 15ML	4 800	14 920	14 316	-4%	198%	20%	All
Lerato Park Sewer	1 000	2 000	2 000	0%	100%	100%	All



Capital Project	Original Budget	Adjust. Budget	Actual	Variance (Actual - Adj)	Variance (Actual - OB)	Physical Progress	Wards
	R' 000			%			
Electricity							
Electrification of Snake Park	7 400	7 400	7 161	-3%	-3%	0%	All
Security of Plants and Infrastructure	3 000	6 704	3 919	-42%	31%	58%	14, 20
Prepaid Meter Replacement Programme	2 500	500		-100%	-100%	0%	20
Refuse removal							
Upgrade Landfill Site	17 530	12 148	13 086	8%	-25%	0%	All
Roads							
Resealing of Roads	11 618	19 473	19 968	3%	72%	56%	1,2,3,18,29
Storm Water							
Galeshewe Storm Water Projects	7 500	25 000	23 280	-7%	210%	100%	18, 5
Economic Development							
Planning and surveying plots to be sold	–	1 031	–	-100%	–	100%	All
Entrance Road to Platfontein	3 500	3 350	3 320	1%	-5%	100%	31
Corless Road Upgrade	1 300	1 900	1 677	-12%	29%	100%	23,25
Sports, Arts & Culture							
Upgrade Sports Stadium Galeshewe	832	582	142	-76%	-83%	100%	All
Environment							
No Projects							
Health							
No Projects							
Safety and Security							
No Projects							
ICT							
Replacement Programme: It Hardware	5 000	5 000	1 241	-75%	-75%	100%	All
Corporate Services							
No Projects							
Other							
Fleet Replacement Programme	4 000	4 847	4 266	-12%	7%	100%	All
Capitalisation of Loose Equipment	3 000	3 000	3 072	2%	2%	100%	All
Satellite Fire Station	8 694	1 351	994	-26%	-89%	10%	All
Nelson Mandela Monument	–	8 154	–	-100%	–	0%	All
Upgrade Florianville Swimming Pool	1 200	1 552	–	-100%	-100%	0%	All
Install new Lift at Civic Centre	–	2 000	–	-100%	–	0%	All
Airconditioning Halls	200	–	–	–	-100%		
Technical Support NDPG	400	400	–	-100%	-100%		
Intangibles			2 366				
TOTAL	125 204	149 865	119 806	-20%	-4%		



## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### 5.8.1 Introduction

The state of infrastructure continues to deteriorate as a result of age and other effects associated with demand and usage. The demand for municipal services on the other hand continues to increase as more and more families place themselves in informal settlements. The municipality is unable to keep up with the requirements for maintenance as a result of higher than projected infrastructure failures. The absence of infrastructure maintenance plans forces the engineers to react to maintenance needs, as the need arises.

Though there is an annual commitment to eradicate backlogs for various services, the development of informal settlements

continuously increases the backlog on a daily basis, to an extent the number of houses formalized or connected to services is far less than the new demand for same services. One of the municipal objectives is that we should focus more on the core functions and improve on economical efficiencies and quality and level of service delivery offered to the communities.

Focus has been on connection and reticulation over the past two years and with the financial injection as made by COGHSTA and the Department of Energy, more and more houses are connected to services. The table below presents the municipal service backlogs as at 30 June 2017.

Service Type	Backlog Census 2011	Current Backlogs
New Houses (Subsidised)	7 846	10 627
New Erven Planned and Surveyed	7 846	3 721
Houses connected to Water	8 743	9 161
Houses connected to Sanitation	9 343	3 065
Houses connected to Electricity	9 127	2 015
Houses provided with Waste Removal	9 490	8 000
Roads Rehabilitation		150 km
Residential Roads Paved		278 Km

### 5.8.2 Service Backlogs as at 30 June 2016

Service backlogs refers to access to services by all formalised areas without considering the development of top-structures for low cost housing projects and subsidised houses. Formalised areas are installed with a standpipe water meter and

should receive a weekly refuse collection accordingly. Where this service is not provided, these will form part of the backlogs that must be planned and eradicated.

Description	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	63 519		0	0
Sanitation	59 053	97.94%	3 065	4.94%
Electricity	57 696	95.70%	2 601	4.30%
Waste management	53 585	100.00%	9 200	0.00%
Housing	60 297	83.10%		

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

It should be mentioned that number of households with access to basic sanitation includes those that are provided with communal sanitation facilities, as this is part of minimum service level. Formalised areas receive flush toilets connected to the sewer line as part of the housing subsidy. Prior to this, the municipality provided ablution blocks for these areas which is deemed as minimum service level.

Refuse collection below minimum service level is any refuse collection through communal yellow bins. This is not regarded as a basic level, but rather accounted for as backlog.

The municipality is considering alternative means and ways to provide the service other than the high level of service provided through municipal own infrastructure as the investment requirements to provide this service exceeds the ability to collect from these areas to finance the investment.

### IMPLEMENTATION OF BNG HOUSING PROJECTS

The municipality together with COGHSTA targeted to develop over 1 000 houses in Diamond Park during 2016/2017. However, only 300 subsidies were approved in the area and these will be constructed during the 2017/2018 financial year. The reason for lower than projected number of subsidies approved is due to lack of qualifying applicants in the area in accordance with the Housing Subsidy System.

### THE MUNICIPALITY'S RENTAL STOCK

The municipality's rental stock is 936 units. The demand for these units is very high as a result of middle income not being able to secure bonds or loans. The Department of COGHSTA has expressed its intention to donate the CRUs constructed as part of Lerato Integrated Human Settlements Project, and this will assist in absorbing the demand for rental stock.

## Facilitating the Implementation of the National Upgrading Support Programme

The programme was initiated by National Department of Human Settlements and we were identified as one of the participants in the programme.

The mandate of NUSP is to support municipalities with formalisation and infrastructure upgrade of informal settlements in the municipal area. The following areas had been upgraded:

Snake Park .....	1 700 sites
Ivory Park .....	1 174 sites
Diamant Park.....	892 sites
Kutlwanoong.....	48 sites
Colville .....	130 sites
Santa Centre.....	139 sites
Phomolong.....	269 sites
Greenpoint.....	155 sites

Waterloo.....	230 sites
Soul City .....	48 sites
Beaconsfield.....	28 sites

The NUSP has enabled the municipality to integrate human settlement interventions.

## Roads and Storm Water Backlogs

There is currently no national policy that defines the basic level of access roads in residential areas. Reference is made to the Municipal Infrastructure Framework which recommends an all-weather access within 500m from the dwelling. In the context of the municipality, all dwellings have access to roads although some may not meet the above standard.

Most roads within the municipality can be classified as between fair to poor with very few being in very poor state.

With the MIG funding, the municipality has been upgrading the dirt roads within residential areas with tarred road.

### 5.8.3 MIG Expenditure 2016/2017 on Service Backlogs

An amount of R48 329 000 was allocated during the financial year as per DoRA. The following projects deliverables were achieved:

Project Name	Project Deliverables
Homevale WWTW Extension	<p>This project involved the extension of Homevale WWTW capacity by an additional 15Ml/d which brings the total capacity of the plant to 48Ml/d. The extension of the WWTW is practically complete with minor additional work still in progress. Work also included the construction of a dewatering facility which was necessary due to the fact that while the sludge drying beds were refurbished, the high water levels resulted in their being inundated and overgrown.</p> <p>The Municipality intends dewatering the sludge by means of a volute press so that the product, in its dried form, is suitable for a number of uses and then to be able to decide on which use is most favourable for a specific time period without being tied to that use in perpetuity. The appointed engineers were instructed to proceed with the compilation of an Expression of Interest so that possible uses can be selected and this process has commenced.</p> <p>The Tender for the Mechanical Dewatering equipment was awarded in January 2015. The civil works associated with these dewatering facilities are being carried out as a Supplementary Agreement to the main civil contract and commenced on 1 July 2015 and anticipated to complete before December 2016.</p>
Upgrade of Kimberley Landfill Site Facilities	<p>The upgrade project for the landfill site facilities commenced in the previous financial year. During the year under review, a Contractor was successfully awarded the development of facilities at the landfill. The following work will be embarked on and anticipated to be completed by December 2016:</p> <ul style="list-style-type: none"> <li>Construct new Clearvu security fencing</li> <li>Access control: Construct new guardhouse, with boom and sliding gate</li> <li>New paved access and internal roads, including parking facilities</li> <li>2 x weighbridges including traffic signals, boom gates etc.</li> <li>Construct new ablution facility</li> <li>Construct new weighbridge and administration building</li> <li>Security fenced recycling sorting facility, tyre storage facility</li> <li>Garden refuse area</li> <li>Bulk civil services including water supply, sanitation and storm water, and</li> <li>Electrical supply.</li> </ul>
Riverton New High Lift Pumps	<p>The project involves the procurement of two new high-lift pumps to supply drinking water from the Riverton WTW to Kimberley. The proposed new pumps will supply 90% of the current water demand and will improve the reliability of potable water pumping.</p> <p>At end of the financial year, pumps have been ordered and delivery is anticipated between Feb – March 2017 as such equipment is manufactured abroad.</p>
Kimberley Street Lights (70)	<p>The project involved installation of high-mast lights in various areas of the municipality. At end of financial year eight (8) high-masts had been successfully installed in the following areas:</p> <ul style="list-style-type: none"> <li>Four in Promised Land,</li> <li>One in Diamond Park,</li> <li>Three in Ivory Park</li> </ul>
Though not a project the Project Management Unit (PMU) set-up is financed from MIG funding which includes equipment, personnel and other operational costs to make the unit functional.	



Despite the actual projects outputs, the following outcomes benefited the community of Sol Plaatje municipality through the MIG programme:

- The refurbishment, upgrade and repairs of bulk infrastructure over the past financial years has unlocked development in city. Recently government and private business has invested through infrastructure development such as office blocks, high rise buildings, new private hospitals, the Sol Plaatje University etc. With such investments comes economic growth and job creation;
- Poverty alleviation through temporary jobs created on projects;
- Service delivery enhancement.



The following table contains MIG Expenditure on Service Backlogs

Details	Budget	Adjust. Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust.	
	(R'000)			%		
Infrastructure - Road transport						
Roads, Pavements & Bridges	11 619	15 500	15 245	31%	-2%	
Storm water				–	–	
Infrastructure - Electricity						
Generation				–	–	
Transmission & Reticulation				–	–	
Street Lighting				–	–	
Infrastructure - Water						
Dams & Reservoirs				–	–	
Water purification				–	–	
Reticulation	7 590	7 960	6 787	-11%	-15%	
Infrastructure - Sanitation						
Reticulation	2 000	2 000	2 000	–	–	
Sewerage purification				–	–	
Infrastructure - Other						
Waste Management	15 530	10 148	10 122	-35%	-0.3%	
Transportation				–	–	
Gas				–	–	
Other Specify						
Homevale Satellite Station	8 694	1 470	994	-89%	-32%	
Operational Costs PMU	2 120			–	–	
VAT claimed as Own Revenue	–		1 931	–	–	
Total	47 552	37 079	37 079	-22%	0%	
* 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						



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

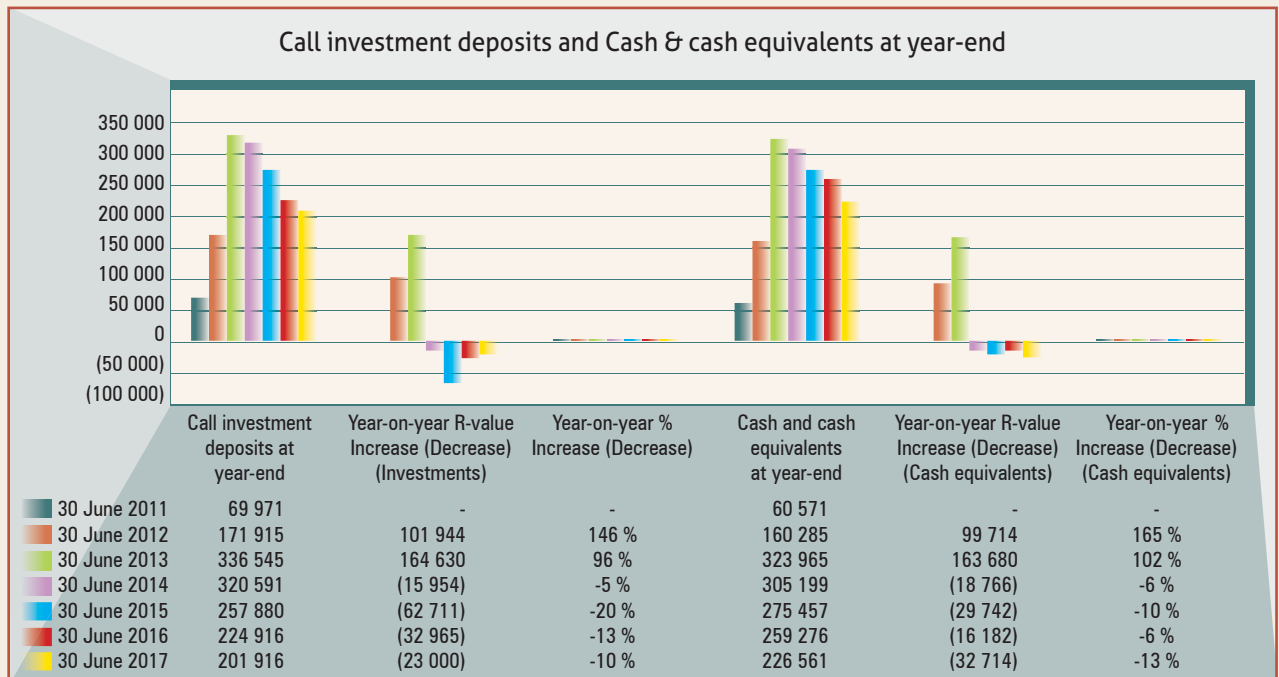
### 5.9 CASH FLOW OUTCOMES

The management of cash flow is one of the pivotal tasks of the finance department of the municipality. Adequate cash management enables effective decision making and the identification of early warning signs in terms of potential cash flow constraints. It is therefore imperative that cash flow trends be

closely monitored and corrective action be taken timeously when required. Sol Plaatje Municipality invests in short term call investment and notice deposits, all with maturity dates of less than twelve months.

Cost Coverage Ratio	30 June 2015	30 June 2016	30 June 2017
Annual Expenditure (cash flow)	1 363 348 580	1 496 191 219	1 527 434 805
Average monthly expenditure	127 329 945	124 682 602	127 286 234
Cash and cash equivalents at year	275 457 274	259 275 698	226 561 404
Ratio	2.16	2.08	1.78

The table above reflects the cost coverage ratio of the municipality for the last three years.



The cash flow outcomes at year end are presented in the table below:

Description	2015/2016	2016/2017		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from Operating Activities				
Receipts				
Property rates, penalties & collection charges	314 616	447 772	396 171	347 392
Service charges	717 694	970 969	904 354	684 756
Other revenue	60 199	61 619	66 714	65 674
Government – operating	164 215	165 897	168 610	163 924
Government – capital	111 728	81 564	98 297	89 523
Interest	122 383	36 500	120 000	151 654
Payments				
Suppliers and employees	(1 308 897)	(1 555 926)	(1 555 926)	(1 371 855)
Finance charges	(29 018)	(27 757)	(27 757)	(27 789)
Transfers and Grants	(6 625)	(6 510)	(7 590)	(7 984)
Net Cash from (used) Operating Activities	146 294	174 128	162 873	95 296

Description	2015/2016	2016/2017		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from Investing Activities				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(151 651)	(125 204)	(148 865)	(119 807)
Net Cash from (used) Investing Activities	(151 651)	(125 204)	(148 865)	(119 807)
Cash flow from Financing Activities				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(10 824)	(8 246)	(8 246)	(8 204)
Net Cash from (used) Financing Activities	(10 824)	(8 246)	(8 246)	(8 204)
Net Increase/(Decrease) in Cash Held	(16 181)	40 678	4 762	(32 714)
Cash/cash equivalents at the year begin	275 457	223 360	259 275	259 276
Cash/cash equivalents at the year end	259 276	264 037	265 037	226 562
Source: MBRR A7				

Source: MBRR A7

Detail	30 June 2015	30 June 2016	30 June 2017
Cash and cash equivalents	275 457 274	259 275 698	226 561 404
Cash book overdraft	0	0	0

#### COMMENT ON CASH FLOW OUTCOMES

From the above tables, it can be seen that the cash flow position of the municipality is under pressure. Although the net cash generated from operating activities (after interest), is still positive there is a declining trend in the cash balance held by the municipality. This is the second consecutive year that a decrease in the cash balance was realised.

Factors that contribute to the declining cash balance, is the weak debt collection rate, fuelled by the economic climate and high unemployment rate within the municipal area. Stringent measures to control cash outflow and curb expenditure should be implemented by the municipality to ensure that the situation is properly controlled and monitored.

### 5.10 BORROWING AND INVESTMENTS

The municipality currently has long term borrowings at the Development Bank of South Africa (DBSA). The municipality applies a conservative approach to borrowing. No additional

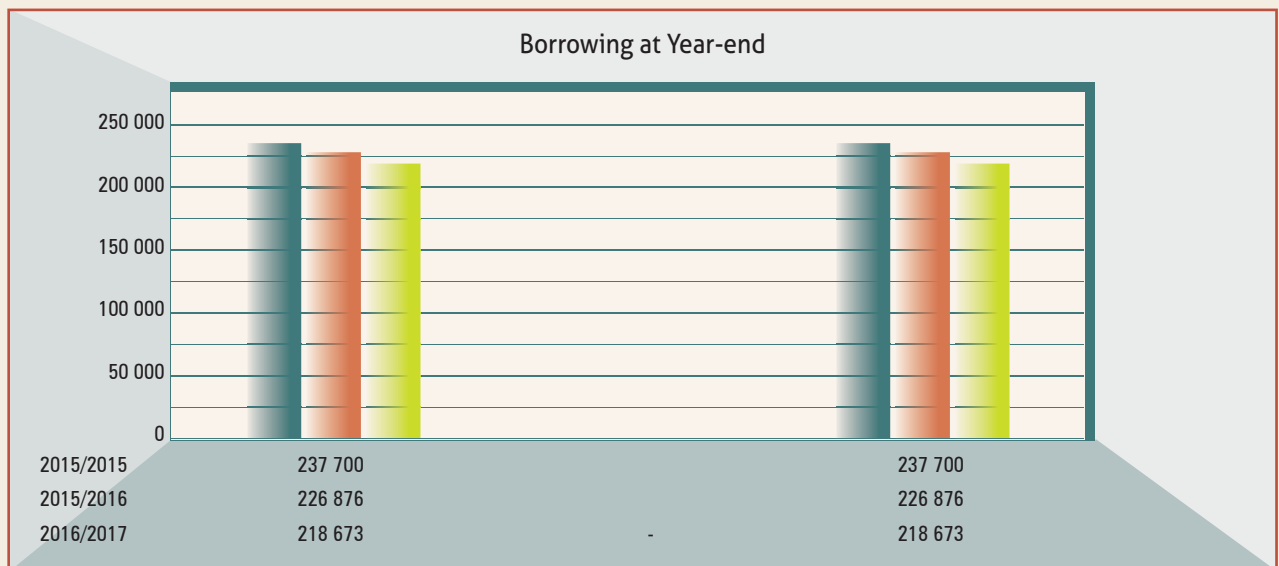
debt was incurred for the current year. The balance of these loans amount to R210.4 million as at 30 June 2017.

The table below reflects movement on the loan for the year reported on:

Description	Original Budget 2016/2017	Adjustment budget 2016/2017	Actual spent 30 June 2017
External borrowings	202 089 686	202 089 686	210 434 634

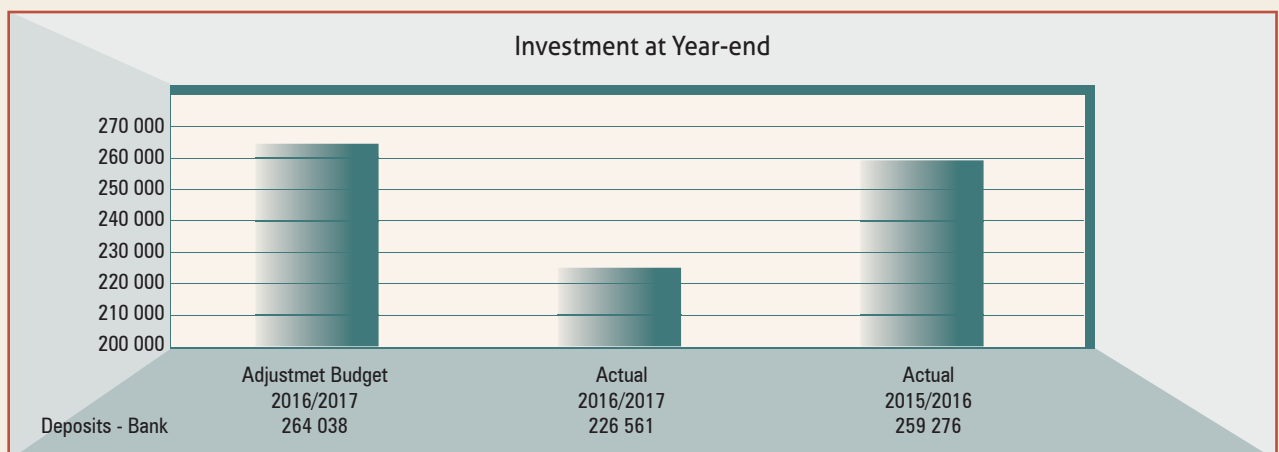
#### 5.10.1 Actual borrowings: 2014/2015 to 2016/2017

Instrument	2014/2015	2015/2016	2016/2017
	(R'000)		
Municipality			
Long-Term Loans (annuity/reducing balance)	237 700	226 876	218 673
Municipality Total	237 700	226 876	218 673



#### 5.10.2 Municipal Investments

Investment* type	2016/2017	2016/2017	2015/2016
	Adjustment Budget	Actual	Actual
	R'000		
Municipality			
Deposits – Bank	264 038	226 561	262 936
<b>Municipality Total</b>	<b>264 038</b>	<b>226 561</b>	<b>262 936</b>



#### 5.10.3 Comment on Borrowing and Investments

The cash and investment balance has declined over the past financial year. This was due to a number of factors which are described in more detail elsewhere in this document. The external borrowing balance is gradually decreasing as interest and capital is redeemed. No additional loan agreements were entered into for the 2016/2017 financial year.

External Loans	Loan Number	Redeemable Date	Balance at 30/06/16	Received during the period	Redeemed written off during the period	Balance at 30/06/17	Carrying Value of Property Plant & Equip
(Rands)							(Rands)
<b>Long Term Liabilities</b>							
Annuity Loans							1 483 689 913
DBSA Loan @ 10%	10112	30-06-2015	0	0	0	0	
DBSA Loan @ 12%	10113	30-06-2016	0	0	0	0	
DBSA Loan @ 12%	10616	30-06-2017	864 007	0	864 007	0	
DBSA Loan @ 10.91%	101452	31-12-2019	5 615 367	0	1 397 349	4 218 018	
DBSA Loan @ 12.61%	102855/1	31-12-2028	15 545 480	0	559 934	14 985 546	
DBSA Loan @ 13.12%	102855/2	31-12-2015	0	0	0	0	
DBSA Loan @ 6.75%	102855/3	31-12-2023	2 982 086	0	317 200	2 664 886	
DBSA Loan @ 6.75%	102855/4	31-12-2015	0	0	0	0	
DBSA Loan @ 12.445%	103958/2	30-06-2031	201 869 382	0	5 065 030	196 804 352	
<b>Subtotal DBSA</b>							
<b>Total Annuity loans</b>			<b>226 876 321</b>		<b>8 203 519</b>	<b>218 672 802</b>	

The repayment terms on all loans is two yearly instalments payable in June and December.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.11 SUPPLY CHAIN MANAGEMENT

The Municipality has amended the Supply Chain Management Policy to comply with the new Preferential Procurement Regulations that was implemented 1 April 2017. Procedures, processes and documentation were reviewed and amended to comply with all the legal requirements. Staff was trained and workshops were attended.

All officials required to meet the minimum required competency levels have completed their training. More junior staff also completed the training.

All Audit findings were attended to and action plans were implemented.

### 5.12 GRAP COMPLIANCE

The municipality has adopted the Generally Recognised Accounting Practices (GRAP) as the accounting reporting framework. As such, the annual financial statements are prepared in accordance with the approved GRAP standards. Where there are no approved GRAP standards, principles of accounting in terms of International Accounting Standards (IASs) and International Public Sector Accounting Standards (IPSASs).

In preparing the financial statements for 2016/2017, the municipality complied with all the issued and approved accounting standards. The accrual basis of accounting informed the preparation of the financial statements and all amounts are disclosed in the South African currency, the ZAR. The municipality is a going concern business and it is expected to continue to exist in the foreseeable future.

The municipality also limits its exposure to foreign currency by ensuring that all contracts are expressed in ZAR.

However, there is a single transaction entered into USD with a three-year contractual obligation.

During 2015/2016, the Accounting Standards Boards (ASB) issued accounting standards which were not approved by the Minister of Finance, and hence they remained ineffective during the period of reporting.

Assets are disclosed at cost less accumulated depreciation, whilst inventory is carried at the lower of cost or net realisable value. The weighted average cost method is utilised for the valuation of inventory.

All financial instruments are recognised at amortised cost. There are interpretation GRAP issued by ASB to give clarity and further information with regards to disclosure requirements such as i-GRAP1 and i-GRAP17. These are also taken into account in formulating policy and procedures for recognition and measurement.

# CHAPTER 6

## AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2015/2016

#### 6.1 AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2015/2016 (PREVIOUS YEAR)

Audit report status	Unqualified audit opinion
<b>Audit Findings</b>	
Not applicable	
<b>Emphasis of matters</b>	
Irregular expenditure	Submitted to MPAC for investigation, written off by Council
Material Losses and impairments	Strategy to improve collection ratio, action plan to address distribution losses
Restatement of corresponding figures	Reduce prior year errors to avoid significant restatement of financials

### COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2016/2017

#### 6.2 AUDITOR-GENERAL OPINION 2016/2017

Audit report status	Unqualified audit opinion
<b>Audit Findings</b>	None
<b>Emphasis of matters</b>	
Restatement of corresponding figures	
Material losses and impairments	
Irregular expenditure	

#### 6.2.1 Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Sol Plaatje Local Municipality

##### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

- I have audited the financial statements of the Sol Plaatje Local Municipality set out on pages 241 to 305, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sol Plaatje Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

##### BASIS FOR OPINION

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

##### EMPHASIS OF MATTERS

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



## RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error discovered during 2017 in the financial statements of the municipality at, and for the year ended, 30 June 2016.

## MATERIAL IMPAIRMENTS

8. As disclosed in note 4.3 to the financial statements, material losses to the amount of R34 409 273 (2016: R21 154 765) were incurred as a result of a write-off of irrecoverable trade debtors.
9. As disclosed in note 4 to the financial statements, material provision for impairment to the amount of R932 336 434 (2016: R780 894 044) was provided for as a result of poor payment collection practice.

### Material losses – electricity

10. As disclosed in note 46.9 to the financial statements, material electricity losses to the amount of R103 673 290 (2016: R74 809 523) was incurred which represents 25.54% (2016-2015: 19.13%) of total electricity purchased.

### Material losses – water

11. As disclosed in note 46.9 to the financial statements, material water losses to the amount of R35 162 509 (2016: R37 478 402) was incurred which represents 50.56% (2016: 56.39%) of total water purified.

## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## OTHER MATTERS

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

### Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA.

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

### Unaudited supplementary schedules

14. The supplementary information set out in appendix A – D, F and G does not form part of the financial statements and is presented as additional information.

I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Supplementary explanations of budget variances presented outside the financial statements

15. The supplementary explanations of budget variances contained in appendix E1 to E3, as referred to in note 54 do not form part of the financial statements.

I have not audited these explanations and accordingly I do not express an opinion thereon.

## AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

Development priorities	Pages in the annual performance report
KPA 1: Local Economic Development	139 – 140
KPA 2: Basic services and Sustainable Service Delivery and Infrastructure Development	141 – 143

## REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

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

### Annual financial statements, performance reports and annual reports

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

23. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following development priorities:
- Development priorities - KPA 1: Local Economic Development
  - Development priorities - KPA 2: Basic services and Sustainable Service Delivery and Infrastructure Development

### OTHER MATTERS

25. I draw attention to the matter below.

### Achievement of planned targets

26. Refer to the annual performance report on pages 132 to 143 for information on the achievement of planned targets for the year.

### Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1: Local Economic Development and KPA 2: Basic services and Sustainable Service Delivery and Infrastructure Development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

31. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for councillors issued in terms of the Municipal Systems Act.

### Expenditure management

32. Effective steps were not taken to prevent irregular expenditure amounting to R2 795 094 as disclosed in note 45.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

## Asset management

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

## OTHER INFORMATION

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

38. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
39. The leadership of the municipality did not ensure that the municipality was fully compliant with applicable laws and regulations. Material findings relating to non-compliance with the MFMA and SCM Regulations, were identified in the current financial year.
40. The leadership of the municipality did not exercise oversight responsibility to ensure that proper inter-

nal control procedures were developed and implemented that will enable the municipality to produce an accurate and complete report on predetermined objectives.

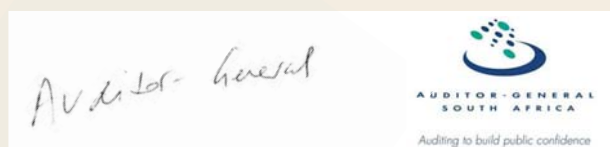
41. The annual financial statements and annual report were subjected to material amendments that can be attributed to weaknesses in the implementation of controls. In addition, the collation of different information from various units for incorporation into the financial statements and annual performance report was not done in time to allow for sufficient and adequate reviews.

## OTHER REPORTS

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

### Forensic report – Leave encashment and invalid payments

43. An independent consultant investigated an allegation of possible fraudulent payments in the human resource department at the request of the municipality, which covered the period 1 July 2015 to 30 June 2017. The investigation concluded on 18 October 2017 and resulted in criminal proceedings against three employees. These proceedings are currently in progress.



Kimberley

29 November 2017

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

#### FINANCIAL STATEMENTS

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

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

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

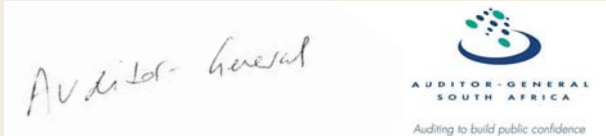
- Communication with those charged with governance

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

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

Kimberley

29 November 2017



The image shows a handwritten signature in blue ink that reads "Auditor-General". To the right of the signature is the official logo of the Auditor-General of South Africa. The logo consists of a stylized graphic of a person or a tree made of dots, with the text "AUDITOR-GENERAL SOUTH AFRICA" below it, and the tagline "Auditing to build public confidence" at the bottom.

### 6.3 MFMA SECTION 71 RESPONSIBILITIES

The municipality is non-delegated and as such submits the monthly reports to National Treasury in terms of Municipal Finance Management Act 56 of 2003, Section 71. These reports are at the same time submitted to the Executive Mayor, the monthly budget statement. The Municipal Public Accounts Committee are also provided with the report in terms of the Guidelines for the Establishment of MPACs.

The Section 71 reports are signed off by the Municipal Manager and submitted within ten working days after the end of each month to the relevant authorities as explained herein.



Signed:

ZL Mahloko

Chief Financial Officer





**6.4.1 Overview**

The Audit Committee (AC) is a formal committee of the Council and its functions are as per section 166 of the Municipal Finance Management Act (Act No 56 of 2003).

We are pleased to present our report for the financial year ended 30 June 2017.

**6.4.2 Audit Committee Members and Attendance**

The Audit Committee consists of the members listed hereunder and meets as often as it deems necessary as per the approved terms of reference.

During the period under review, there were four meetings held on the following dates:

- 29 August 2016
- 28 November 2016
- 27 February 2017
- 26 June 2017

Name of the Member	Position	Date of Appointment/renewal	Number of meetings attended
Thiru Mudaly	Chairperson	September 2014	4 out of 4
Latief Kimmie	AC member	September 2014	3 out of 4
Thembeka Semane	AC member	September 2014	3 out of 4
Peace Ntuli	AC member	September 2014	3 out of 4
Izak Bredenkamp	AC member	September 2014	3 out of 4

**6.4.3 Audit Committee Responsibility**

The Audit Committee has fulfilled its responsibilities as stipulated in the Municipal Finance Management Act read in conjunction with the Treasury Regulations. The Committee has adopted an appropriate formal charter, which regulates its affairs. It has also discharged its responsibilities in compliance with the approved Audit Charter.

**6.4.4 The effectiveness of internal control**

In line with the MFMA and the latest King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it was noted that matters were reported that indicated significant deficiencies or deviations in the system of internal control.

There were instances where matters reported by internal audit were not satisfactorily resolved.

Accordingly, we report that the system of internal control over financial reporting for the period under review, while showing an improvement since the last reporting period requires enhancement. Closer monitoring of the audit action plan to

ensure key deadlines are met was communicated to management. Regular reporting will assist management to realise the objective of obtain better/clean audit outcome.

- **Governance and Performance Management**

We acknowledge that the performance contract for the Accounting Officer and managers directly accountable to him were in place and an evaluation has been done at least twice during the year. The governance of the municipality has improved over time. The audit committee is of the opinion that there is still room for improvement in the governance and compliance with the monitoring of risk, managing the achievement of predetermined objectives and the implementation of improvement plans.

- **Risk management**

Concerns on the major water losses in Kimberley were raised during engagement with management. A comprehensive report on the top five risks was requested. The report must include the legislation issues, the progress of these risks and an action plan on dealing with these risks.

**The following challenges remain to be addressed:**

Assistance should be obtained and care should be taken during the planning phases to ensure that there is alignment of strategy, budget, objectives and targets.

That the reliability of reported information is improved.

That the review of the performance management system and determining alignment is done quarterly.

The implementation of performance management principles that will include corrective action for poor performance and reward exceptional performance.

An accounting process that will deal with the challenges posed by the billing methodology and still ensure compliance with the relevant accounting standards.

The risk management strategic plan must include assets in future.

**6.4.5 Submission of in-year management and monthly/quarterly reports in terms of the Municipal Finance Management Act and the Treasury Regulations.**

The committee has been assured by management that the monthly/quarterly in-year management reports were compiled and submitted timeously as required in terms of legislation.

**6.4.6 Evaluation of Financial Statements**

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer.

- Reviewed the Auditor-General South Africa's management report and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed the municipalities compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements read together with the report of the Auditor-General South Africa should be accepted.

#### 6.4.7 Internal audit

We are satisfied that the internal audit function is operating efficiently and effectively and that it has addressed the risks pertinent to the municipality in its audits.

#### 6.4.8 Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues and report that there are none.

#### 6.4.9 Recommendations made by Audit Committee

- Robust performance management be further embedded into the organisational culture.

- That consequence management be implemented
- Continuation of these committed and concerted efforts by the leadership of Sol Plaatje to implement the recommendations of internal audit and the AGSA

#### 6.4.10 Conclusion

The Audit Committee has noted the matters and concerns raised by the Auditor-General and accept that there is still a significant improvement required in the accounting and internal control environment at the municipality.

The Audit Committee has also noted that the overall financial performance and governance of the municipality has improved and this is reflected in the achievement, once again, of an unqualified audit opinion.

This notwithstanding, it is recognised that much work still lies ahead, and the Committee will continue to monitor the various interventions aimed at ensuring that improved audits are achieved in the years ahead.

#### 6.4.11 Appreciation

The committee expresses its sincere appreciation to the Honourable Executive Mayor, Accounting Officer, Executive management team, Internal Audit and the Auditor General.

T Mudaly

Chairperson of the Audit Committee

### 6.5 MPAC OVERSIGHT REPORT

#### Municipal Public Accounts Oversight Report for 2016/2017 Financial Year

##### PURPOSE

Section 129 of the MFMA requires the Municipal Council to consider the Annual Report of its municipality and municipal entities and to adopt an Oversight Report containing the Municipal Council's comments on each Annual Report.

##### FOR NOTING / FOR DECISION BY

The following options exist in terms of noting / for decision by:

- Council (to approve)

The item/report has been considered by a portfolio committee.

This item is for decision by Council.

##### BACKGROUND

The Oversight report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself. The purpose of the Annual Report is to:

- provide a record of the activities of the municipality or entity
- provide a report on performance in service delivery and against the budget
- provide information that supports the revenue and expenditure decisions made; and
- promote accountability to the local community for decisions made Council is vested with the responsibility

to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA).

The Municipal Council has delegated the responsibility of the Oversight Report on the Annual Report to MPAC in terms of Council resolution and MPAC is responsible to:

- consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard
- compile an Oversight Report and table it in Council no later than sixty days from the date of which the Annual Report was tabled, in terms of Section 129 of the MFMA.

The Municipal Public Accounts Committee therefore in its work should check whether the information contained in the Annual Report is a fair and record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon.

MPAC consists of the following members:

Cllr N Buda (Chairperson)  
Cllr PR van Wyk  
Cllr H Pieterse  
Cllr PJ Vorster  
Cllr T Gomba  
Cllr I Petoro  
Cllr M Lekhatlanya  
Cllr L Steenkamp

## 2016/2017 ANNUAL REPORT CONSULTATION PROCESS

The MPAC conducted meetings with the Senior Management of the municipality as per the schedule of dates. See attached annexure 1.

All directorates presented their reports to the committee. The committee welcomed the presentations that were made. The schedule of those meetings are as follows:

## MPAC Schedule of Meetings, Annual Report 2016/2017

### AGENDA

- Opening and welcome: MPAC Chairperson
- Purpose: MPAC Chairperson
- Presentation: Executive Director
- Questions: MPAC and Councillors present.

Annual Report Chapter	Date	Presenter (Executive Directors or Delegated officials)	Comments by Committee members
<b>Chapter 3</b>			
Planning & Development Building Inspectorate LED Property Management Market GURP/NDPG	09/03/2018	ED: SEDP Services Mrs N Tyabashe-Kesiamang	
<b>Chapter 3</b>			
Electricity Water Sanitation Housing Roads & Storm Water	09/03/2018	ED: Infrastructure & Services B Dhlwayo	
<b>Chapter 4</b>			
Corporate Services	12/03/2018	ED: Corporate Services Ms R Sebolewe	
<b>Community Services</b>			
Motor Registration Traffic Law Enforcement Libraries Primary Health Environmental Health Climate Change Parks & Recreation	09/03/2018	ED: Community Services KA Bogacwi	
<b>Chapters 1 and 3</b>			
Municipal Performance Overview	12/03/2018	Municipal Manager GH Akharwaray, and Chief Financial Officer Mrs ZL Mahloko	
<b>Chapters 1, 3, 5, 6</b>			
Financial Management Reporting Financial Statements Audit Report Annual Performance Report	12/03/2018	Chief Financial Officer Mrs ZL Mahloko	

The role of the MPAC is to analyse and the review the Annual Report in detail. Inputs by the committee were submitted as follows:

Subsequent to internal consultative processes, the public participation process started on the 3 April 2018 until the 5 April 2018. The community was advised through Public Notices in the DFA of the availability of the Annual Report and was invited to submit representations/comments on the report and to attend meetings of MPAC to submit verbal representations. Attendance was not satisfactory and as a committee we noticed that community members need a more in-depth education about the importance of attendance of such public participation.

On 31 January 2018, the Annual Report was also available at all municipal libraries and offices and was also placed on the Sol Plaatje Municipality website. The Annual Report was further submitted to the Auditor General, Provincial Treasury and the Provincial Department of Local Government as required by legislation. At the closing date for public submissions on Monday, 6 April 2018, no submissions were received by MPAC.

### 1 The Executive Mayor's Foreword

The Executive Mayor's foreword includes the information required in terms of Circular 63 of September 2012. The MPAC found the report acceptable with no further inputs.

### 2 The Municipal Manager's Overview

The Municipal Manager's foreword includes the information required in terms of the MFMA Circular 63 of September 2012. The MPAC could not find any information omitted accordingly. The report was therefore accepted.

### 3 Executive Summary

Although the mayor's and municipal manager's forewords contain a detailed summary of the key service delivery activities that the municipality undertook over the financial year as well as future plans for the ensuing financial years, these forewords could be enhanced with brief references to challenges facing the municipality going forward and the municipality's intentions on how these challenges could be addressed.

### 4 Auditor General's Report

The municipality received an "unqualified audit opinion" for the 2016/2017 Financial Year. Opinion:

*The financial statements present fairly, in all material respects, the financial position of the Sol Plaatje Municipality as at 30 June 2017 and its financial performance, and cash flows for the year ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.*

The Auditor General did however point out that the Annual Financial Statements and Performance Information submitted

for audit contained inaccuracies which had to be corrected before the final audit was completed. The Auditor General also raised a few matters which would require attention to avoid an adverse opinion in the future.

### 5 Chapter 3 – Annual Performance Report

The Annual Performance Report of the municipality was audited with two KPA's selected, being, Basic and Sustainable Service Delivery and Local Economic Development. Both KPA's received an unqualified audit opinion.

The Annual Performance Report was a considerable improvement on the report for the previous financial year and it was considerably shortened in line with MPAC's comments in relation to last year's Annual Performance Report.

### 6 Chapter 4 – Financial Statements

The CFO presented a detailed financial performance report to the committee and it was accepted accordingly.

### 7 Reservations

The MPAC is very concerned about the public response to the meetings. Two meetings were successful, being the meetings which took place in Platfontein on 6 April 2018 and that of Ritchie on 8 April 2018.

### 8 Conclusion

That the Annual Report for 2016/2017 is not only a considerable improvement over reports for previous years but also presents itself to be much more user friendly.

The administration can be commended on the efforts made on the presentation of the Annual Report.

## SITE INSPECTIONS/VISITS

Though these inspections took place in the 2017/2018 financial year, they are part of oversight responsibilities conducted by the committee. There were two scheduled Site visits by MPAC Committee members which have been completed, and one pending Site visit.

### 1 Gogga Pump Plant

#### Site inspection findings

MPAC: Municipal Public Accounts Committee

Date: 15 February 2018 (09:00)

Members/Officials present

Chairperson	Cllr Unondumiso Buda
MPAC member	Cllr Perdy Van Wyk
MPAC member	Cllr Phillip Vorster
Spelum chairperson	Cllr Charles Ngoma
Admin	Ms Masego Matsime
Contact person	Mr Shale Grey (Site manager)

## ALLEGED UPGRADES

- 1 Replacing of the switch gear for pumps
- 2 Putting on a motor pedestal in pipes
- 3 Screw pumps

## REPORT

- Contact officials: Sabelo Mkhize, Shale Grey and Mr. Harding
- There is no form of report writing for incidents which occurred on site
- There has not been any shift due to a shutdown and upgrades
- PPE is not adequate, no gas masks
- Safety officer; Mr Craig Marsh
- There has not been formal training for the employed officials
- There is no evacuation plan
- The medical check-up is only done once a year
- The fire extinguisher was last replaced in 2016
- The transformers have been serviced but the line is blocked
- There is a team of ten people on site
- Work conditions are unsatisfactory and unpleasant; there is one toilet and one shower; there is water leakage
- The change room is small and there are no first aid kit contents available
- There isn't a formal maintenance plan for the plant which is one of the obstacles when coming to repairing small things
- Flow meter; has been replaced
- Rust; removed
- Motor; replaced

- New screw pumps are being supplied by Zylco Engineering Works
- C-PAC is the service provider that is also busy working on the site, currently grading over the screw pumps
- There is a breach of security
  - The front gate doesn't lock
  - There are CCTV cameras but no security officials on site
  - The tap on site is being used as a community tap for Snake park, Phutanang and Promise Land community members
- There are portable septic tanks on site. There are plus/minus 110 large brown septic tanks which were used in Soul City. Sewage was sucked out of them. This is a waste of septic tanks as they may be utilised in informal settlement areas which have not been provided with proper sanitation services. and it's a questionable expense. These tanks are just on the premises and not used for anything. Community members have even requested these tanks to use them at their households.
- Currently the water has not been pumping from the side of Ramatshela and Stock n Stock which might be due to an unknown blockage, but water has been pumping from the side of Phutanang.

### 2 Homevale Water Treatment Plant

#### Site inspection findings

MPAC: Municipal Public Accounts Committee

Members/Officials present

Chairperson	Cllr Unondumiso Buda
MPAC member	Cllr Perdy Van Wyk
MPAC member	Cllr Ishmael Petoro
MPAC member	Cllr Themba Gomba
Admin	Ms Masego Matsime
Contact person	Mr John Makaudi (Senior process controller/Supervisor/Site manager)

## REPORT

- Contact officials; Sabelo Mkhize, John Makaudi and Mr. Harding
- There are seventeen employees on site, three per eight-hour shift. One lab manager, one admin/cleaner and two interns who are working in the laboratory.
- Defects at the plant are as follows:  
Crises at hand:
  - (a) There is a low level of raw sewerage coming through to the plant and this is leading to a crisis because the raw sewage flows into the community and might cause unrest amongst the community.



(b) The sewerage pumps might be blocked between the Homevale Water treatment plant and Gogga Pump.

(c) There is a pool of sewage in front of the plant and it is causing a stench.

#### 1 New Plant (15 mega litre)

- the screen washer is not working. The scudder has shut down
- the clarifier is not working
- no chlorination because the plant is not functional
- no stugging can take place because thickeners which are feeding digestures are not functional
- watering plant cannot work because digestures are not functional

#### 2 Old Plant (25 mega litre)

- the second auto screening is not functional
- blowers are not functioning properly thus it cannot degrid
- there are six mixers and all are functioning
- there are seven rators of which three are not functioning due to the level of water in the dams
- there are six SST's, two are functioning, and four are not functioning

(1) 15 mega litre; SST 4 and SST 6 are working

(2) 10 mega litre; SST 1, 2, 3 and SST 5 are not working

(2.1) SST 2; the centre barring is broken

(2.2) SST 1; is blocked

(2.3) SST 3; is blocked

- Safety wear/PPE; most of the PPE is inadequate with regard to the extreme working conditions.

1 There is a request for acid-proof suits. Acid resistant boots are required

2 Workers receive a uniform once a year

3 PVC Face masks received from the service provider Halsted are not suitable as the odour is sensed regardless, they are also given dust masks.

Safety reps/First aiders; in the lab the first aider and safety rep is one of the interns, Itumeleng Mokgobo. On the plant the first aider is Desmond Oliphant and the safety rep is Frank Riet.

Working conditions have not been favourable as there is some division in management, workers who have been appointed on a permanent basis as process controllers are negligent during their shifts.

The transfer pump is faulty, the pump which pumps water to Langleg.

Alarming; there is no maintenance plan. This poses a problem because outsourcing is done whenever there is a mechanical, technical or electrical failure and breakdown on the plant. Outsourcing would lead to wasteful expenditure whereas a fulltime electrician or maintenance officer could be employed to be on the plant on a full-time basis. Call-out fees of service providers are very high.

Wasteful and Fruitless: the Sludge De-Watering plant which was constructed in 2016 at a cost of R38 million is a white elephant.

The plant is not being used and is seen as a wasteful expense. The whereabouts of keys of the plant is unknown, the consultant which were working is Oracon Consultants according to Mr John Makaudi, the site manager.

Salary scales and job descriptions of some workers have not been evaluated, the administrator is serving as a cleaner. The senior process controller is serving as a site manager and supervisor but has no signing rights.

The sewage leakage needs to be addressed before it causes an unrest in the community.

A follow up site visit from officials was requested by the site manager

Schedule of meetings: Internal Meetings with Senior Management. Copies of presentations are available with the secretariat of the committee.

After completion of meetings held with different directorates as summarized on page 197, Public Participatory meetings were held.

### Scheduled of dates for public participation meetings:

The General Public are cordially invited to attend meetings of MPAC (Municipal Public Accounts Committee) scheduled over the next few days.

The meetings will be conducted over a period of three days and spread over various areas within the city limits. The public are welcome to interact during the proceedings.

The meetings including dates, venues and times are as follows:

Date	Venue	Time
04.04.2018 Wednesday	City Hall – N Tyabashe-Kesiamang Ritchie – Motswedimosa Z Mahloko	17:30 17:30
05.04.2018 Thursday	M Bessemans Hall (Catholic Hall) – G Akharwaray Riverton – S Matsie / R Sebolecewe	17:30 17:30
06.04.2018 Friday	RC Elliot – K Bogacwi Platfontein – B Dluwayo	17:30 17:30

Any queries with regard to above should be directed to CFO; ZL Mahloko, per e mail zlmahloko@solplaatje.org.za or telephonically at 053 830-6500 or MPAC Administrator; Masego Matsime per email MMatsime@solplaatje.org.za or telephonically at 053 830-6468.

### OUTCOME OF THE PUBLIC PARTICIPATIONS:

- The Public participations, attendance was poor.
- Input; find way to improve attendance.
- Education, public education needs to implemented.
- Community members want to hear about what they have been assisted with, want to hear what has been done for those communities. Not interested in generic presentations.
- City Hall: Attendance was poor
- RC Elliot Hall: Was unable to sit due to lack of attendance
- Roodepan; M Bessemans Hall (Catholic Hall): Attendance was poor
- Ritchie; Motswedimosa: Attendance was a success
- Platfontein; Nxunkwesa Combined School: Attendance was a success

### MOTIVATION

The MPAC missed the deadline to present the oversight report within sixty days from date of tabling. However, reasons were presented to Council at the special council meeting held on 28 March 2018.

### PERSONNEL IMPLICATIONS

None.

### FINANCIAL IMPLICATIONS

There shall be no additional financial implications, other than as budgeted for.

### LEGAL AUTHORITY AND IMPLICATIONS

The Municipal Finance Management Act 56 of 2003.

### CONSULTATION

All Committee members were part of the process.

### CONTACT PERSON FOR ENQUIRIES

Chairperson of the Committee: Ms N Buda.

### RECOMMENDATIONS

It is recommended to Council

- 1 That the 2016/2017 Oversight Report together with the Annual Report 2016/2017 be adopted.
- 2 That the Oversight Report be made public by the Municipal Manager in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act, 2003.
- 3 That the Oversight Report and Annual Report 2016/2017, be submitted to the provincial legislature by the Municipal Manager in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act, 2003.
- 4 That effective Credit Control and Debt Collecting practices, be implemented.
- 5 That the issues raised by the Auditor General in relation to excessive distribution losses of water and electricity be attended to as a matter of urgency.
- 6 That matters relating to Supply Chain Management and Contract Management, be attended to urgently.

N. Buda

Chairperson: MPAC

## Annexure 1

Minutes of a Special Municipal Public Accounts Committee Meeting held at 09:00 on 9 March 2018.

### AGENDA

BUSINESS: Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017.

#### Presentations:

- 09.03.18 Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
Directorate SEDP (Chapter 3) (11:00 – 13:00)  
Directorate Community & Social Development Services (11:00 – 13:00)  
Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18 Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

#### Present: Members

Cllr N Buda (Chairperson) (until 10:30)  
Cllr PR van Wyk (acting chairperson from 10:30)  
Cllr L Steenkamp  
Cllr PJ Vorster

#### Present: Non-members

Cllr R Liebenberg (from 11:00)  
Cllr PD Bishop  
Cllr BP Tshite (from 10:43)

#### A. APPLICATION FOR LEAVE

#### B. BUSINESS

- Presentations on Annual Report 2016/2017 for the Oversight Report 2016/2017  
Directorate: Strategy, Economic Development & Planning Services
- Minutes of a Special MPAC Meeting Held at 09:00 on Friday, 9 March 2018

#### Present: Members

Cllr N Buda (Chairperson) (until 10:30)  
Cllr PR Van Wyk (acting chairperson from 10:30)  
Cllr L Steenkamp  
Cllr PJ Vorster

#### Non-members

Cllr R Liebenberg (from 11:00)  
Cllr PD Bishop  
Cllr BP Tshite (from 10:43)

ED: Strategy, Economic Development & Planning Services (N Kesiamang), ED: Community & Social Development Services (K Bogacwi), General Manager: LED (P Sithole), SMME Manager (S Mathebula), Manager Investment Promotions (T Mlonyeni – from 09:17), Tourism Manager (N Poolo – from 09:17), Area based Manager (L van Gensen), Chief Town Planner (N Modiba), MPAC Secretary (M Matsime) and the Administrator: Committee Services (S Campher).

#### A. APPLICATION FOR LEAVE

Cllr LHS Pieterse

#### ABSENT WITHOUT LEAVE

Cllr M Lekhatlanya

#### B. BUSINESS

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Directorate: Strategy, Economic Development & Planning Services (N Kesiamang)
  - Tram: Security for tourists must be increased at the tram.
  - Diamonds & Dorings Festival: Stakeholder contributions must be the focus. The perception is that return on investment is not as profitable eg. with ticket sales, but it actually is. There is a Memorandum of agreement between SPM and the service provider.
  - Wilderklawer school tournaments brings in investment.
  - R11.8 million has been allocated by the Department for SMME development. Consultations with a Johannesburg-based company is unfolding to assist with SMME development in terms of a Carbon Credit Programme.
  - Inputs are awaited from the Department managing the Red Tape Production for small businesses, to look at areas – as identified by them – affecting growth.
  - The Fresh Produce Market requires support and improvement since it is the only one in the Northern Cape. Regular stakeholder engagements are needed to see how best to invest. Consignment control is absent as well as infrastructure maintenance.
  - The National Government of Energy will be hosting women-in-conference which is also provincial for investment promotions. On Wednesday, 14.03.18 the minister will sign a contract with 27 companies to endorse licenses to put up renewable energy at farms (e.g Droogfontein second 80MW energy Plant on route to Langley).

#### Inputs: Councillors

- Investment feasibility of the Fresh Produce Market is necessary by determining revenue income. Promote local development. Financial implications must be determined for managing the function in-house.
- There is a 51,4 % vacancy rate – critical posts must be filled.
- A Tourism strategy and Events Management Policy must be implemented.
- Determine how to attract investment and how this will benefit the city. One must be realistic with what must be achieved, therefore the scales must balance. Cost wastage must be determined in terms of ticket sales from events.
- Taxi lay-bys in town must be visible.
- The target of 2,000 erven for township establishment was achieved and noted. One must determine how to accommodate future growth.
- The Municipal Planning Tribunal (MPT) as compared to the SPELUM Committee – who plays oversight?
- Street vendors are on the increase and compete with registered businesses.

At 10:30, there was no longer a quorum and the meeting proceeded informally.

#### Closing statements

- The main challenges within the directorate is direct execution and lack of resources/funds, submission of business being a lengthy process to source professional services and ensuring critical vacancies are filled. There is a porous base for stability. There are different partnerships with stakeholders and plans must be synchronized to the benefit of the city. There is additional funding support (e.g from DTI and National Tourism Department).
- Profits at the Market can only be ensured if infrastructure is extended. There is 50/50 situation – close the market due to insufficient profit and lack of budget, or make an effort to make as much profit as possible, create jobs for hawkers and grow the economy. Research is required to create a value chain for future predictions.
- Benefits linked to tourism events: Similar patterns have been observed – the hospitality industry benefits more than SPM. Partnerships with service providers are present to determine areas of alignment, if necessary.
- The Urban Network Strategy focuses on taxi lay-bys and other areas of development required in public spaces.
- The Municipal Planning Tribunal, as per legislation, bars political involvement, as opposed to the SPELUM Committee. However, if an appeal is made for development applications, this will be submitted to Council who will serve as the Municipal Appeal Tribunal consisting of politicians.

The meeting closed at 11:10.

## Annexure 2

Record of Proceedings of a Special Municipal Public Accounts Committee Meeting held at 09:00 on 12 March 2018.

### AGENDA

BUSINESS: Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017.

#### Presentations:

- 09.03.18 Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
Directorate SEDP (Chapter 3) (11:00 – 13:00)  
Directorate Community & Social Development Services (11:00 – 13:00)  
Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18 Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

#### Present: Members

Cllr N Buda (Chairperson)  
Cllr PR Van Wyk  
Cllr PJ Vorster

#### Non-members

Cllr R Liebenberg  
Cllr PD Bishop

Municipal Manager, CFO (Z L Mahloko), ED: Infrastructure & Services (B Dhlwayo), ED: Strategy, Economic Development & Planning Services (N Kesiamang), City Engineer: Water & Sanitation (M Selesho), City Engineer: Roads & Storm Water (T Raseobi), MPAC Secretary (M Matsime) and the Administrator: Committee Services (S Campher).

### A. APPLICATION FOR LEAVE

Cllr LHS Pieterse

#### ABSENT WITHOUT LEAVE

Cllr M Lekhatlanya  
Cllr L Steenkamp

### B. BUSINESS

Since there was a no quorum, the meeting continued with informal discussions.

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Municipal Performance Overview (Municipal Manager)

#### Discussion summary

- The organogram does not reflect where there is understaffing, however the filling of vacancies is slow. Staff placements are not always correct – a plan must be put in place to deal with placements and contract workers, whose positions are not their ideals.
- Government spends more money on infrastructure development than maintenance, yet there is a need for more maintenance – one must determine how to fill this gap since significant risk is involved.
- Collection rate is decreasing. The better the services to deliver, the more attraction to pay and will boost confidence of investors. The municipality as a public service must look at what must be developed and the monies required to render such services and provide suitable infrastructure. Improved services are required and avoiding irregular tariff increases. The Debt Management Policy must be enforced more stringently.  
Debt collection requires expansion of the consumer base who can afford to pay and selling off land to middle-income consumers to generate more revenue. Management is busy with this issue.
- Town planning is imbalanced – the Capital Replacement Reserve can be used to service erven.
- Managerial performance reports are required to ascertain detailed level of performance per directorate.
- Electricity & Water readings are not always accurate – control measures must be put in place for data management of the financial system. Some areas have no bills and some accounts are overstated and fluctuate.
- Service outcomes are not achieved; therefore, middle managers must enforce discipline over their subordinates.

The meeting closed at 11:30.



## Annexure 3

Record of Proceedings of a Special Municipal Public Accounts Committee Meeting held at 11:00 on 12 March 2018.

BUSINESS: Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017

### Presentations:

- 09.03.18      Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
                 Directorate SEDP (Chapter 3) (11:00 – 13:00)  
                 Directorate Community & Social Development Services (11:00 – 13:00)  
                 Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18      Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
                 Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

### Present: Members

Cllr N Buda (Chairperson)  
Cllr PR van Wyk  
Cllr PJ Vorster  
Non-members  
Cllr R Liebenberg

ED: Infrastructure & Services (B Dhlwayo), General Manager: Revenue Management (A Kloppe), Manager: Supply Chain Management (FM Barnard), Acting Housing Manager (K Ngwenya), City Engineer: Roads & Storm Water (T Raseobi), City Engineer: Water and Sanitation (MB Selesho), Manager: Housing Administration (S Mothelesi), Acting IDP Manager (L Marais), General Manager: Budget & Treasury Office (JJ Wagner), Control Accountant: Capital Budget (BC Anthony), Control Accountant: Water & Lights (K Samolapo) and the MPAC Secretary (M Matsime)

### A. APPLICATION FOR LEAVE

Cllr LHS Pieterse

### ABSENT WITHOUT LEAVE

Cllr M Lekhatlanya  
Cllr L Steenkamp

### B. BUSINESS:

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Directorate: Financial Services (ZL Mahloko)

### The presentation consisted of:

- Financial Management reporting
- Financial statements
- Audit report
- Annual Performance report

### The following points were highlighted:

- Supply Chain Management (policy implementation)
- Expenditure Management (stored and sundry creditors, payroll and payments, councillor benefits, third party payment and relocations)
- ICT (network engineering, technical support, GIS, mSCOA)
- Revenue Management (rates and taxes management, bills and revenue received – billing cycle, expenses, vending services e.g. prepaid electricity, credit control and debt collection, indigent management)
- Summary of SDBIP – municipal viability (out of a total of seven KPIs – two KPIs were not met (29%), three were almost met (43%), one met (14%) and one well met (14%).)
- Audit outcomes (two KPIs audited)

### Discussion summary

- The appointment of an IDP Manager was questioned. The meeting noted that due to the appointment of an Acting IDP Manager, who has been successfully filling the post on a temporary basis, an IDP Manager was not appointed. The delay in appointment was due to lack of skill and experience from applicants. A request was forwarded to the Job Evaluation Committee to re-evaluate and then re-advertise the post.
- The reasons for KPIs not met is the following:
  1. The collection rate is crucial with a target for 2016/2017 of 85%, but only 75% was collected with a difference of 10%. Reserves were used to recover the difference.
  2. The affordability and ability by the community to pay their debt which leads to ageing debt.

The meeting closed at 13:30.

## Annexure 4

Minutes of a Special Municipal Public Accounts Committee Meeting held at 14:00 on 12 March 2018.

### AGENDA

BUSINESS: Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017.

#### Presentations:

- 09.03.18 Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
Directorate SEDP (Chapter 3) (11:00 – 13:00)  
Directorate Community & Social Development Services (11:00 – 13:00)  
Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18 Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

#### Present: Members

Cllr N Buda (Chairperson)  
Cllr M Lekhatlanya  
Cllr PR van Wyk  
Cllr LSteenkamp  
Cllr H Pieterse  
Cllr PJ Vorster

#### Non-members

Cllr R Liebenberg

ED: Corporate Services (KR Sebolecewe), Human Resource Manager (T Phuti), Manager: Security Services (JB Anthony), Risk Manager (W Wiese), Manager: Municipal Training Institute (M Van Zyl), Organisational Development Officer (D Lang), MPAC Secretary (M Matsime) and the Administrator: Committee Services (J Knox).

#### A. APPLICATION FOR LEAVE

None

#### ABSENT WITHOUT LEAVE

None

#### B. BUSINESS:

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Directorate: Corporate Services (KR Sebolecewe)

#### Discussion summary

- The frequency of leave taken by personnel, from general workers to especially top structures, was noted and seen as unacceptable. (The bargaining council collective agreement states that two days' sick leave can be taken without a doctor's certificate within a six-week period. If an employee fails to adhere, they will be reprimanded. When action is taken, the unions become involved. The laws have changed – doctors are not compelled to provide information if so requested by the Municipality. High factors as reasons for taking sick leave equates to stress and mental health).
- The vacancy rate is high. Corporate Services must determine how to address the issue. (It was noted that the vacancy rate is 28% of which 2% is technical skills that must be filled. Under vacant funded posts, 24% of technical skilled posts were filled between October – December 2017).
- Misplacement of employees: Corporate Services must determine a solution and focus on new placements. That a skills audit of all contract workers be conducted within the next two weeks.
- A tender has been procured in November 2017 to re-advertise interest for the reviewed organogram.

- HR related policies are dated 2005 – 2010 and require review. Since sick leave is a challenge, the Human Resource Section must consider actions to put in place to curb staff stress. The disability figures of staff are not visible. It was questioned which positions are earmarked for the disabled. (It was noted that the Municipality does not support the disabled. The disabled are already in positions, but fail to disclose their status when filling in workforce analysis forms. There are ± 50 disabled workers).

#### Closing remarks

The organogram, as part of the review, will be focused more on service delivery. An analysis will be done on work done by human resources and will be submitted to the EMT. There is little that can be done in terms of stress, anxiety and depression.

Legislation influences policy formulation. If policies are not affected by legislation, it will not change. All policies have been reviewed.

The meeting closed at 15:05.

## Annexure 5

Minutes of a Special Municipal Public Accounts Committee Meeting held at 15:00 on 12 March 2018.

### AGENDA

**BUSINESS:** Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017.

#### Presentations:

- 09.03.18 Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
Directorate SEDP (Chapter 3) (11:00 – 13:00)  
Directorate Community & Social Development Services (11:00 – 13:00)  
Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18 Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

#### Present: Members

Cllr N Buda (Chairperson)  
Cllr M Lekhatlanya  
Cllr L Steenkamp  
Cllr PR van Wyk  
Cllr PJ Vorster

#### Non-members

Cllr R Liebenberg  
Cllr BJ Makhamba

ED: Community & Social Development Services (K Bogacwi), Senior Manager: Emergency Services (MW Pretorius), Manager Environmental Health (KD Williams), Acting Manager: Personal Health Services (ECS Christopher), City Librarian (FH van Dyk), Senior Manager: Traffic Services (CFM Langford), Manager: Parks & Recreation (TB Maropong), Manager: Traffic Services (KK Louw), Manager: Motor Registration & Licensing (DT Moeti), Social Development Officer (MP Watermeyer) and the Administrator: Committee Services (J Knox).

### A. APPLICATION FOR LEAVE

Cllr LHS Pieterse

#### ABSENT WITHOUT LEAVE

None

### B. BUSINESS

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Directorate: Community & Social Development Services (K Bogacwi)

#### DISCUSSION SUMMARY

- An action plan is required for illegal dumping sites. (It was noted that equipment is hired to compensate for lack of budget. An action plan is in place to review refuse collection for the entire city and will serve before the relevant committee and council for decision.)
- Repairs and maintenance are negatively reported, e.g. sport facilities are not maintained. (It was noted that the budget allocation is insufficient and thus there is a shortfall with resources.)
- EPWP workers require proper supervision. Cleansing services remains a challenge to keep up with the demand.
- The maintenance of parks must be prioritized.
- Provincialization on unfunded mandates is pending such as clinics, libraries and resorts, and an action plan must be drafted in this regard. Key functions are thus being neglected. No additional funds can be sourced in this regard.
- (It was noted that in 2015, Council decided that clinics must be provincialized, however no adequate consultations took place. There would be a significant influence on salaries if staff should be transferred. An item in this regard will be submitted to the Community Services Committee.)



- The fact that Emergency Services is used to repair buildings was questioned. (It was noted that they only repair sections of buildings that were damaged due to fires or floods as part of disaster management and pose a safety hazard. Sails are placed on roofs to prevent further damage and to protect communities. Fire safety regulations includes part of building regulations.)
- The Traffic Section requires additional staff to upgrade performance and vacant funded posts must therefore be filled. It was noted that an item will serve before the Safety & Security Committee requesting additional staff. (The relationship between Province and the Municipality also has negative implications. The roll-out of outdoor legislation is an issue. No system is in place for the offender to appear in court. Monies owed to court has not been paid back by the Department – documents in this regard have been forwarded.)
- An administrator must be appointed to monitor and streamline budget processes within the directorate.

It was noted that following items will be submitted to the Community Services Committee scheduled for 13 March 2018 for discussion:

- The proposed organogram for by-law enforcement (to form part of the Traffic Department as an interim design until such time that the whole organogram has been reviewed and finalized by a consulting company. The impact of a municipal police will also be investigated which will impact on the section).
- Service Level Agreement for Municipal Health Services (to deal with environmental health, on behalf of Frances Baard District Municipality within the area of responsibility of SPM).

The meeting closed at 16:18.

## Annexure 6

Minutes of a Special Municipal Public Accounts Committee Meeting held at 14:00 on 14 March 2018.

### AGENDA

BUSINESS: Consideration of the Annual Report 2016/2017 for the Oversight Report 2016/2017.

#### Presentations:

- 09.03.18 Directorate Corporate Services (Chapter 3) (08:30 – 10:30)  
Directorate SEDP (Chapter 3) (11:00 – 13:00)  
Directorate Community & Social Development Services (11:00 – 13:00)  
Directorate Infrastructure & Services (Chapter 3) (14:00 – 16:00)
- 12.03.18 Municipal Performance Overview (Chapter 1 and 3) (09:00 – 10:30)  
Directorate Financial Services (Chapter 1, 3, 5, 6) (11:00 – 13:00)

#### Present: Members

Cllr N Buda (Chairperson)  
Cllr M Lekhatlanya (from 14:26)  
Cllr L Steenkamp  
Cllr PR Van Wyk  
Cllr PJ Vorster  
Cllr LHS Pieterse (from 14:35)

#### Non-members

Cllr R Liebenberg (until 15:15)  
Cllr ND Maditse  
Cllr DS Chinkuli (until 15:15)  
Cllr MS Doyle  
Cllr WJ Boshoff (from 14:35)

ED: Infrastructure & Services (B Dhlwayo), ED: Corporate Services (KR Sebolecewe), City Engineer: Roads & Storm Water (T Raseobi), Human Resource Manager (T Phuti), Organisational Development Officer (D Lang – from 15:00) and the Administrator: Committee Services (J Knox).

### A. APPLICATION FOR LEAVE

None

### ABSENT WITHOUT LEAVE

None

### B. BUSINESS

Presentation on Annual Report 2016/2017 for the Oversight Report 2016/2017

1. Directorate: Infrastructure & Services (B Dhlwayo)

### DISCUSSION SUMMARY

- A joint programme for electricity supply is required between Infrastructure and Community Services Sections. Planning over the last fifteen years must be implemented for the development of water and electricity infrastructure. Holistic planning is required.
- Potholes are filled and refilled. Overall, the quality of work must be upgraded and proper oversight is required. Cost effectiveness must be examined.
- Sign-offs for developments were questioned since there are areas flooded with sewage – there should have been a recourse. (It was noted that work is signed off between the technical contractor, consultant and Line managers to deliver work once applicable standards have been met and control measures are in place.)
- Proper investigation must be done on the sewer line and electricity supply from the University area – developments had to be more co-ordinated to see if the current system can hold all developments.
- Some graphs in the Annual report require data updating where applicable.

- Discipline must be strictly enforced.
- More in-house personnel are required for the Housing Section. Long overdue disputes remain unresolved. The waiting list is not dealt with fairly and title deeds are not issued to rightful owners. Some beneficiaries are listed longer than others and do not receive preference.
- Capital expenditure must be expedited. Remedial action is required to close the variance gap. Ring-fenced monies must also be spent more effectively. Ward councillors must account to communities on projects in this regard.
- An action plan with time-frames must be drafted on all issues, especially in terms of challenges regarding the flats. (Door-to-door visits by ward committees must be done to determine true ownership and tenants. Challenges experienced are influenced by the humanitarian aspect. Work on 481 rental stock units have commenced in Lerato Park.)
- Title deeds are influenced by family, relationships and third party issues that becomes difficult to resolve and ultimately must be referred to court or the Public Protector. Restrictions must be placed on title deeds to use against transgressors. Registration dates must be communicated properly and lists must be updated.
- Some RDP houses become inheritance or are rented out to foreigners or to open tuck shops. The law be applied in this regard.
- In terms of procurement, a pool of contractors is placed on the database to prevent tender delays.
- Currently, work done at Gogga Pump Station is necessary to comply with water, health and safety standards. More safety equipment and upgrades at the change rooms are required. Security must be stationed since water is being collected and used freely.
- Services in Platfontein must be expedited including current projects with the Xhu and Xhwe community. (In terms of sewer, a project between R25 – 30 million is required to replace the sagging sewer line with fibre glass pipes which will better withstand water pressure and soil movement.)
- Unions must be updated on renewable energy.
- Disputes on Sol Plaatje houses must be attended to, to determine true ownership of properties.
- A plan must be drafted for street paving per kilometre. Repairs and maintenance must be up to standard.

The meeting closed at 15:15.

# GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
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 immunisation, 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.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current base-lines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p>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</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

## 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	Council Meetings Attended	Non- attendance
				%	
Matika OM (Mayor)	FT	Mayco – Chairperson; OCM - Member	ANC	90.30	9.70
Johnson E (Speaker)	PT	Ward – Chairperson; OCM - Chairperson	ANC	90.30	9.70
Keetile WM (Whip)	PT	Finance – Member; – Human Settlement - Member; MAYCO – Member; OCM - Member	ANC Ward 15	90.30	9.70
Badenhorst EL	PT	Spelum - Member; OCM - Member	DA	90.30	9.70
Beyliefeld MJ	PT	Spelum - Member; OCM - Member	DA	93.60	6.40
Bishop PD	PT	OCM - Member	ANC	77.40	22.60
Boqo AN	FT	Inter-Gov – Chairperson ; MAYCO – Member; OCM - Member	ANC	75.00	25.00
Boshoff WJ	PT	OCM - Member	VF+	91.70	8.30
Buda HU	PT	MPAC – Chairperson; OCM - Member	ANC	83.90	16.10
Chinkuli DS	FT	Transport – Chairperson; MAYCO – Member; OCM - Member	ANC	83.90	16.10
Doyle MS	PT	OCM – Member	EFF	87.10	12.90
Duba LF	PT	OCM – Member	EFF	45.20	54.80
Fourie OC	PT	Transport – Member; Human Settlement - Member; OCM – Member; Utility – Member;	DA Ward 25	83.90	16.10
Francis BP	PT	Corporate – Member; OCM – Member; Human settlement – Member;	DA Ward 1	87.10	12.90
Gilbert BP	PT	Economic Dev – Member; OCM – Member; Transport – Member;	ANC Ward 19	87.10	12.90
Gomba JT	PT	OCM – Member; Utility – Member;	ANC Ward 10	87.10	12.90
Griqua SH	PT	OCM – Member; Human Settlement – Member; Utility – Member;	DA Ward 28	74.20	25.80
Hammer N	PT	OCM – Member	IND Ward 27	96.80	3.20
Keme BJ	PT	OCM – Member; IDP – Member;	ANC Ward 31	87.10	12.90
Kika SN	PT	OCM – Member; Community Service – Member; Inter-Gov – Member; Transport – Member;	DA	90.30	9.70
Kock GP	PT	OCM – Member; Safety – Member; Ward – Member;	ANC Ward 30	87.10	12.90
Kruger MS	FT	OCM – Member; Corporate – Chairperson; MAYCO – Member;	ANC	90.30	9.70
Kwagile PP	PT	OCM – Member, Corporate – Member; IDP – Member;	ANC Ward 7	87.10	12.90
Lekhatlanya MJ	PT	OCM – Member; MPAC – Member; Safety – Member;	ANC Ward 32	87.10	12.90
Lewis CB	PT	OCM – Member; Safety – Member;	DA Ward 3	87.10	12.90
Liebenberg R	PT	OCM – Member; Finance – Member;	DA	90.30	9.70
Louw M	PT	OCM – Member; Corporate – Member;	DA	64.50	35.50
Ludick RA	PT	OCM – Member;	COPE	80.70	19.30
Maditse ND	PT	OCM – Member; IDP – Member; Safety – Member;	DA Ward 22	93.50	6.50
Makhamba BJ	PT	OCM – Member; Finance – Member; Spelum - Member	ANC Ward 26	87.10	12.90
Matshedisho OE	FT	OCM – Member; Finance – Chairperson; MAYCO – Member;	ANC	77.42	22.58
Meintjies M	FT	OCM – Member; Community – Chairperson; MAYCO – Member;	ANC	90.30	9.70
Meleng LP	FT	OCM – Member; Safety – Chairperson; MAYCO – Member;	ANC	83.87	16.13
Miller HB	PT	OCM – Member;	EFF	67.70	32.30
Mohapi PM	PT	OCM – Member; Corporate – Member; Transport – Member; Ward – Member	ANC Ward 5	96.80	3.20
Mokae OJ	PT	OCM – Member; Corporate – Member; Economic Member;	DA	77.42	22.58
Mokgalagadi M	PT	OCM – Member; Utility – Member;	ANC Ward 12	80.65	19.35
Monyamane GK	PT	OCM – Member; Human Settlement – Member; IDP – Member	ANC Ward 9	100.00	0.00
Morwe RT	FT	OCM – Member; IDP – Chairperson; MAYCO – Member;	ANC	77.40	22.60
Moshweu MM	FT	OCM – Member; Economic Dev – Chairperson; MAYCO - Member	ANC	87.10	12.90



Councillors, Committees Allocated and Council Attendance					
Council Members	Full-time/ Part-time FT/PT	Committees Allocated	*Ward and/or Party Represented	Council Meetings Attended	Non- attendance
				%	
Mpampi S	FT	OCM – Member; Utility – Chairperson; MAYCO – Member;	ANC	80.70	19.30
Mpangiso IM	PT	OCM – Member;	EFF	41.90	58.10
Mpanza TH	PT	OCM – Member; Finance – Member; Spelum – Member;	ANC Ward 4	61.30	38.70
Ngoma TC	PT	OCM – Member; Spelum – Chairperson;	ANC Ward 8	90.30	9.70
Niemann E	PT	OCM – Member; Community – Member; Safety – Member;	DA	90.30	9.70
Pearce C	PT	OCM – Member; Transport – Member; Ward – Member;	DA Ward 20	93.60	6.40
Petoro GI	PT	OCM – Member; Human Settlement - Member;	ANC Ward 17	96.80	3.20
Phiri KC	PT	OCM – Member; Finance – Member;	DA	83.90	16.10
Pieterse LHS	PT	OCM – Member; IDP – Member; MPAC – Member;	DA Ward 14	80.65	19.35
Plaatjie OB	FT	OCM – Member; Human Settlement – Chairperson; MAYCO – Member;	ANC	93.50	6.50
Qonga YT	PT	OCM – Member; Spelum - Member; Transport – Member;	ANC Ward 11	100.00	0.00
Sebegu KM	PT	OCM – Member; Economic Dev – Member; Safety – Member;	ANC Ward 33	64.50	35.50
Setholo DT	PT	OCM – Member; Economic Dev – Member; Ward – Member;	ANC Ward 6	96.80	3.20
Shushu LN	PT	OCM – Member	ANC	58.10	41.90
Springbok B	PT	OCM – Member; Community – Member; Corporate – Member	ANC Ward 29	70.90	29.10
Steenkamp DL	PT	OCM – Member; MPAC – Member; Utility – Member;	ANC	71.00	29.00
Steyn SM	PT	OCM – Member	DA Ward 24	87.50	12.50
Stout BJ	PT	OCM – Member; Inter-Gov – Member;	ANC Ward 16	61.30	38.70
Thabane MP	PT	OCM – Member; Inter-Gov – Member;	ANC	58.00	42.00
Thulo FL	PT	OCM – Member	EFF	80.70	19.30
Van Rooyen WA	PT	OCM – Member; Economic Dev – Member; Inter-Gov – Member; Utility – Member;	DA Ward 21	83.90	16.10
Van Wyk P.R	PT	OCM – Member; Community – Member; MPAC – Member;	ANC Ward 18	87.00	13.00
Visagie L	PT	OCM – Member; Community – Member;	DA Ward 2	96.80	3.20
Vorster PJ	PT	OCM – Member; MPAC – Member;	DA Ward 23	90.30	9.70
Wapad MR	PT	OCM – Member; Community – Member; Inter-Gov – Member;	ANC Ward 13	64.50	35.50
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
<b>Section 80 Committees</b>	<b>The terms of reference of these committees are policy formulation and implementation monitoring within the following functional areas:</b>
Community Services	Sports, parks and recreation; library and information services; commonage; social development; primary health care services and municipal health care services.
Corporate Services & Human Resources	Communication; customer relationship management/service delivery; employment equity; information systems and technology; legal services; personnel service; strategic human resources; strategic support.
Economic Development, Urban Renewal & Tourism Committee	Economic development; local tourism; urban renewal; markets; street trading and informal trading schemes; advertising.
Finance	Revenue; treasury and accounting.
Human Settlement Services	New and existing settlements; housing finance, social housing; housing policy, research planning and monitoring.
IDP, Budget & Project Management	Development and review of IDP, budget and SDBIP
Inter-governmental & International Relations	Intergovernmental projects and programmes
Safety & Security	Emergency services; law enforcement; traffic management; motor registration and licensing services
Transport, Roads & Storm water	Transport planning; infrastructure planning, development and maintenance
Utility Services	Electricity infrastructure planning, development and maintenance; water and sanitation infrastructure planning, development and maintenance; solid waste infrastructure planning, development and maintenance.
<b>Section 79 Committees</b>	<b>Proposed terms of reference for section 79 committees:</b>
Disciplinary Committee	<p>To investigate and make findings on any alleged breach of the Code of Conduct and to make appropriate recommendations to council. To investigate and make a finding on non-attendance of meetings and to impose a fine as determined by the Standard Rules of Order of council. In terms of section 59 of the Municipal Systems Act, council delegated the following powers, functions and duties to the committee:</p> <ol style="list-style-type: none"> <li>1. To co-opt advisory members who are not members of council provided that such members may not vote on any matter.</li> <li>2. To instruct any councillor(s) and request official(s)/or other affected parties to appear before the committee to give evidence.</li> <li>3. To appoint a legal advisor to assist the committee including the obtaining of internal/external legal opinions.</li> <li>4. To make written representations to the MEC for local government pertaining to an appeal to the MEC by a councillor(s) who has been warned, reprimanded or fined in terms of paragraph item 14(2)(a), (b) or (d) of the Code of Conduct for councillors.</li> <li>5. In appropriate instances act in terms of section 14(2) impose a fine in respect of contraventions in item 4 of the Code of Conduct for councillors.</li> </ol>
General Appeals Committee	Consider appeals from any person affected by the exercise of a delegated power by a structure or person to whom such power is delegated.
Municipal Public Accounts Committee (MPAC)	The terms of reference of these committee are to review the Auditor-General's Annual Report and also when instructed by council or on its own initiative, to investigate and advise council in respect of unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32(2) of the MFMA.
Rules Committee	Rules of Order; attendance of meetings; delegation register.
Spatial Planning, Environment and Land Use Management Committee (SPELUM)	Spatial development framework (SDF); land use management scheme (LUMS); Land use applications; building plans; immovable property; environmental and heritage authorisations and development and appeals.
Ward Participatory Committee	To oversee the establishment and co-ordination of ward committees. To determine administrative arrangements to enable ward committees to execute duties and exercise powers. To recommend to council in terms of dissolution of ward committees. To determine roles and responsibilities of ward committees. To facilitate enabling environment for ward committees to function optimally (training, stipends).
<b>Other Committees of Council</b>	
Audit	A committee of council typically charged with oversight of financial reporting and disclosure. Their responsibilities are to advise the municipal council, political office bearers, the accounting officer and the management staff of the municipality on matters relating to: internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality; respond to council on any issues raised by the Auditor-General in the audit report.

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Performance Audit Committee	A committee of council typically charged with oversight responsibilities relating to the performance management and achievement of pre-determined objectives. Their responsibilities are to advise the municipal council, political office bearers, the accounting officer and the management staff of the municipality on matters relating to: internal financial control and internal audits; effective governance; the adequacy, reliability and accuracy of financial reporting and information; performance management; performance evaluation; respond to council on any issues raised by the Auditor-General in the audit report.
Section 57 Appointments Committee	In terms of section 54A of the LG: Municipal Systems Amendment Act, 2011 (Act No 7 of 2011) the section is aimed at regulating the appointment of municipal managers (MMs) and acting municipal managers and has introduced a new approach in terms of recruitment of MMs and section 56 managers. Municipalities must ensure that the Provincial Departments of Co-operative Governance, Treasury, SALGA and Development Bank of SA (DBSA) forms part of the shortlisting and interview panels for MMs and managers reporting to the MM.

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity Yes / No
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
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	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm Water management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
<b>Constitution Schedule 5, Part B functions:</b>		
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	No	
Licensing of dogs	Yes	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
* If municipality: indicate (yes or No); * If entity: Provide name of entity		

## APPENDIX F1: CAPITAL PROJECTS IN WARDS

Ward	Project Name and detail	Start Date	End Date	Total Value R'000
<b>Water</b>				
All	Replacement of water meters	01/07/2013	30/06/2016	10 000
All	Riverton high lift pumps	01/07/2013	30/06/2018	40 000
19	Ritchie Waste Water	01/07/2014	30/06/2018	55 000
All	Riverton Pump Station	01/07/2016	30/06/2018	33 000
28	Lerato Park Water	01/07/2015	30/06/2019	28 000
<b>Sanitation/Sewerage</b>				
All	Upgrading the capacity of Homevale WWTW by 15ML	01/07/2010	30/06/2017	119 000
24	Carter's Glen sewerage	01/07/2014	30/06/2019	28 000
28	Lerato Park Sewer	01/07/2013	30/06/2019	42 000
<b>Electricity</b>				
All	Security of Plant	01/07/2013	30/06/2022	36 000
29	Electrification of Snake Park	01/07/2013	30/06/2018	7 400
32	Electrification of Phomolong	01/07/2013	30/06/2018	6 000
All	Prepaid Meter Replacement Programme	01/07/2013	30/06/2018	15 000
<b>Housing – No projects implemented</b>				
<b>Refuse Removal</b>				
All	Upgrade Municipal Landfill Site	01/07/2013	30/06/2018	28 000
<b>Roads and Storm Water</b>				
18	Galeshewe Stormwater Project	01/07/2016	30/06/2020	498 000
1,2,3	Roodepan Roads Rehabilitation	01/07/2015	30/06/2018	10 000
25,27	Galeshewe Roads Rehabilitation	01/07/2015	30/06/2018	14 000
All	Resealing of Roads Municipal Wide	01/07/2013	30/06/2019	52 000
<b>Economic Development</b>				
All	Planning and surveying plots to be sold	01/07/2014	30/06/2019	12 000
31	Platfontein Access Road	01/07/2015	30/06/2017	6 000
25	Corless Road Upgrade	01/07/2015	30/06/2017	4 000
33, 32	Tommy Morebudi Sports Stadium	01/07/2015	30/06/2017	6 000
<b>Sports, Art and Culture (No capex)</b>				
<b>ICT and other</b>				
All	Replacement Programme, IT Hardware	01/07/2014	30/08/2020	39 000
<b>Parks and Recreation</b>				
All	New Nelson Mandela Memorial Monument	01/07/2015	30/06/2025	500 000
<b>Other</b>				
All	Fleet Replacement Programme	01/07/2015	30/06/2020	32 000
All	Homevale Satellite Firestation	01/07/2016	30/06/2018	10 000
29, 27,23	Upgrade Florianville Swimming Pool	01/07/2015	30/06/2018	6 000



## APPENDIX F2 – BASIC SERVICE PROVISION

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	9 161	59 053	57 696	53 585	10 186
Households without minimum service delivery		3 065	2 601	9 200	

## APPENDIX J – DISCLOSURE OF FINANCIAL INTERESTS

Disclosure of Financial Interests		
Period 1 July 2016 to 30 June of 2017		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Matika, Octavious Mangaliso	Nil
<b>Member of Mayoral Committee</b>		
Chairperson: Community Services	Meintjies, Mariena	Nil
Chairperson: Safety & Security Committee	Meleng, Lehlohonolo Patrick	Nil
Chairperson: Corporate Services & Human resources	Kruger, Felicity	Nil
Chairperson: Economic Development, Urban renewal and Tourism	Moshweu, Michael Mpho	Directorship & Partnership: Moshweu General trading CC Cleaning services *AdHoc - Kabothabo CC *Ad Hoc - Itereleng Corp - Nil Remunerated work - Mental health DOH-Board Member R13 116 P/M
Chairperson: Finance Committee	Matshediso, Ornica Emma	Nil
Chairperson: Human Settlement services	Plaatjie, Obakeng Benjamin	Remuneration - Dept of Spts and Art - EPWP Admin R2 613 P/M Property: RDP House Phutanang R105 000
Chairperson: IDP, Budget & PM	Morwe, Ronney Tsholohelo	Land & Property: House Ubuntu Galeshewe.
Chairperson: Inter-Governmental, International Relations & Customer Services	Boqo, Anna Nomvula	Remunerated Work outside the Municipality & Pension: Education - General Cleaner.
Chairperson: Transport, Roads and Storm-water	Chinkuli, Dimakatso Susan	Nil
Chairperson: Utility Trading	Mpampi, Samson	Mpampi Construction R0.00
<b>Councillor</b>		
	Badenhorst, Eleanor, Linzi	Land and Property - House-Pescodia Value R1.5Million - Husband is Director of Afrikhaya Housing Development Agency.
	Beyleveld, Maria Johanna	Land & Property: Residence - Kimberley Remunerated work outside the Municipality & Pension income: Dept. Finance - Pension. Land & Property: Residence - South Ridge.
	Bishop, Patrice Dipuo	Nil
	Boshoff Wynand, Johannes	Nil
	Buda, Unondumiso, Hester	Fumamo G.T. Close Corp. R0.00 Remuneration, NC Provincial Registry - R17 599.50 P/M (R12 224.69)
	Doyle, Maria Sandra	Nil
	Duba Lorato, Florence	Nil
	Fourie, Ockert Cornelius	Shares – Roodeheuwel Sand (Bpk) Minerals.
	Francis, Bernadette, Petunia	Nil
	Gilbert, Boikanyo Pius	Nil
	Gomba Jozi, Themba	100% Shares Phiwe Trading, Shares in Peja Trading and never give up. Res property Tswaragano R60 000 Director Salophiwes General Trading (Not Active)
	Griqua, Shaine, Hendry	Nil
	Hammer, Norman	Nil
	Johnson, Elizabeth	Directorships & Partnerships Santoma Inn (Tavern). Land & Property: Residence - 2 room in Pescodia.
	Keetile, Winter, Manga	Nil
	Keme, Bothata John	Residential House Soul City Ward 31 R45 000
	Kika, Suresh, Nager	Directorship & Partnership- Barkley West Sherrifs +- R15 000 Property - House Moghul Park R600 000
	Kock, Gaopalelwe Paul	Nil
	Kwagile, Pulane, Prudence	Shares: Seed Of Life 2%, Director/Partnership: Shepulma general cleaning. 0%, Child Grant Gov SASSA R350.00 x 2
	Lekhatlanya, Maserame, Jeanette	Dept of Social Development-Social Auxillary Worker R10 434 PM

Disclosure of Financial Interests		
Period 1 July 2016 to 30 June of 2017		
Position	Name	Description of Financial interests* (Nil / Or details)
	Lewis, Clifford Benedict	Directorships & Partnerships: Taxi; Remunerated work outside the Municipality & Pensions: De Beers Pension Fund. Property Homevale R200 000
	Liebenberg, Reinette	Directorships & Partnerships: Mein Heim Estate - Conference/Guest House (Dormant - No income)
	Louw, Mariam	Nil
	Ludick, Rosie Annie	Directorships & Partnerships: Women in Pride (no income). SAWIF (no income to date), Seed of Life Investment (no income to date)
	Maditse, Norman, David	Nil
	Makhamba Bonsile John	Nil
	Miller, Herbert Basil	Nil
	Mohapi, Petrus Motseki	Nil
	Mokae, Ohentse, Jeremiah	Nil
	Mokgalagadi, Magdeline	Nil
	Monyamane, Gladys Keikant-semang	Nil
	Mpangiso, Ipeleng Millicent	Nil
	Mpanza, Thokozile Hapiness	Nil
	Ngoma, Tshabalala Charles	Remunerations - NC Department of Education
	Niemann Elizabeth	Residential House, 21 Mallet street, Albertynshof KBY R1 000 000
	Pearce Carol-Ann	Directorship & Partnership - Women Liberation Trading (Pty)Ltd. General Trading. No Income Residential - Property Hillcrest 809M2 Value: R2 800 000 Remunerated work Eskom Electrician No amount Disclosed
	Petoro, Gaolaolwe Ishmael	Nil
	Phiri, Kamogelo, Christopher	Residential House Bergenoeg KBY R75 000 Work for Dept of Agriculture Security Services R9 300
	Pieterse, Leopold, Heinrich, Sarel	NC Department of education - Educator R15 391.31 P/M
	Qonga, Yvonne Tshebeletso	Nil
	Sebego, Kgomotso Mary	Nil
	Setholo, Deborah Thandiwe	Nil
	Shushu, Lucia Nonyameko	Nil
	Springbok, Benjamin	Nil
	Steenkamp, Dikeledi Lydia	Nil
	Steyn Sharon Merle	CEO - NOCCI Income R25 402.30 P/M
	Stout, Boitumelo Joel	Shares - De Beers
	Thabane, Mike Pula	Remunerations - Self employed - construction. Land & Property - residence in Vergenoeg
	Thulo, Francis Lebusa	Nil
	Van Der Merwe, Dirk Jacobus Petrus (passed away 2017)	Nil
	Van Rooyen, Wesley Allistor	Nil
	Van Wyk, Perdy, Ronald	Employer: Memorena van Wyk-Field Ranger R119 154
	Visagie, Lucia	Nil
	Vorster, Philip Johan	Shares - Old Mutual. Remuneration - Frances Baard District Council. Land & Property - Residence - Roypark 12
	Wapad, Mottalepula, Rachel	Nil

Disclosure of Financial Interests		
Period 1 July 2016 to 30 June of 2017		
Position	Name	Description of Financial interests* (Nil / Or details)
Municipal Manager	Akharwaray, G H	Shares: Kumba (Ordinary), Mittal (Ordinary), Ex Xaro (Ordinary); Directorships & Partnerships: GHA Properties, Gulshin Properties; Gifts & Hospitality: Pen, Folder, Memory Stick from Standard Bank, Fruit Basket from Towell Attorney; Land & Property: Residence in Kimberley, Residence in Vryburg (inherited ½ share), Residence in Kimberley (in CC), Residence in Kimberley (in CC ½ share)
Chief Financial Officer	Mahloko, Z L	Trust - Family trust (Zuziwe Family Trust); Directorship/Partnership - Griqualand and Wes Rugby Union - Type: Non-Franchise Rugby, 0.00 Remuneration;
Deputy MM and (Executive) Directors	N/A	
Executive Director: Corporate Services	Sebolelewe, Kooitse Ruth	Directorship & Partnerships: Clisa 22 CC (Commercial) Land & Property: Residence 1 - Kimberley, Residence 2 - Kimberley).
Executive Director: Community & Social Development Services	Bogacwi, Kgosiabonye Abraham	Nil
Executive Director: Infrastructure & Services	Dhluwayo, Boy	Nil
Executive Director: Strategy, Economic Development & Planning	Tyabashe-Kesiamang, Nomonde	Shares: MTN (Public), Telkom (Public) JM & N Trading (CC member), Nqobile Planners & Development Specialists T/a N12 (CC member), Woesa (Public); Land & Property: Residence 1 (Kimberley), Residence 2 (Kimberley), Flat (50% ownership - East London). Christmas Gift voucher from Frances Baard SMME Trust - R500). Christmas Gift from BrandIQ - consumables. Afri-Devo Pty - Company belongs to brother-in-law
<b>Other S57 Officials</b>		
IDP Manager	Stols, Marius M	Directorships & Partnerships: Leopont 553 Properties (Pty) Ltd (no income); Land & Property: Erf 19369, Kimberley, Erf 6187 - Kathu.
Policy Manager	Setlogelo, Mathews Mosimang-gape	Directorships & Partnerships: Season's Find 45 (inactive), Magogorwane Traders (inactive), Multishelf Contractors (inactive), Khudu & Nkwe Enterprises, SS Salty Energy. Land & Property: Residence - Kimberley.
Chief Internal Auditor	Molepo, Noxolo P	Directorships & Partnerships: Rebaummogo Bed & Breakfast; Land & Property: Residence.
PMU Manager	Jele, Gail	Shares: MTN (Asonke), Vodacom; Land & Property: Residence
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

## APPENDIX K - REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	2015/2016	Current: 2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust. Budget
	R'000				%	
Executive and Council	-	-	-	-		
Municipal and General	395 258	324 037	394 270	400 430	24%	2%
Municipal Manager	-	2 120	2 120	-	-100%	-100%
Corporate Services	2 706	6 628	7 135	5 358	-19%	-25%
Community Services	75 499	95 609	91 028	89 884	-6%	-1%
Financial Services	496 684	501 836	483 944	472 723	-6%	-2%
Strategy Economic Development and Planning	7 185	8 699	7 999	6 640	-24%	-17%
Infrastructure Services	877 212	1 042 186	1 017 186	929 941	-11%	-9%
<b>Total Revenue by Vote</b>	<b>1 854 545</b>	<b>1 981 116</b>	<b>2 003 682</b>	<b>1 904 976</b>	<b>-4%</b>	<b>-5%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						



## APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	2015/2016	2016/2017			2016/2017 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjust. Budget
	R'000				%	
Property rates	484 397	486 708	469 708	468 497	-3.7%	-0.3%
Property rates - penalties & collection charges	-	-	-	-		
Service Charges - electricity revenue	595 477	700 551	675 551	618 301	-12%	-8%
Service Charges - water revenue	223 280	255 104	255 104	254 177	0%	0%
Service Charges - sanitation revenue	69 998	75 450	75 450	73 787	-2%	-2.2%
Service Charges - refuse revenue	53 149	56 783	56 783	55 729	-2%	-2%
Service Charges – other	(32 696)	-	-	(38 949)		
Rentals of facilities and equipment	9 839	10 690	10 690	10 025	-6%	-6%
Interest earned - external investments	20 996	19 000	20 000	21 576	14%	8%
Interest earned - outstanding debtors	101 387	70 000	120 000	130 078	86%	8%
Dividends received	-	-	-	-		
Fines	17 407	16 880	20 660	19 915	18%	-4%
Licences and permits	2 851	3 270	3 270	2 801	-14%	-14%
Agency services	6 486	6 280	4 800	6 975	11%	45%
Transfers recognised – operational	164 215	165 897	168 610	163 924	-1%	-3%
Other revenue	23 987	32 939	24 759	25 958	-21.2%	5%
Gains on disposal of PPE	1 786	-	-	2 659		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 742 557</b>	<b>1 899 552</b>	<b>1 905 385</b>	<b>1 815 453</b>	<b>-4%</b>	<b>-5%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget 2016/2017	Adjust. Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
	R'000			Budget	Adjust. Budget	
				%		
Neighbourhood Development Partnership Grant	7 500	25 000	23 280	310%	93%	
Transnet	-	-	-			
Other (specify)						
Integrated National Electrification Programme	7 400	7 400	7 161	-3%	-3%	
INEP(ESKOM)	400	400	-	-100%	-100%	
Department of Water Affairs	-	3 000	3 000	-	0%	
Galeshewe Urban Renewal Programme	-	-	-	-	-	
Frances Baard District Municipality	-	5 000	4 723	-	-6%	
Total	15 300	40 800	38 164	149%	-6%	

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

## APPENDIX M (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	2015/2016	2016/2017			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2017/2018	2018/2019	2019/2020
	(R'000)						
Capital expenditure by Asset Class							
Infrastructure – Total	72 409	51 157	35 360	30 850	66 645	21 480	–
Infrastructure: Road transport - Total	–	4 800	5 250	4 998	–	–	
Roads, Pavements & Bridges	–	4 800	5 250	4 998			
Storm water							
Infrastructure: Electricity - Total	28 231	10 400	14 104	11 080	7 000	7 989	70 354
Generation	28 231	10 400	14 104	11 080	7 000	7 989	70 354
Transmission & Reticulation							
Street Lighting	–						
Infrastructure: Water – Total	44 178	39 757	19 256	17 770	55 824	21 480	–
Dams & Reservoirs							
Water purification							
Reticulation	44 178	39 757	19 256	17 770	55 824	21 480	
Infrastructure: Sanitation - Total	–	1 000	2 000	2 000	10 821	1 391	–
Reticulation	–	1 000	2 000	2 000	10 821	1 391	
Sewerage purification		–		–			
Infrastructure: Other – Total	–	–	–	–	–	–	–
Waste Management							
Transportation							
Gas							
Other					–		
Community – Total	35 349	9 526	10 086	994	9 809	–	–
Parks & gardens	–			–			
Sports fields & stadia		832	582	–			
Swimming pools							
Community halls							
Libraries							
Recreational facilities	-						
Fire, safety & emergency		8 694	1 351	994	7 809		
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	35 349		8 154	–	2 000		
Capital expenditure by Asset Class							
Heritage assets – Total	–	3 000	3 000	3 178	3 000	3 000	3 000
Buildings							
Other		3 000	3 000	3 178	3 000	3 000	3 000

Capital Expenditure - New Assets Programme*							
Description	2015/2016	2016/2017			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2017/2018	2018/2019	2019/2020
	(R'000)						
Investment properties – Total	–	–	1 031	–	2 000	5 000	3 000
Housing development		0	1 031	0	2 000	5 000	3 000
Other							
Other assets	15 391	4 000	4 847	4 266	6 000	4 000	4 000
General vehicles	-	4 000	4 847	4 266	6 000	4 000	4 000
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	15 391						
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
List sub-class							
Intangibles	–	5 000	5 000	1 241	2 000	27 000	7 000
Computers - software & programming		5 000	5 000	1 241	2 000	27 000	7 000
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	<b>123 149</b>	<b>72 683</b>	<b>59 324</b>	<b>40 529</b>	<b>89 454</b>	<b>60 480</b>	<b>17 000</b>
Specialised vehicles	–	–	–	–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

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

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

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2015/2016	2016/2017			Planned Capital expenditure		
	Actual	Original Budget	Adjust. Budget	Actual Expenditure	2017/2018	2018/2019	2019/2020
	(R'000)						
Capital expenditure by Asset Class							
Infrastructure - Total	54 209	50 921	88 589	76 912	8 500	10 545	13 361
Infrastructure: Road transport -Total	–	23 591	56 520	42 348	2 500	2 500	2 500
Roads, Pavements & Bridges	–	23 591	56 520	43 248	2 500	2 500	2 500
Storm water							
Infrastructure: Electricity - Total	15 000	2 500	2 500	7 161	3 000	5 045	7 861
Generation	15 000	2 500	500	–	3 000	5 045	7 861
Transmission & Reticulation		–	2 000	–	–	–	–
Street Lighting	–	–	–	7 161			
Infrastructure: Water - Total	6 000	2 500	2 500	–	3 000	3 000	3 000
Dams & Reservoirs							
Water purification	–	–	–	–			
Reticulation	6 000	2 500	2 500	–	3 000	3 000	3 000
Infrastructure: Sanitation - Total	33 209	4 800	14 920	14 316	–	–	–
Reticulation	33 209	4 800	14 920	14 316	–	–	–
Sewerage purification							
Infrastructure: Other - Total	–	17 530	12 148	13 086	–	–	–
Waste Management		17 530	12 148	13 086			
Transportation							
Gas							
Other			–				
Community	–	1 200	1 552	–	4 000	–	–
Parks & gardens							
Sports fields & stadia							
Swimming pools		1 200	1 552	–	4 000	–	–
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							
Capital expenditure by Asset Class							
Investment properties	–	400	400	–	–	–	–
Housing development							
Other		400	400	–	–	–	



Capital Expenditure - Upgrade/Renewal Programme*							
Description	2015/2016	2016/2017			Planned Capital expenditure		
	Actual	Original Budget	Adjust. Budget	Actual Expenditure	2017/2018	2018/2019	2019/2020
	(R'000)						
Other assets	1 923	–	–	–	–	–	–
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	–	–	–	2 366	–	–	–
Computers - software & programming				2 366			
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>56 132</b>	<b>52 521</b>	<b>90 541</b>	<b>79 278</b>	<b>12 500</b>	<b>10 545</b>	<b>13 361</b>
Specialised vehicles	–	–	–	–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							
<b>Total</b>	<b>179 281</b>	<b>125 204</b>	<b>149 865</b>	<b>119 807</b>	<b>101 954</b>	<b>71 025</b>	<b>30 361</b>

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2016/2017

Capital Programme by Project: Year 2016/2017					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj)	Variance (Act - OB) %
	(R'000)			%	
Water					
Lerato Park Water	1 000	2 000	–	-100%	-100%
Replace Riverton High Lift Pumps	13 230	12 798	12 469	-3%	-6%
Replace Water Meters	2 500	2 500	–	-100%	-100%
Ritchie Water Reticulation	15 000	7 000	6 086	-13%	-59%
New Riverton Pump Station	10 000	4 296	–	-100%	-100%
Sanitation/Sewerage					
Homevale WWTW Extension 15ML	4 800	14 920	14 316	-4%	198%
Lerato Park Sewer	1 000	2 000	2 000	0%	100%
Electricity					
Electrification of Snake Park	7 400	7 400	7 161	-3%	-3%
Prepaid Meter Replacement Programme	2 500	2 500	–	-100%	-100%
Security of Plants and Assets	3 000	6 704	3 919	-42%	31%
Refuse removal					
Landfill Site	17 530	12 148	13 086	8%	-25%
Roads					
Resealing of Roads - Projects 1 & 2	13 018	11 618	12 756	10%	-2%
Ritchie Roads Upgrade	–	5 000	4 723	-6%	–
Storm Water					
Galeshewe Storm Water Upgrades	7 500	25 000	23 280	-7%	210%
Economic Development and Planning					
Corless Road Upgrade	1 300	1 900	1 677	-12%	29%
Entrance Road to Platfontein	3 500	3 350	3 320	-1%	-5%
Tommy Morebudi Sports Stadium	832	582	142	-76%	-83%
Township Establishment	–	1 031	994	-4%	#DIV/0!
ICT					
Replacement Programme: IT Hardware	5 000	5 000	1 241	-75%	-75%
Other					
Fleet Replacement Programme	4 000	4 847	4 266	-12%	7%
Nelson Mandela Monument	–	8 154	–	-100%	#DIV/0!
Replace lift at New Building	–	2 000		-100%	#DIV/0!
New Satellite Firesstation at Homevale	8 694	1 351	994	-26%	-89%
Loose Equipment	3 000	3 000	3 205	7%	7%
NDPG - Technical Support	400	400	–	-100%	-100%
Intangibles		2 366	2 366	0%	
Other			1 804		
TOTAL	125 204	149 865	119 807	-20%	-4%

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2016/2017

Capital Project	Ward(s) affected	Works completed
		(Yes/No)
Water		
Replacement of water meters	All	No
Riverton high lift pumps	All	No
Ritchie Bulk Water Line	39	No
Lerato Park	29	No
Sanitation/Sewerage		
Homevale WWTW Extension 15ML	All	Yes
Lerato Park Sewer	All	No
Electricity		
Security of Plants and Assets	All	No
Electrification Snake Park	20	Yes
Replacement of prepaid meters	All	No
Housing (No projects implemented)		
Refuse removal		
Landfill Site (Capitalised from provision)	13, 17	Yes
Roads and Storm Water		
Resealing of Roads	All	Yes
Economic development		
Township Establishment	All	No
Establishment of Transport Links	All	No
NDPG – Grant in Kind	28	No
Platfontein Access Road	28	Yes
Riverton Access Road		Yes
Corless Road	All	Yes
Tommy Morebudi Sports Stadium	All	Yes
Sports, Art and Culture (Projects included in Economic Development)		
Environment and Health – No projects implemented		
Emergency Services		
Satellite Fire Station	1, 2, 3, 4, 5, 6	No
Safety and security – No projects implemented		
ICT and Other		
Replacement Programme	All	Yes
Parks and Recreation		
Upgrade swimming pool	25	No
Upgrade monuments	All	No
Loose equipment	All	Yes
Other		
Fleet Replacement	All	Yes

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
<b>Schools and Clinics</b>				
All schools and clinics are connected to basic municipal services				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				

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

Services and Locations	Scale of Backlogs	Impact of Backlogs
Clinics: All clinics are connected to basic municipal services		
<b>Housing (Informal Settlements)</b>		
Water	9 161	No services
Electricity	2 601	No services
Sanitation	3 065	No services
<b>Licensing and Testing Centre: Connected to all services</b>		
<b>Reservoirs: Connected to all services</b>		
<b>Schools (Primary and High): Connected to all services</b>		
<b>Sports Fields: Connected to drinking water and some to grey water</b>		



## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

All Organisations or Persons in receipt of Loans*/Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2016/2017	Total Amount committed over previous and future years (From 2015/2016 to 2019/2020)
			(Rand)	
SPCA	Stray animal pound	Impounding of stray animals	1 500 000	8 000 000
Donation Keep Kimberley Clean	Educational	Outreach programmes to schools and communities	-	570 000
Sol Plaatje Educational Trust	Upkeep of Sol Plaatje Museum	Upkeep	220 000	940 000
Gariiep Festival	Arts and culture	Annual event	1 500 000	7 600 000
Diamonds and Dorings	Arts and culture	Annual event	2 900 000	13 724 035
Meals on Wheels SA	Poverty alleviation	Providing a meal a day to the poor	50 000	250 000
Other	On merit	Based on application	1 814 007	12 111 989
<b>Total</b>			<b>7 984 007</b>	<b>43 196 024</b>

# ABBREVIATIONS AND ACRONYMS

AARTO	Administrative Adjudication of Road Traffic Offences
ACIP	Accelerated Community Infrastructure Programme
AGSA	Auditor-General South Africa
BBBEE	Broad-based Black Economic Empowerment
BNG	Breaking New Ground
BTO	Budget and Treasury Office
CBD	Central Business District
CBPWP	Community-based Public Works Programme
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CIPRO	Companies for Intellectual Property Registration Office (now CIPC)
COGHSTA	Department of Co-operative Governance, Human Settlement and Traditional Affairs
CPA	Communal Property Association
CRU	Community Residential Units Programme
DAFF	Department of Agriculture, Forestry and Fisheries
DBCM	De Beers Consolidated Mines
DBSA	Development Bank of South Africa
DCOG	Department of Co-operative Governance
DEA	Department of Environmental Affairs
DLTC	Driving Licence Testing Centre
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DPSA	Department of Public Service and Administration
DSP	Droogfontein Solar Project
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EAP	Economically Active Population
ED	Executive Director
EDD	Economic Development Department
EE	Energy Efficiency
EEDG	Energy Efficiency and Demand Side Management Grant
EHP	Environmental Health Practitioner
EM	Executive Mayor
EMT	Executive Management Team
eNatis	Electronic national administration traffic information system
EPWP	Expanded Public Works Programme

ERM	Enterprise Risk Management
EUL	Economic Useful Life
FABCOS	Foundation for African Business and Consumer Services
FLISP	Finance Linked Individual Subsidy Programme
FMPPI	Framework for Managing Programme Performance Information
FPM	Fresh Produce Market
FT/PT	Full-time/Part-time
FTE	Full-time Equivalent to Jobs
GIS	Geographic Information Systems
GLIP	Galeshewe Light Industrial Park
GRAP	Generally Recognised Accounting Practices
GURP	Galeshewe Urban Renewal Programme
HDA	Housing Development Agency
HDSA	Historically Disadvantaged South African
HRA	Human Resource Administration
HRD	Human Resource Department
HRM	Human Resource Management Plan
ICDM	Integrated Chronic Disease Management
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEC	Integrated Energy Centre
IEMP	Integrated Environmental Management Plan
IGR	Inter-governmental relations
IHSP	Integrated Human Settlement Plan
INEP	Integrated National Electrification Programme
INRDP	Integrated Residential Development Programme
IOD	Injuries on duty
IP	Implementation Protocol
IPAP	Industrial Policy Action Plan
IRDP	Integrated Residential Development Programme
ISDG	Infrastructure Skills Development Grant
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority
LGTAS	Local Government Turnaround Strategy
LLF	Local Labour Forum
LUMS	Land Use Management Scheme
MAT	Municipal Appeal Tribunal

MBD	Municipal Bid Document
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act
MFP	Multi-Function Printer
MHS	Municipal Health Services
MIG	Municipal Infrastructure Grant
MIIF	Municipal Infrastructure Investment Framework
MIS	Management Information System
MM	Municipal Manager
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committee
MPT	Municipal Planning Tribunal
MPRDA	Mineral and Petroleum Resources Development Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal Systems Improvement Grant
MTREF	Medium Term Revenue and Expenditure Framework
NBRBSA	National Building Regulations and Building Standards Act (Act No. 103 of 1977)
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NERSA	National Energy Regulator of South Africa
NGP	New Growth Plan
NRW	Non-revenue water
NT	National Treasury
NPC	Non-profit Company
NRCS	National Regulator for Compulsory Specification
NUSP	National Upgrade Support Programme
O&M	Operations and Maintenance
PAJA	Promotion of Administrative Justice Act, (Act 3 of 2000)
PCC	President's Co-ordinating Council
PDI	Previously Disadvantaged Individual
PDP	Provincial Development Plan
PHC	Primary Health Care
PIG	Provincial Infrastructure Grant
PMS	Performance Management System
PPA	Private Partnership Agreement
PPE	Property, Plant and Equipment
PPPF	Preferential Procurement Policy Framework
PrDP	Professional Driving Permit

PV	Photovoltaic
R&M	Repairs and Maintenance
RTR	Red Tape Reduction
RUL	Residual Useful Life
SALBC	South African Local Bargaining Council
SALGBC	South African Local Government Bargaining Council
SAN	Storage Area Network
SANS	South African National Standard
SAPS	South African Police Services
SCM	Supply Chain Management
SCOA	Standard Charts of Account Plan
SDA	Swiss Agency for Development and Co-operation
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SECCU	Sustainable Energy and Climate Change Unit
SEDA	Small Enterprise Development Agency
SEDP	Strategic Economic Development and Planning
SEZ	Special Economic Zones
SG	Surveyor General
SIP	Strategic Integrated Project
SLA	Service Level Agreement
SLP	Social and Labour Plans
SMME	Small, Medium and Micro Enterprises
SoER	State of Energy Report
SPECCS	Sol Plaatje Energy and Climate Change Strategy
SPELUM	Spatial Planning, Environment and Land Use Management Committee
SPLUMA	Spatial Planning and Land Use Management Act
SPM	Sol Plaatje Municipality
SPU	Sol Plaatje University
TOD	Transit Orientated Development
ToU	Time of Use
UISP	Upgrading Informal Settlements Programme
UNS	Urban Network Strategy
URP	Urban Renewal Programme
YTD	Year-to-date
WESSA	Wildlife and Environment Society of South Africa
WSA	Water Services Act
WSDP	Water Services Development Plan
WSP	Water Services Provider
XMDR	Extensively Drug Resistant Tuberculosis



Landfill site





# ANNUAL FINANCIAL STATEMENTS

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# GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2017

EXECUTIVE MAYOR	Alderman OM Matika	
SPEAKER	Councillor E Johnson	
GRADING OF THE LOCAL AUTHORITY:	Grade 5	NC091
AUDITORS	Auditor-General of South Africa	
	Block 1 Montrie Corporate Park 10 Oliver Road Monument Heights Kimberley 8301 Telephone 053 831 1016 Fax 053 832 6277	Private Bag X5013 Kimberley 8300
BANKERS	Standard Bank	
	Old Main Road Kimberley 8301 Telephone 053 807 8215 Fax 053 807 8173	P.O. Box 626 Kimberley 8300
REGISTERED OFFICE	Civic Centre	
	Sol Plaatje Drive Kimberley 8301 Telephone 053 830 6911 Fax 053 833 1005	Private Bag X5030 Kimberley 8300
MUNICIPAL MANAGER	Mr GH Akharwaray	B.Proc.LLB, Certificate in Management
CHIEF FINANCIAL OFFICER	Ms ZL Mahloko	B.Comm Hons
MEMBERS OF COUNCIL		

## Ward Councillor

1 Francis BP	9 Monyamane GK	17 Petoro GI	25 Fourie OC
2 Visagie L	10 Gomba JT	18 Van Wyk PR	26 Makhamba BJ
3 Lewis CB	11 Qonga YT	19 Tshite BP	27 Hammer N
4 Mpanza TH	12 Mokgalagadi M	20 Pearce C	28 Griqua SH
5 Mohapi PM	13 Wapad MR	21 Van Rooyen WA	29 Springbok B
6 Setlholo DT	14 Pieterse LHS	22 Maditse NM	30 Kock GP
7 Kwagile PP	15 Keetile WM	23 Vorster PJ	31 Keme BJ
8 Ngoma TC	16 Stout BJ	24 Steyn SM	32 Lekhatlanya MJ
			33 Sebegu KM

## Councillor Proportional

1 Badenhorst EL	9 Duba LF	17 Meleng LP	25 Pholoholo IM
2 Beylefeld MJ	10 Kika SN	18 Miller HB	26 Plaatjie OB
3 Bishop PD	11 Kruger F	19 Mokae OJ	27 Shushu LN
4 Boshoff WJ	12 Liebenberg R	20 Morwe RT	28 Steenkamp DL
5 Boqo AN	13 Louw M	21 Moshweu MM	29 Thabane MP
6 Buda HU	14 Ludick RA	22 Mpampi S	30 Thulo FL
7 Chinkuli DS	15 Matshediso OM	23 Niemann E	
8 Doyle MS	16 Meintjies M	24 Phiri KC	

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

I am accountable for the preparation of these annual financial statements, which are set out on pages 244 to 322, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**GH Akharwaray**

**Municipal Manager**

31 August 2017

## STATEMENT OF FINANCIAL POSITION AT 30 June 2017

	Note	2017 R	2016 R	2017 Budget R
<b>ASSETS</b>				
<b>Current Assets</b>		<b>1 333 579 585</b>	<b>1 162 808 493</b>	<b>1 048 396 808</b>
Inventory	2	31 935 661	32 656 079	37 649 409
Trade Receivables from Exchange Transactions	4	439 774 394	328 603 194	278 151 102
Trade Receivables from Non-Exchange Transactions	5	627 001 707	531 900 557	457 652 791
Cash and Cash Equivalents	6	226 561 404	259 275 698	264 037 771
Operating Lease Assets	7	-	34 999	79 578
VAT Receivable from Exchange Transactions	8	8 306 419	10 337 965	10 826 157
<b>Non-Current Assets</b>		<b>1 698 749 991</b>	<b>1 636 368 690</b>	<b>1 783 898 904</b>
Property, Plant and Equipment	9	1 483 689 913	1 424 228 213	1 580 750 066
Heritage Assets	9	7 863 705	7 863 705	6 801 944
Intangible Assets	10	3 825 728	6 299 418	3 375 382
Investment Property	11	195 886 029	196 328 319	190 750 604
Trade Receivables from Exchange Transactions	4	6 133 346	1 491 884	1 785 064
Trade Receivables from Non-Exchange Transactions	5	1 351 270	157 151	435 844
<b>Total Assets</b>		<b>3 032 329 576</b>	<b>2 799 177 183</b>	<b>2 832 295 711</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>		<b>245 774 892</b>	<b>238 888 716</b>	<b>227 398 101</b>
Consumer Deposits	13	26 182 008	24 966 967	26 196 245
Employee Benefits	14	9 507 325	8 695 501	9 007 425
Payables from Exchange Transactions	15	156 772 329	161 272 255	163 651 739
Unspent Conditional Grants and Receipts	16	12 349 709	11 012 029	-
VAT Payable from Exchange Transactions	17	32 725 353	24 740 958	20 296 652
Current Portion of Long-term Liabilities	18	8 238 168	8 201 006	8 246 040
<b>Non-Current Liabilities</b>		<b>451 822 983</b>	<b>480 530 891</b>	<b>456 827 857</b>
Long-term Liabilities	18	210 434 634	218 675 316	202 089 686
Employee Benefit Liabilities	19	214 640 397	234 231 277	202 275 574
Non-current Provisions	20	26 747 952	27 624 298	52 462 597
<b>Total Liabilities</b>		<b>697 597 875</b>	<b>719 419 607</b>	<b>684 225 957</b>
<b>Total Assets and Liabilities</b>		<b>2 334 731 701</b>	<b>2 079 757 575</b>	<b>2 148 069 754</b>
<b>NET ASSETS</b>		<b>2 334 731 701</b>	<b>2 079 757 575</b>	<b>2 148 069 754</b>
Accumulated Surplus	21	2 334 731 701	2 079 757 575	2 148 069 754
<b>Total Net Assets</b>		<b>2 334 731 701</b>	<b>2 079 757 575</b>	<b>2 148 069 754</b>



# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2017

Budget 2016 R	Budget 2017 R		Note	Actual 2017 R	Actual 2016 R
		<b>REVENUE</b>			
		Revenue from Non-exchange Transactions			
443 808 235	469 708 261	Property Rates	22	468 496 818	484 397 277
21 679 300	20 660 000	Fines and Penalties		19 915 146	17 406 849
2 965 000	3 270 000	Licences and Permits		2 801 133	2 850 726
290 850 992	266 907 029	Government Grants and Subsidies Received	26	253 447 128	275 943 005
-	-	Public Contributions and Donations	27	-	260 514
		Revenue from Exchange Transactions			
1 012 665 821	1 062 887 246	Service Charges	24	963 044 889	909 207 080
10 305 500	10 690 000	Rental of Facilities and Equipment	25	10 024 738	9 839 067
5 800 000	4 800 000	Income for Agency Services		6 975 018	6 486 266
19 000 000	20 000 000	Interest Earned - External Investments	23	21 576 378	20 995 888
80 000 000	120 000 000	Interest Earned - Outstanding Debtors	23	130 078 100	101 386 838
27 758 913	24 759 335	Other Income	28	25 958 133	23 986 595
-	-	Gains on Disposal of Property, Plant and Equipment		2 658 646	1 785 600
<b>1 914 833 761</b>	<b>2 003 681 871</b>	<b>Total Revenue</b>		<b>1 904 976 127</b>	<b>1 854 545 704</b>
		<b>EXPENDITURE</b>			
601 580 484	644 340 070	Employee Related Costs	29	566 597 417	602 966 171
21 365 290	25 944 063	Remuneration of Councillors	30	25 011 009	20 948 087
53 600 000	60 617 000	Depreciation and Amortisation	31	58 707 853	57 792 050
161 000 000	190 500 000	Impairment Losses	32	190 194 771	159 613 107
29 689 565	27 790 073	Finance Costs	33	27 789 438	29 018 431
462 400 000	512 500 000	Bulk Purchases	34	491 966 152	454 009 890
34 194 701	44 362 888	Contracted Services	35	42 170 495	31 332 201
61 871 500	62 590 000	Grants and Subsidies Paid	36	7 984 007	6 625 231
327 959 057	351 881 513	General Expenses	37	236 018 880	255 855 370
155 000	155 000	Loss on Inventory	(1)	69 293	102 234
-	-	Foreign Exchange Loss		183 750	409 474
-	-	Impairment of Property, Plant and Equipment		3 308 937	-
<b>1 753 815 597</b>	<b>1 920 680 607</b>	<b>Total Expenditure</b>		<b>1 650 002 002</b>	<b>1 618 672 245</b>
<b>161 018 164</b>	<b>83 001 264</b>	<b>SURPLUS FOR THE YEAR</b>	<b>41</b>	<b>254 974 125</b>	<b>235 873 458</b>
Refer to Appendix E(1) for explanation of budget variances					

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2017

Description	Note	Capital Replacement Reserve(CRR) R
<b>2016</b>		
Balance at 30 June 2015		73 310 638
Correction of Error	39	
<b>Restated Balance</b>		<b>73 310 638</b>
Surplus for the year		
Transfer to Capital Replacement Reserve		68 000 000
Property, Plant and Equipment purchased		(71 251 874)
Contribution to Insurance Reserve		
<b>Balance at 30 June 2016</b>		<b>70 058 765</b>
<b>2017</b>		
<b>Restated Balance</b>		<b>70 058 765</b>
Surplus for the year		
Transfer to Capital Replacement Reserve		60 000 000
Property, Plant and Equipment purchased		(37 927 281)
Contribution to Insurance Reserve		
<b>Balance at 30 June 2017</b>		<b>92 131 484</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2017

	Note	Actual 2017 R	Actual 2016 R	Budget 2017 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Grants received	26	253 447 128	275 943 005	266 907 029
Sale of goods and services	41	1 097 822 423	1 092 507 997	1 367 238 971
Employee Costs	29	566 597 417	602 966 171	644 340 070
Supplier payments	41	813 241 442	712 555 778	919 175 930
<b>Cash generated from Operations</b>	<b>41</b>	<b>(28 569 307)</b>	<b>52 929 052</b>	<b>70 630 000</b>
Interest received	23	151 654 478	122 382 726	120 000 000
Interest paid	33	(27 789 438)	(29 018 431)	(27 757 000)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>95 295 733</b>	<b>146 293 348</b>	<b>162 873 000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	9	(117 325 105)	(145 546 918)	(149 865 000)
Purchase of Intangible Assets	10	(2 366 004)	(3 766 933)	-
Purchase of Investment Property	11	(115 400)	(2 336 988)	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(119 806 508)</b>	<b>(151 650 839)</b>	<b>(149 865 000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loans repaid		(8 203 519)	(10 824 084)	(8 246 000)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(8 203 519)</b>	<b>(10 824 084)</b>	<b>(8 246 000)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6</b>	<b>(32 714 295)</b>	<b>(16 181 575)</b>	<b>4 762 000</b>
Cash and Cash Equivalents at the beginning of the year		259 275 698	275 457 274	259 275 000
Cash and Cash Equivalents at the end of the year		226 561 404	259 275 698	264 037 000

# ACCOUNTING POLICIES

TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

## 1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act 2003 (Act Number 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

### 1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

The Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2016 and 30 June 2017 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below. Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

### 1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

#### 1.2.1 Revenue Recognition

Accounting Policy 10.1 on Revenue from Exchange Transactions and Accounting Policy 10.2 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned. In particular, whether the municipality,

- (i) when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and
- (ii) when services are rendered, whether the service has been rendered.

Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year and prior year is appropriate.



#### **1.2.2 Water Inventory**

The estimation of water inventory in the reservoirs are based on the measurement of water via the electronic level sensors where the level indicates the depth of water in the reservoir which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account during determining the volume of water on hand at year end. Refer to Note 4 in the annual financial statements.

#### **1.2.3 Budget information**

Deviations between the budget and actual amounts are regarded as material if they exceed a 10% deviation. All material differences are explained in the notes/appendices to the annual financial statements. Budget and actual figures are presented on the the accrual basis of accounting.

#### **1.2.4 Impairment of property, plant and equipment, intangible assets, investment property, heritage assets and inventories**

The accounting policy on PPE - Impairment of assets and accounting policy on Intangible assets - subsequent measurement, amortisation and impairment and accounting policy on Inventory - Subsequent measurement describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 26: Impairment of cash generating assets and GRAP 21: Impairment of Non - Cash generating Assets. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involve significant judgment by management.

#### **1.2.5 Impairment of financial assets and financial liabilities**

The accounting policy on Impairment of financial assets and financial liabilities describes the process followed to determine the value by which financial assets and financial liabilities should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets and financial liabilities recorded during the current and prior year is appropriate.

#### **1.2.6 Impairment of trade receivables**

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **1.2.7 Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### **1.2.8 Useful lives of property, plant and equipment**

As described in the accounting policy; 'Property, Plant and Equipment', the municipality depreciates its property, plant and equipment, investment property and amortise intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

#### **1.2.9 Defined benefit plan liabilities**

As described in the accounting policy the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long service Awards and Ex-gratia awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 20 to the Annual Financial Statements.

#### 1.2.10 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The accounting policy on Financial Assets Classification and accounting policy on Financial Liabilities Classification describe the factors and criteria considered by management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgements, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 Financial Instruments.

### 1.3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

### 1.4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

### 1.5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

### 1.6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 32 Service Concession arrangements: Grantor
- GRAP 34 Separate Financial Statements
- GRAP 35 Consolidated Financial Statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint arrangements
- GRAP 38 Disclosure of Interests in Other Entities
- GRAP 108 Statutory receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and non-living Resources

Application of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following GRAP standards became effective during the financial year ended 30 June 2017:

Amendments to GRAP 16 and GRAP 17 - Effective 1 April 2016

Improvements were also made to a number of GRAP standards during the period under review.

The impact of above standards becoming effective has been considered by management. The impact (if any) of these new effective standards has been disclosed in Note 39 of the Annual Financial Statements.

The ASB Directive 5 paragraph 29 allows for the Municipality to select to apply the principles established in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

## 2. STATUTORY FUNDS AND RESERVES

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

### 2.1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the municipality.

- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance and is not transferred to the CRR, as it is regarded as revenue.

## 2.2 Self insurance reserve

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. Reinsurance premiums paid to external reinsurers and other expenditure are regarded as an expense, and are debited against the operating accounts shown in the Statement of Financial Performance. The net surplus or deficit on the insurance operating accounts is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance.

## 2.3 Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993). The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires that the Municipality deposits cash and/or securities with the Commissioner. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. The net surplus or deficit on the COID operating account is transferred to or from the COID reserve via the Statement of Changes in Net Assets.

# 3. PROPERTY, PLANT AND EQUIPMENT

## 3.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

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 - if the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost on its acquisition date.

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

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

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

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

## 3.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently, all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or surrendered is included in the surplus or deficit when the compensation becomes receivable.

### 3.3 Depreciation

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

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

Item	Years
Buildings	30
Furniture and fixtures	5 - 15
Motor vehicles	5 - 15
Computer equipment	5 - 10
Infrastructure	
- Roads and paving	1 - 80
- Electricity	1 - 80
- Water	1 - 100
- Sewerage	1 - 60
- Landfill sites	25 - 55
- Storm water	1 - 60
- Streetlights	1 - 40
Community Buildings	
- Recreational facilities	30
- Security	3 - 15
Machinery and equipment	5 - 15
Water network	15
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed, if there is an indication that a change may have occurred in the estimated useful life or residual value of the asset. If the expectations differ from previous estimates, the change is accounted for in accordance with GRAP 3, either prospectively as a change in the accounting policy, or retrospectively as a prior period error depending on the specific circumstances.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Reviewing the useful life of an asset does not require the municipality 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 the surplus or deficit unless it is included in the carrying amount of another asset.

### 3.4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Significantly delayed projects and projects that have ceased entirely are disclosed separately in the notes to the financial statements. Management will review the facts and circumstances around each individual project before classifying it as significantly delayed.

### 3.5 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### 3.6 Heritage Assets

Heritage assets, which are culturally significant resources of nature (examples are statues, graves, memorial assets, libraries, canons, etc.) and according to GRAP 103 should be shown at cost and are not depreciated owing to uncertainty regarding their estimated useful lives. Where no active market exists for heritage assets the value cannot be determined, and the assets are carried at zero value.

### 3.7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

### 3.8 Derecognition of property, plant and equipment

An item of Property, Plant and Equipment of the municipality is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end or 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 municipality.

Gains from the sale of assets are classified as revenue. Gains or losses from the sale of assets are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds. This is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

## 4 INTANGIBLE ASSETS

### 4.1 Initial Recognition

The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the assets surrendered.

### 4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31 expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at the later date. Intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between three to five years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets 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 except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Amortisation only commences when the asset is available for use, unless stated otherwise.



### 4.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 5 INVESTMENT PROPERTY

### 5.1 Initial Recognition

Investment property includes property e.g. (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next twelve months are classified as Investment Properties;
- Land held for a currently undetermined future use. e.g. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases. This will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as property, plant and equipment or Inventory, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

### 5.2 Subsequent Measurement - Cost Model

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an Investments proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 5.3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

### 5.4 Depreciation and impairment

Investment properties are annually tested for impairment, including investment properties not yet available for use. Where items of investment property 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 except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and depreciation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Depreciation is charged on a straight-line basis over the assets' useful lives. The residual value of assets with finite useful lives is zero, unless an active market exists. Where investment properties are deemed to have an indefinite useful life, such assets are not depreciated (e.g. land).

## 6. FINANCIAL INSTRUMENTS

### 6.1 Financial Assets - Classification

A financial asset is any asset that is cash or contractual right to receive cash.

In accordance with GRAP 104 the financial assets of the municipality are classified as follows into the categories allowed by this standard.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that are quoted in an active market. They are included in current assets except for maturity greater than twelve months which are classified as non current assets. Financial assets at amortised cost are initially recognised at fair value plus transaction cost are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost using the effective interest rate method less the provision for impairment.

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

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

The municipality has the following types of financial assets of the face of the State of Financial Position:

Class	Category
Non-current Investments	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents	Financial asset measured at amortised cost
Current Portion of Non-current Investments	Financial asset measured at amortised cost
Current Portion of Long-term receivables	Financial asset measured at amortised cost

Cash includes cash on hand (including petty cash) and cash at bank (including call deposits). Cash equivalents are short term and highly liquid investments, readily convertible into known amounts of cash, that are held with registered institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

## 6.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of financial liabilities. The classification determines how they are measured

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Payables from non- exchange transactions	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term Loans	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

## 6.3 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk is disclosed.

A sensitivity analysis for each of the market risks is done.

### Credit risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the municipality receivables from customers and investment securities.

Each class of financial instrument is disclosed separately.

Maximum exposure to credit risk not covered by collateral is specified.

Financial instruments covered by collateral are specified.

### Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

## 7. 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.

### 7.1 Finance leases - Municipality as lessee

- Effective interest rate method
- Derecognition
- Finance cost expensed when incurred

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

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

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

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

### 7.2 Operating leases - Municipality as 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.

### 7.3 Operating leases - Municipality as 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.

## 8. INVENTORY

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their cost is deemed to be equal to its fair value at the date of acquisition. Where inventory is manufactured, constructed or produced, the cost includes, the cost of labour, materials and overheads used during the manufacturing.

### 8.1 Subsequent measurement

Included in inventory are consumable stores, raw materials, Work in progress, water inventory, unsold properties and other arrangements. 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 inventory 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 are assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in-first-out cost formula.

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.

## **9. NON-CURRENT ASSETS HELD FOR SALE**

The disclosure requirements per the Standard of GRAP on Presentation of Financial Statements require entities to disclose information about significant assets and groups of assets and liabilities, or components (as defined in GRAP 100), that will be disposed of in future reporting periods. These disclosures are provided once management has made a decision to dispose of certain assets, groups of assets and liabilities or components, instead of specific presentation on the face of the statement of financial position.

Specific measurement requirements for assets held for sale over and above those already required in existing Standards, are therefore not necessary.

## **10 REVENUE RECOGNITION**

Revenue in general is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

### **10.1. Revenue from Exchange Transactions**

#### **10.1.1 Service Charges**

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed.

The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

#### **10.1.2 Prepaid electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and payment is made in the month before year end, it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.



### 10.1.3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment. Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of consumer debtors.

### 10.1.4 Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

### 10.1.5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

### 10.1.6 Sale of goods (including houses)

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

- The municipality has transferred to the buyer 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.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 10.1.7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

## 10.2. Revenue from non-exchange transactions

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Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

### 10.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

### 10.2.2 Fines

Fines are defined as revenue from non-exchange transactions. It is revenue that arises from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Fines will be accounted on an accrual basis based on IGRAP 1.

Fines constitute both spot fines and summonses for which revenue is recognised in accordance with the requirements of IGRAP1.

Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of breach of laws and regulations. Where a defendant reaches an agreement with a prosecutor that includes a payment of a penalty, instead of being tried in court, that penalty is recognised as a fine.

### Initial recognition

Revenue from fines shall be recognised when an inflow of resources from non-exchange transaction is probable. The probability of inflow shall be determined when an allegation that an offence has been committed and that the offender must appear in court or before other law enforcement body. Normally, fines require an entity/offender to transfer a fixed amount of cash to the municipality and do not impose the obligation to the municipality to recognise a liability, as such fines shall be recognised as revenue when receivables meets the definition of an asset and satisfies the criteria for recognition as an asset.

### Measurement

At initial and subsequent recognition, fines shall be measured based on fair value of the asset.

### Impairment

Fines shall be assessed for indicators of impairment at the end of each reporting period. Fines not collected or fines where no warrant of arrests or summonses have been issued shall be impaired at measurement date.

#### 10.2.3 Other donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

#### 10.2.4 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures and is recognised when the recovery thereof from the responsible councillor or officials is virtually certain. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

#### 10.2.5 Conditional grants and receipts

Equitable share allocations are recognised revenue at the start of the financial year if no time-based restrictions exist.

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- 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.
- best estimate of expenditure

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## 11. 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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 11.1. Environmental rehabilitation provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

## 12. EMPLOYEE BENEFITS

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

### 12.1 Short-term employee benefits

The cost of all short-term employee benefits (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised during the period in which the employee renders the related service and are not discounted. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance. 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.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. 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

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement, is entitled to remain a continued member of such medical aid fund and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality decision on protected rights. Post-retirement medical contributions paid by the Municipality and depending on the employee's contract could either be 70%, 60% or a subsidy indicated on a sliding-scale basis. The employee is responsible for the balance of post-retirement medical contribution in each case.

External appointments do not qualify for a post-retirement medical aid subsidy. These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs. 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. For defined benefit plans the cost of providing the benefits is determined using the projected credit method. 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 the straight line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of a defined benefit plan are 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. 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. 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.

## 13. BORROWING COST

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

## 14. IMPAIRMENT

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

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

- The municipality has looked at the definition of cash generating assets which determine that an asset can be identified as cash generating asset if there is a commercial return.
- The municipality do not operate in a profit-oriented manner and the main focus is to provide a service, therefore all the assets will be classified as non-cash-generating assets.

#### 14.1 Impairment of Cash generated Assets

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The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributed to the disposal of the assets.

A 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.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

#### 14.2 Impairment of Non-Cash generated assets

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The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. If the recover-



able service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

## 15. HERITAGE ASSETS

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

### 15.1. Initial Recognition

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant of donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage asset purchases price and other costs attributable to bring the asset to the location and condition necessary for it to be call operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also included the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), transaction is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its measured at the carrying amount of the asset given up.

### 15.2. Subsequent measurement

Subsequent expenditure relating to heritage assets capitalised if it is probable that future economic benefits of potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised if it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an heritage asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all the heritage assets are measured at cost less accumulated impairment losses. Heritage assets are not depreciated, owing to uncertainty regarding to their estimated useful lives.

## 16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction
- expect to be repaid in future
- or expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

## 17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payment basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991)

## 18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

## 19. IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- Municipal Finance Management Act (Act No. 56 of 2003)
- Public Office Bearers Act (Act No. 20 of 1998)

Irregular expenditure that was incurred and identified during the current financial period, 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 required with the exception of updating the note to the financial statements.

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, must be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure described as per the Municipal Finance Management Act.

## 21. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support is transferred to the various services and departments to who resources are made available.

## 22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to notes for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

## 23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

## **24. TRANSLATION TO FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

## **25. COMPARATIVE FIGURES**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

## **26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

## **27. COMMITMENTS**

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Only capital commitments are disclosed.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

# NOTES

## TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

### 1. GENERAL INFORMATION

Sol Plaatje Local Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the municipality are prescribed by The Constitution.

### 2. INVENTORY

	2017 R	2016 R
Inventory Stores - at cost	23 328 719	23 721 734
Inventory Land	6 637 717	6 637 302
Water - at cost	1 969 225	2 297 043
<b>Total Inventory</b>	<b>31 935 661</b>	<b>32 656 079</b>

The net realisable value of the above water inventory is seen as higher than the cost as stipulated above.

The cost of Inventories recognised as an expense (included in general expenses) in respect of write downs of Inventory to Net Realisable Value and which was approved by Council amounted to:

	69 293	102 234
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The cost of Inventories recognised as an expense during the period was:

	41 586 315	51 445 219
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### 3. ASSETS HELD-FOR-SALE

Included in the property, plant and equipment figure on the balance sheet, are the following amounts relating to non current assets that is intended for sale within the next twelve months:

Other Assets Held-for-Sale	-	141 858
<b>Net Assets classified as Held-for-Sale</b>	<b>-</b>	<b>141 858</b>

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next twelve months.

### 4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
<b>As at 30 June 2017</b>			
Service Debtors	1 340 807 999	907 012 104	433 795 895
Electricity	173 190 982	117 157 950	56 033 032
Refuse	79 551 392	53 813 876	25 737 516
Sewerage	100 695 127	68 116 911	32 578 216
Water	371 506 224	251 311 628	120 194 595
Miscellaneous	615 864 275	416 611 739	199 252 536
Market	940 424	636 166	304 258
Housing Debtors	36 495 750	24 688 164	11 807 587
<b>Total Consumer Debtors</b>	<b>1 378 244 174</b>	<b>932 336 434</b>	<b>445 907 740</b>
Non current portion	(6 133 346)		(6 133 346)
<b>Total Consumer Debtors</b>	<b>1 372 110 828</b>	<b>932 336 434</b>	<b>439 774 394</b>

	Gross Balances	Provision for Impairment	Net Balances
<b>As at 30 June 2016</b>			
Service Debtors:	1 078 053 287	757 824 059	320 229 228
Electricity	146 226 816	102 424 925	43 801 891
Refuse	66 537 548	46 606 386	19 931 162
Sewerage	83 151 479	58 243 653	24 907 825
Water	299 942 067	210 095 143	89 846 924
Miscellaneous	482 195 378	340 453 952	141 741 426
Market	1 016 680	712 136	304 544
Housing Debtors	31 919 155	22 357 849	9 561 306
<b>Total Consumer Debtors</b>	<b>1 110 989 123</b>	<b>780 894 044</b>	<b>330 095 078</b>
Non current portion	(1 491 884)		(1 491 884)
<b>Total Consumer Debtors</b>	<b>1 109 497 239</b>	<b>780 894 044</b>	<b>328 603 194</b>

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors. Miscellaneous consist mainly out of interest charged on outstanding debtors and VAT on all services.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors. The Municipality does not require collateral in respect of trade and other receivables, except for consumer deposits made by consumers with the connection of water and electricity services.

4.1 Ageing of Consumer Debtors	2017 R	2016 R
<b>Electricity: Ageing</b>		
Current:		
0 - 30 days	49 530 799	44 482 933
Past Due:		
31 - 60 Days	7 931 799	10 772 722
61 - 90 Days	14 649 786	6 729 244
+ 90 Days	101 078 599	84 241 917
<b>Total</b>	<b>173 190 982</b>	<b>146 226 816</b>
<b>Refuse: Ageing</b>		
Current:		
0 - 30 days	3 366 035	3 076 271
Past Due:		
31 - 60 Days	2 106 457	1 944 857
61 - 90 Days	1 906 376	1 753 113
+ 90 Days	72 172 524	59 763 308
<b>Total</b>	<b>79 551 392</b>	<b>66 537 548</b>
<b>Sewerage: Ageing</b>		
Current:		
0 - 30 days	4 433 100	3 870 807
Past Due:		
31 - 60 Days	2 866 802	2 601 184
61 - 90 Days	2 571 992	2 341 250
+ 90 Days	90 823 234	74 338 238
<b>Total</b>	<b>100 695 127</b>	<b>83 151 479</b>



Water: Ageing	2017 R	2016 R
Current:		
0 - 30 days	28 532 984	23 658 950
Past Due:		
31 - 60 Days	13 483 129	10 323 460
61 - 90 Days	12 230 112	9 452 509
+ 90 Days	317 260 000	256 507 149
<b>Total</b>	<b>371 506 224</b>	<b>299 942 067</b>
Miscellaneous: Ageing		
Current:		
0 - 30 days	20 899 012	19 508 162
Past Due:		
31 - 60 Days	16 579 867	16 499 835
61 - 90 Days	17 120 894	14 390 590
+ 90 Days	562 204 926	432 813 471
<b>Total</b>	<b>616 804 699</b>	<b>483 212 058</b>
Housing Rentals: Ageing		
Current:		
0 - 30 days	510 321	508 105
Past Due:		
31 - 60 Days	463 284	466 946
61 - 90 Days	458 790	462 173
+ 90 Days	35 063 356	30 481 931
<b>Total</b>	<b>36 495 750</b>	<b>31 919 155</b>

#### 4.2 Summary of Consumer Debtors by Customer Classification (Exchange and Non-Exchange Transactions)

	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
<b>As at 30 June 2017</b>				
Current:				
0 - 30 days	68 764 088	39 656 134	16 742 197	125 162 419
Past Due:				
31 - 60 Days	30 728 231	10 452 786	10 826 255	52 007 272
61 - 90 Days	28 337 682	18 634 600	9 855 071	56 827 353
+ 90 Days	953 008 846	211 104 787	538 295 189	1 702 408 822
Sub-total	1 080 838 847	279 848 307	575 718 712	1 936 405 866
Less: Provision for Impairment	528 843 524	136 926 948	281 693 347	947 463 819
<b>Total Debtors by Customer Classification</b>	<b>551 995 324</b>	<b>142 921 359</b>	<b>294 025 365</b>	<b>988 942 048</b>
<b>As at 30 June 2016</b>				
Current:				
0 - 30 days	72 176 901	33 520 069	11 375 774	117 072 744
Past Due:				
31 - 60 Days	29 842 001	10 603 408	31 772 008	72 217 417
61 - 90 Days	28 701 610	8 265 053	5 145 808	42 112 471
+ 90 Days	772 656 236	159 661 371	419 922 437	1 352 240 044
Sub-total	903 376 748	212 049 901	468 216 027	1 583 642 676
Less: Provision for Impairment	450 902 073	105 390 846	232 707 881	789 000 801
<b>Total Debtors by Customer Classification</b>	<b>452 474 674</b>	<b>106 659 055</b>	<b>235 508 146</b>	<b>794 641 875</b>

The amount for debtors past due more than the impairment loss provided for is seen as recoverable therefore no impairment loss has been provided for this excess amount. Management is of the opinion that the current debtors is fully recoverable.

#### 4.3 Reconciliation of the Provision for Impairment

	2017 R	2016 R
Balance at beginning of year	789 000 801	648 584 757
Impairment Loss recognised	192 872 291	161 570 809
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(34 409 273)	(21 154 765)
Amounts reversed	-	-
<b>Balance at end of year</b>	<b>947 463 819</b>	<b>789 000 801</b>

In determining the recoverability of debtors, the municipality has implemented a risk based approach. Individual accounts are assessed and based on the risk factors identified, the adjusted present value of future cash flows of each account is determined. The difference between the adjusted cash flows and the current value is recognised as an impairment loss.

#### 4.4 Ageing of impaired Consumer Debtors

0 - 30 Days	4 609 663	3 838 699
31 - 60 Days	3 516 175	2 928 096
61 - 90 Days	3 073 157	2 559 173
+ 90 Days	936 264 823	779 674 834
<b>Total</b>	<b>947 463 819</b>	<b>789 000 801</b>

### 5. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Assessment Rates	558 161 692	472 653 553
Government Subsidy Claims	58 595 814	47 423 409
Miscellaneous debtors	5 862 505	7 143 930
Traffic Fines	20 860 350	12 943 572
	<b>643 480 362</b>	<b>540 164 464</b>
Less: Provision for Impairment	(15 127 385)	(8 106 756)
<b>Total Other Debtors</b>	<b>628 352 977</b>	<b>532 057 708</b>
Non current portion	(1 351 270)	(157 151)
<b>Total Other Debtors</b>	<b>627 001 707</b>	<b>531 900 557</b>

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

#### 5.1 Ageing of Consumer Debtors

<b>Rates: Ageing</b>		
Current:		
0 - 30 days	21 646 562	21 967 517
Past Due:		
31 - 60 Days	8 551 913	29 608 414
61 - 90 Days	7 666 781	6 983 591
+ 90 Days	520 296 437	414 094 030
<b>Total</b>	<b>558 161 692</b>	<b>472 653 553</b>

## 6. CASH AND CASH EQUIVALENTS

	2017 R	2016 R
Cash and Cash Equivalents	201 931 958	224 932 658
Bank	24 629 446	34 343 040
<b>Total Cash and Cash Equivalents</b>	<b>226 561 404</b>	<b>259 275 698</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks, net of outstanding Bank Overdrafts.

### 6.1 Current Investment Deposits

Call Deposits	87 950 000	90 950 000
Notice Deposits	113 965 838	133 965 838
<b>Total Current Investment Deposits</b>	<b>201 915 838</b>	<b>224 915 838</b>

Call Deposits are investments with a maturity period of less than three months and earn interest rates varying from 5.3% to 7.55% per annum.

Notice Deposits are investments with a maturity period of less than twelve months and earn interest rate varying from 7.475% to 8.2% per annum.

A fixed deposit of R2 992 635 (2016: R2 992 635) was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.

A fixed deposit of R20 973 203 (2016: R20 973 203) was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of a loan taken up during the current financial year.

### 6.2 Bank Accounts

<b>Cash book balance</b>		
Cash book balance at beginning of year	34 343 040	17 559 969
<b>Cash book balance at end of year</b>	<b>24 629 446</b>	<b>34 343 040</b>

The following disclosures in terms of Municipal Finance Management Act (MFMA) section 125 2(a):

#### Current Account (Primary Bank Account)

The Municipality has the following main bank account:

Standard Bank Kimberley Old Main Road

Account Number 040065367

#### Primary Bank account 040065367

Bank statement balance at beginning of year / (overdrawn)	78 334 651	51 073 577
<b>Bank statement balance at end of year / (overdrawn)</b>	<b>37 727 821</b>	<b>78 334 651</b>

#### Sub account -Resort 040039072

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

#### Sub account -Traffic 040036340

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

#### Sub account -Stores 040065405

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

#### Sub account -Salary 040065391

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

#### Sub account -Market 040065383

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Interest on overdrawn current accounts are charged at the bank's prime rate per annum. Interest is earned at different rates per annum on favourable balances.

	2017 R	2016 R
<b>6.3 Cash and Cash equivalents</b>		
Cash Floats and Advances	16 120	16 820
<b>Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>16 120</b>	<b>16 820</b>
The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.		
<b>7. OPERATING LEASE ASSETS / RECEIVABLES</b>		
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
<b>Balance as at 30 June</b>	34 999	72 186
Operating Lease expenses recorded	-	619 803
Operating Lease payments effected	(34 999)	(656 990)
<b>Total Operating Lease Assets</b>	<b>-</b>	<b>34 999</b>
<b>7.1 Leasing Arrangements</b>		
The Municipality as Lessor:		
Operating Leases relate to property owned by the municipality with lease terms of between one to ten years. The lessees do not have an option to purchase the property at the expiration of the lease period. Operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.		
Rental Revenue earned from Investment Property	389 168	418 498
<b>7.2 Amounts receivable under Operating Leases</b>		
At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to one year	677 187	588 506
Two to five years	1 143 678	1 113 889
More than five years	722 416	56 000
<b>Total Operating Lease Arrangements</b>	<b>2 543 280</b>	<b>1 758 396</b>
The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease for the year has been an increase:	-	37 186
The following restrictions have been imposed by the municipality in terms of its lease agreements:		
(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.		
(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.		
(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.		
<b>8. VAT RECEIVABLE FROM EXCHANGE TRANSACTIONS</b>		
VAT Receivable from Exchange Transactions	8 306 419	10 337 965
VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.		

## 9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS

30 June 2017					
Reconciliation of Carrying Value					
Description	Infrastructure R	Community R	Heritage R	Other R	Total R
<b>Carrying values at 01 July 2016</b>	<b>1 073 718 409</b>	<b>287 633 546</b>	<b>7 863 705</b>	<b>62 876 258</b>	<b>1 432 091 918</b>
Cost	1 511 779 588	344 511 966	7 863 705	143 808 401	2 007 963 660
- Completed Assets	1 227 927 292	338 156 557	6 017 355	143 808 401	1 715 909 605
- Under Construction	283 852 297	6 355 409	1 846 350	-	292 054 056
Accumulated Depreciation:	(438 061 180)	(56 878 420)	-	(80 932 143)	(575 871 743)
- Cost	(438 061 180)	(56 878 420)	-	(80 932 143)	(575 871 743)
Acquisitions	58 743 805	24 416 166	-	9 185 349	92 345 319
Capital under Construction - Additions	24 979 785	-	-	-	24 979 785
- Cost	24 979 785	-	-	-	24 979 785
Depreciation:	(32 160 492)	(7 505 831)	-	(13 984 550)	(53 650 872)
- Based on Cost	(32 160 492)	(7 505 831)	(13 984 550)	(53 650 872)	
Adjustment of Carrying values:	(558 432)	-	-	(613 946)	(1 172 378)
- Cost	(558 432)	-	(613 946)	(1 172 378)	
Adjustment of Depreciation	268 783	268 783			
Capital under Construction - Completed	(218 898 154)	(5 219 567)	-	(224 117 721)	
Other Movements	215 589 217	5 219 567	-	-	220 808 785
- Cost	218 898 154	5 219 567	-		224 117 721
- Accumulated Impairment Losses	(3 308 937)				(3 308 937)
<b>Carrying values at 30 June 2017</b>	<b>1 121 682 922</b>	<b>304 543 881</b>	<b>7 863 705</b>	<b>57 463 110</b>	<b>1 491 553 618</b>
Cost	1 594 944 746	368 928 132	7 863 705	152 379 804	2 124 116 387
- Completed Assets	1 505 010 818	367 792 290	6 017 355	152 379 804	2 031 200 267
- Under Construction	89 933 928	1 135 841	1 846 350	-	92 916 120
Accumulated Impairment Loss	(3 308 937)	-	-	-	(3 308 937)
Accumulated Depreciation:	(469 952 888)	(64 384 250)	-	(94 916 693)	(629 253 832)
- Cost	(469 952 888)	(64 384 250)	-	(94 916 693)	(629 253 832)
30 June 2016					
Reconciliation of Carrying Value					
Description	Infrastructure R	Community R	Heritage R	Other R	Total R
<b>Carrying values at 01 July 2015</b>	<b>978 452 243</b>	<b>288 074 076</b>	<b>6 017 355</b>	<b>69 409 041</b>	<b>1 341 952 715</b>
Cost	1 385 131 919	337 560 837	6 017 355	133 775 273	1 862 485 384
- Completed Assets	1 146 728 774	324 920 941	6 017 355	133 775 273	1 611 442 343
- Under Construction	238 403 145	12 639 897	-	-	251 043 041
Accumulated Depreciation:	(406 679 677)	(49 486 761)	-	(64 366 232)	(520 532 669)
- Cost	(406 679 677)	(49 486 761)	-	(64 366 232)	(520 532 669)
Correction of error (Note 39)					
- Accumulated Depreciation	-	-	-	-	
<b>Restated carrying values at 01 July 2015</b>	<b>978 452 243</b>	<b>288 074 076</b>	<b>6 017 355</b>	<b>69 409 041</b>	<b>1 341 952 715</b>



Description	Infrastructure R	Community R	Heritage R	Other R	Total R
Acquisitions	29 663 121	5 055 178	-	10 033 128	44 751 427
Capital under Construction - Additions	97 053 191	1 895 950	1 846 350	-	100 795 491
- Cost	97 053 191	1 895 950	1 846 350	-	100 795 491
Depreciation:	(31 450 145)	(7 391 659)	-	(16 565 912)	(55 407 716)
- Based on Cost	(31 450 145)	(7 391 659)	-	(16 565 912)	(55 407 716)
Adjustment of Carrying values:	(68 642)	-	-	-	(68 642)
- Cost	(68 642)	-	-	-	(68 642)
Adjustment of Depreciation	68 642	68 642			
Capital under Construction - Completed	(51 604 039)	(8 180 438)	-	-	(59 784 477)
Other Movements	51 604 039	8 180 438	-	-	59 784 477
- Cost	51 604 039	8 180 438	-	-	59 784 477
<b>Carrying values at 30 June 2016</b>	<b>1 073 718 409</b>	<b>287 633 546</b>	<b>7 863 705</b>	<b>62 876 258</b>	<b>1 432 091 918</b>
Cost	1 511 779 588	344 511 966	7 863 705	143 808 401	2 007 963 660
- Completed Assets	1 227 927 292	338 156 557	6 017 355	143 808 401	1 715 909 605
- Under Construction	283 852 297	6 355 409	1 846 350	-	292 054 056
Accumulated Depreciation:	(438 061 180)	(56 878 420)	-	(80 932 143)	(575 871 743)
- Cost	(438 061 180)	(56 878 420)	-	(80 932 143)	(575 871 743)

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

### 9.1 Carrying Amount of Property, Plant and Equipment temporarily idle:

An element of plant of the Municipality is currently temporarily not in use. The carrying amount of this asset, which is included in the reconciliation of the carrying value of Property, Plant and Equipment as above, is as follows:

2017  
R

2016  
R

57 855

79 217

### 9.2 Heritage Assets

The municipality identified certain categories of assets that can be classified as Heritage Assets. Some of these categories are not valued due to the fact that no active market exists for these items and therefore no value can be attached to it. The mentioned categories are: Municipal Jewellery, Antique Paintings, Monuments (including plaques or busts). The note below gives the detail of the composition of the heritage registers and the values attached thereto.

Heritage assets disclosed in the financial statements consist of the following:

Land (24 areas)	5 981 199	6 765 789
Antiques Other (38 items)	36 156	36 156
Antiques Paintings (15 items)	-	-
Municipal Jewellery (2 items)	-	-
Monuments (13 items)	-	-
Monuments (Work in progress)	1 846 350	1 846 350
<b>Total</b>	<b>7 863 705</b>	<b>8 648 295</b>

### 9.3 Work in Progress (WIP) - Projects significantly delayed

Included in the work in progress balance is the following amount pertaining to the Riverton high lift pumps. This project has been significantly delayed due to the fact that the pump station building needed to be refurbished to enable the fitting of the pumps.

27 392 290

The project relating to the Ritchie Bulk Water augmentation has been delayed due to challenges experienced with the funding of this project.

12 022 391

## 10. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Loss

2017  
R

2016  
R

3 825 728

6 299 418

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
<b>Carrying values at 01 July 2016</b>	<b>6 299 418</b>	<b>6 299 418</b>
Cost	9 903 284	9 903 284
Accumulated Amortisation	(3 603 866)	(3 603 866)
Acquisitions during the Year:	2 366 004	2 366 004
Purchased	2 366 004	2 366 004
Amortisation during the Year:	(4 839 694)	(4 839 694)
Purchased	(4 839 694)	(4 839 694)
Transfers during the Year:	0	0
At Cost	(642 140)	(642 140)
At Accumulated Amortisation	642 140	642 140
<b>Carrying values at 30 June 2017</b>	<b>3 825 728</b>	<b>3 825 728</b>
Cost	11 627 148	11 627 148
Accumulated Amortisation	(7 801 420)	(7 801 420)
	Computer Software	Total
<b>Carrying values at 01 July 2015</b>	<b>4 698 938</b>	<b>4 698 938</b>
Cost	6 136 351	6 136 351
Accumulated Amortisation	(1 437 413)	(1 437 413)
Acquisitions during the Year:	3 766 933	3 766 933
Purchased	3 766 933	3 766 933
Amortisation during the Year:	(2 166 453)	(2 166 453)
Purchased	(2 166 453)	(2 166 453)
<b>Carrying values at 30 June 2016</b>	<b>6 299 418</b>	<b>6 299 418</b>
Cost	9 903 284	9 903 284
Accumulated Amortisation	(3 603 866)	(3 603 866)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

## 11. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation

2017  
R

2016  
R

195 886 029

196 328 319

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	<b>196 328 319</b>	<b>194 623 613</b>
Cost	197 972 781	196 050 193
Accumulated Depreciation	(1 644 461)	(1 426 580)
Acquisitions during the Year	115 400	2 336 988
Depreciation during the Year	(217 286)	(217 882)
Disposals during the Year:	(340 404)	(414 400)
At Cost	(340 404)	(414 400)
Transfers during the Year:	-	-
At Cost	-	-
<b>Carrying values at 30 June</b>	<b>195 886 029</b>	<b>196 328 319</b>
Cost	197 747 777	197 972 781
Accumulated Depreciation	(1 861 748)	(1 644 461)
<b>Estimated Fair Value of Investment Property at 30 June</b>	<b>197 747 777</b>	<b>198 016 169</b>

	2017 R	2016 R
Revenue and Expenditure disclosed in the Statement of Financial Performance include:		
Rental Revenue earned from Investment Property	389 168	418 498
All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.		
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. Impairment is assessed annually and if an indicator of impairment is identified, the investment property will be impaired.		
There are no contractual obligations on Investment Property.		
<b>12. LONG-TERM RECEIVABLES</b>		
Staff were previously entitled to loans from the Municipality. This practice has been phased out by the Municipality in terms of the requirements of the MFMA. Subsequent to this change in policy, all loans have been repaid.		
<b>13. CONSUMER DEPOSITS</b>		
Electricity and Water	26 182 008	24 966 967
<b>Total Consumer Deposits</b>	<b>26 182 008</b>	<b>24 966 967</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>3 457 193</b>	<b>3 457 988</b>
Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.		
<b>14. EMPLOYEE BENEFITS</b>		
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19 below)	7 007 261	6 298 572
Current Portion of Long Service Liability (See Note 19 below):	2 500 064	2 396 929
<b>Total Provisions</b>	<b>9 507 325</b>	<b>8 695 501</b>
<b>15. CREDITORS</b>		
Trade Creditors	95 338 281	102 525 669
Payments received in Advance	16 414 735	16 392 940
Staff Bonuses	10 270 236	9 911 283
Other Creditors	1 256 734	-
Accrued Leave	33 492 342	32 442 363
<b>Total Creditors</b>	<b>156 772 329</b>	<b>161 272 255</b>
Various immaterial individual creditor balances have been restated for the prior year. Refer to Note 39 on "Correction of Error" for the quantum of the restatement as at 30 June 2016.		
Accrued Leave accrues to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.		
The average credit period on purchases is thirty days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first thirty days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.		
The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair value.		

2017  
R2016  
R**16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

16.1	Conditional Grants from Government	12 349 709	11 012 029
	Grants	12 349 709	11 012 029
	<b>Total Conditional Grants and Receipts</b>	<b>12 349 709</b>	<b>11 012 029</b>

See Note 26 for the reconciliation of Grants from Other Spheres of Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Refer to Appendix "F" for more detail on Conditional Grants.

**17. VAT PAYABLE FROM EXCHANGE TRANSACTIONS**

VAT Payable from Exchange Transactions	32 725 353	24 740 958
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VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**18. LONG TERM LIABILITIES**

Annuity Loans	218 672 802	226 876 321
<b>Sub-total</b>	<b>218 672 802</b>	<b>226 876 321</b>
Less: Current Portion transferred to Current Liabilities:	8 238 168	8 201 006
Annuity Loans	8 238 168	8 201 006
<b>Total Long-term Liabilities</b>	<b>210 434 634</b>	<b>218 675 316</b>

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

R24 000 000 of the Debtors book as well as an investment of R20 973 203 with Standard Bank have been ceded as security on two loans with the DBSA.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**19. EMPLOYEE BENEFIT LIABILITIES**

Long Service Awards	14 043 746	15 782 694
Post-retirement Health Care Benefits Liability	200 596 651	218 448 583
<b>Total Non-current Provisions</b>	<b>214 640 397</b>	<b>234 231 277</b>

The movement in Employee Benefit Liabilities are reconciled as follows:

**19.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	224 747 155	174 409 000
Contributions to Provision	(6 298 572)	(4 928 000)
Expenditure incurred	30 554 474	23 917 000
Actuarial loss/(gain)	(41 399 145)	31 349 155
Wholly unfunded balance at year end	207 603 912	224 747 155
Transfer to Current Provisions	(7 007 261)	(6 298 572)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>200 596 651</b>	<b>218 448 583</b>

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 plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by C Weiss, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2017 R	2016 R
In-service (employee) members	1 281	1 263
In-service (employee) non-members	123	428
Continuation Members (retirees and widowers)	208	211
<b>Total Members</b>	<b>1 612</b>	<b>1 902</b>

The liability in respect of past service has been estimated as follows:

In-service Members	130 997 809	142 123 728
In-service Non-members	3 393 129	8 404 137
Continuation Members	73 212 974	74 219 290
<b>Total Liability</b>	<b>207 603 912</b>	<b>224 747 155</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Samwumed

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.20%	9.03%
Health Care Cost Inflation Rate	7.52%	8.14%
Net Effective Discount Rate	1.56%	0.83%
Expected Rate of Salary Increase (ERSI)	3.51%	3.82%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	224 747 155	174 409 000
Current service costs	10 531 193	7 813 000
Interest cost	20 023 281	16 104 000
Benefits paid	(6 298 572)	(4 928 000)
Actuarial loss/(gain)	(41 399 145)	31 349 155
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>207 603 912</b>	<b>224 747 155</b>
<b>Total Recognised Benefit Liability</b>	<b>207 603 912</b>	<b>224 747 155</b>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	207 603 912	224 747 155
<b>Total Benefit Liability</b>	<b>207 603 912</b>	<b>224 747 155</b>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	10 531 193	7 813 000
Interest cost	20 023 281	16 104 000
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 29)</b>	<b>30 554 474</b>	<b>23 917 000</b>



The history of experienced adjustments is as follows:

	2017 R	2016 R	2015 R	2014 R	2013 R
Present Value of Defined					
Benefit Obligation	207 603 912	224 747 155	174 409 000	190 117 066	162 403 503
<b>Deficit</b>	<b>207 603 912</b>	<b>224 747 155</b>	<b>174 409 000</b>	<b>190 117 066</b>	<b>162 403 503</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2017 R	2016 R
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	31 685 300	24 694 000
Effect on the defined benefit obligation	209 679 951	232 794 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	30 248 929	22 824 000
Effect on the defined benefit obligation	205 527 873	213 189 000

Refer to Note 49 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

## 19.2 Ex-Gratia Arrangements

Balance at beginning of year	-	907 000
Current service cost	-	-
Interest cost	-	-
Expenditure incurred / Contribution	-	(907 000)
Actuarial Loss / (Gain)	-	-
Transfer to current provisions	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

Ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's pension arrangements. Provision has therefore not been made in this valuation for the possibility that future employees might be entitled to these annuities.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by N Fourie and J van der Spuy, Fellow members 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.

At year end there were no remaining employees eligible for Ex-gratia arrangement awards.

The interest costs for the year is estimated to be:

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	-	907 000
Expenditure incurred / Contribution	-	(907 000)
Present Value of Fund Obligation at the end of the Year	-	-
<b>Total Recognised Benefit Liability</b>	<b>-</b>	<b>-</b>

The history of experienced adjustments is as follows:

	2017 R	2016 R	2015 R	2014 R	2013 R
Present Value of Defined					
Benefit Obligation	-	-	907 000	835 000	624 207
<b>Deficit</b>	<b>-</b>	<b>-</b>	<b>907 000</b>	<b>835 000</b>	<b>624 207</b>

### 19.3 Long Service Awards

	2017 R	2016 R
Balance at beginning of year	18 179 623	18 233 000
Current service cost	2 138 866	1 968 000
Interest cost	1 415 998	1 510 000
Expenditure incurred / Contribution	(2 396 929)	(2 520 000)
Actuarial Loss / (Gain)	(2 793 748)	(1 011 377)
	16 543 810	18 179 623
Transfer to current provisions	(2 500 064)	(2 396 929)
<b>Balance at end of year</b>	<b>14 043 746</b>	<b>15 782 694</b>

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by C Weiss, Fellow member 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.

At year end 1 404 employees were eligible for Long-service Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.13%	8.33%
Cost Inflation Rate	5.94%	6.00%
Net Effective Discount Rate	2.06%	1.24%
Expected Rate of Salary Increase	7.00%	7.00%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

<b>Balance at the beginning of the year</b>	<b>18 179 623</b>	<b>18 233 000</b>
Current service costs	2 138 866	1 968 000
Interest cost	1 415 998	1 510 000
Benefits paid	(2 396 929)	(2 520 000)
Actuarial loss / (gains)	(2 793 748)	(1 011 377)
Present Value of Fund Obligation at the end of the Year	16 543 810	18 179 623
<b>Total Recognised Benefit Liability</b>	<b>16 543 810</b>	<b>18 179 623</b>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	16 543 810	18 179 623
<b>Total Benefit Liability</b>	<b>16 543 810</b>	<b>18 179 623</b>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	2 138 866	1 968 000
Interest cost	1 415 998	1 510 000
Benefits paid	(2 396 929)	(2 520 000)
Actuarial loss / (gains)	(2 793 748)	(1 011 377)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 29)</b>	<b>(1 635 813)</b>	<b>(53 377)</b>

The history of experienced adjustments is as follows:

	2017 R	2016 R	2015 R	2014 R	2013 R
Present Value of Defined Benefit Obligation	16 543 810	18 179 623	18 233 000	16 904 000	14 323 824
<b>Deficit</b>	<b>16 543 810</b>	<b>18 179 623</b>	<b>18 233 000</b>	<b>16 904 000</b>	<b>14 323 824</b>

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

	2017 R	2016 R
<b>Increase</b>		
Effect on the aggregate of the current service cost and the interest cost	3 050 000	3 748 000
Effect on the defined benefit obligation	17 223 000	19 015 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	2 775 200	3 375 400
Effect on the defined benefit obligation	15 907 000	17 400 000

## 20. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Land-fill Sites	26 747 952	27 624 298
<b>Total Non-current Provisions</b>	<b>26 747 952</b>	<b>27 624 298</b>

The movement in Non-current Provisions are reconciled as follows:

### 20.1 Rehabilitation of Land-fill Sites

Balance at beginning of year	27 624 298	27 336 931
Current service cost		-
Interest cost		-
Expenditure incurred / Contribution	(876 346)	287 367
Actuarial Loss / (Gain)	-	-
	26 747 952	27 624 298
Transfer to current provisions		-
<b>Balance at end of year</b>	<b>26 747 952</b>	<b>27 624 298</b>

In terms of the licensing of the landfill refuse sites, the municipality will incur the following licensing and rehabilitation costs to restore the site at the end of its useful life, estimated to be in 2025 (provision has been made for the net present value of this cost, using the average cost of borrowing interest rate):

26 747 952	27 624 298
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An independent valuer performed the valuation. The valuer based his calculations on the rehabilitation costs incurred on a similar site in the Eastern Cape area.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Inflation Rate	6.00%	5.00%
Size of landfill site in hectares	16	16
Annual tonnage of waste deposited	72 000	72 000

Approximately 1ha per year of the landfill site is considered to be filled with no air space remaining and may be prepared for rehabilitation.

## 21. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	92 131 484	70 058 765
Self-insurance Reserve	24 092 886	23 548 290
COLD Reserve	10 720 710	10 610 435
Accumulated Surplus due to the results of Operations	2 207 786 622	1 975 540 087
<b>Total Accumulated Surplus</b>	<b>2 334 731 702</b>	<b>2 079 757 577</b>

The Capital Replacement Reserve (CRR) is a reserve to finance future capital expenditure and is fully cash backed.

The Self-insurance Reserve covers all internal and external insurance claims against Council. Council is externally insured for catastrophic events.

The Compensation Commissioner for Occupational Injuries and Diseases (COLD) Reserve arises on the exemption from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COLD Act. A fixed deposit as determined by the Commissioner was made as a security to the Self-Insurance Workman Compensation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

## 22. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2015 R	July 2016 R	2017 R	2016 R
Residential	16 873 818	16 124 603	154 946 745	134 083 243
Business	4 609 862	4 385 479	125 484 655	113 367 185
Residential Business	-	312 065	-	5 380 547
Rural	1 979 455	2 400 710	2 355 142	5 392 190
Industrial	483 103	486 833	14 908 298	14 871 730
PSI	74 624	63 255	-	-
State	2 988 300	3 109 744	155 135 205	196 476 528
Mining Areas	71 107	75 792	15 666 773	14 825 854
Exempt	2 335 190	2 255 118		
<b>Total Assessment Rates</b>	<b>29 415 459</b>	<b>29 213 599</b>	<b>468 496 818</b>	<b>484 397 277</b>

Valuations on land and buildings are performed every four years in terms of the Municipal property rates act (MPRA). The last general valuation came into effect on 1 July 2015. Supplementary valuations are processed when necessary to take into account changes in individual property values due to alterations, subdivisions, etc. Rates are levied on an annual basis with the final date of payment being 30 September each year. Ratepayers can apply to pay rates monthly. Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A rebate of 55% (2016: 50%) was allowed on residential properties for pensioners based on the annual income of the ratepayer's household.

## 23. INTEREST EARNED

	2017 R	2016 R
External Investments:		
Interest	21 576 378	20 995 888
Outstanding Debtors:		
Outstanding Debtors	130 078 100	101 386 838
<b>Total Interest Earned</b>	<b>151 654 478</b>	<b>122 382 726</b>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

<b>Financial instruments at amortised cost</b>	<b>151 654 478</b>	<b>122 382 726</b>
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## 24. SERVICE CHARGES

Sale of Electricity	618 301 386	595 476 606
Sale of Water	254 176 629	223 279 630
Refuse Removal	55 729 465	53 148 834
Sewerage and Sanitation Charges	73 786 690	69 997 843
Free Basic Services Indigent Subsidies	(38 949 280)	(32 695 833)
<b>Total Service Charges</b>	<b>963 044 889</b>	<b>909 207 080</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

## 25. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Facilities and Equipment	10 024 738	9 839 067
<b>Total Rental of Facilities and Equipment</b>	<b>10 024 738</b>	<b>9 839 067</b>

Rental revenue earned on Facilities and Equipment is in respect of residential buildings rented out.

## 26. GOVERNMENT GRANTS AND SUBSIDIES

### Unconditional Grants

National Equitable Share	144 171 000	143 335 000
Other Subsidies	8 176 342	7 980 501

<b>Operational Grants</b>	<b>152 347 342</b>	<b>151 315 501</b>
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### Conditional Grants

	101 099 786	124 627 503
National: Financial Management Grant (FMG)	1 625 000	1 600 000
National: Municipal Infrastructure Grant (MIG)	37 079 000	48 329 000
National: Grants	49 005 993	50 574 956
National: Expanded Public Works Programme (EPWP)	5 574 000	4 984 000
Provincial: Grants	-	12 121 635
Local Government: Local Municipalities Grant	7 815 794	7 017 911

<b>Total Government Grants and Subsidies</b>	<b>253 447 128</b>	<b>275 943 005</b>
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### 26.1 National Equitable Share:

This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.

### 26.2 Provincial Health Subsidies:

Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively for health services (included in Appendix F).

### 26.3 Other Subsidies

Balance unspent at beginning of year	-	-
Current year receipts:	8 176 342	7 980 501
- Library	8 006 000	6 609 000
- Miscellaneous	170 342	1 371 501
Conditions met - transferred to Revenue	(8 176 342)	(7 980 501)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to library expenditure (included in Appendix F). The conditions of the grant have been met.

### 26.4 National: FMG

Balance unspent at beginning of year	-	-
Current year receipts	1 625 000	1 600 000
Conditions met - transferred to Revenue: Operating Expenses	(1 625 000)	(1 600 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

The Financial Management Grant is paid by National Treasury to high capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). The grant is spent in accordance with National Treasury guidelines (included in Appendix F). Not all funds have been paid.



2017  
R2016  
R**26.5 National: MIG**

Balance unspent at beginning of year	-	-
Current year receipts	37 079 000	48 329 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(37 079 000)	(48 329 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

This grant was used for various projects (included in Appendix F). No funds have been withheld.

**26.6 National: Grants**

Balance unspent at beginning of year	506 201	31 651 158
Current year receipts	51 143 672	19 430 000
Conditions met - transferred to Revenue: Operating Expenses	(1 562 320)	(4 715 903)
Conditions met - transferred to Revenue: Capital Expenses	(47 443 672)	(45 859 054)
Conditions still to be met - transferred to Liabilities (see Note 16)	2 643 881	506 201

This grant was used for various projects (included in Appendix F). No funds have been withheld.

**26.7 National - EPWP**

Balance unspent at beginning of year	-	-
Current year receipts	5 574 000	4 984 000
Conditions met - transferred to Revenue: Operating Expenses	(5 574 000)	(4 984 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

This grant was used for various projects (included in Appendix F). No funds have been withheld.

**26.8 Provincial: Grants**

Balance unspent at beginning of year	10 505 828	-
Current year receipts	-	22 627 463
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(800 000)	(12 121 635)
Conditions still to be met - transferred to Liabilities (see Note 16)	9 705 828	10 505 828

The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix F). Not all funds have been paid.

**26.9 Local Government - Local Municipalities**

Balance unspent at beginning of year	-	-
Current year receipts	7 815 794	7 017 911
Conditions met - transferred to Revenue: Operating Expenses	(2 815 794)	(1 599 294)
Conditions met - transferred to Revenue: Capital Expenses	(5 000 000)	(5 418 617)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-

The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix F). No funds have been withheld.

**26.10 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.

**27. PUBLIC CONTRIBUTIONS AND DONATIONS**

Donations Received	-	260 514
<b>Total Public Contributions and Donations</b>	<b>-</b>	<b>260 514</b>

Donations received comprise of various assets that was paid for by a third party.

## 28. OTHER INCOME

	2017 R	2016 R
Premiums received and claims recovered	4 521 160	4 406 042
Admission, Academic and transaction fees	6 249 711	5 645 566
Burial fees	2 001 014	1 819 712
Building Plan Approvals	1 665 122	1 722 700
Market Fees	3 241 032	3 541 156
Draining Fees	968 292	996 328
Unclaimed fines, deposits and stale cheques	1 646 736	1 869 036
Other Income	5 665 066	3 986 055
<b>Total Other Income</b>	<b>25 958 133</b>	<b>23 986 595</b>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

## 29. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	321 653 234	328 026 159
Employee Related Costs - Contributions for UIF and Medical Aids	43 935 187	36 718 228
Employee Related Costs - Contributions for Pensions	51 000 500	44 069 507
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	112 116 269	97 706 204
Housing Benefits and Allowances	2 830 109	2 501 884
Overtime Payments	33 685 148	27 574 133
Long-service Awards	11 460 524	9 544 278
Defined Benefit Plan Expense:	(10 083 555)	56 825 778
Current Service Cost	12 670 059	9 781 000
Interest Cost	21 439 279	17 614 000
Net Actuarial loss/(gain) recognised	(44 192 893)	29 430 778
<b>Total Employee Related Costs</b>	<b>566 597 417</b>	<b>602 966 171</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	1 647 100	1 529 204
Car Allowance	150 000	150 000
Company Contributions to UIF, Medical and Pension Funds	322 969	304 789
<b>Total</b>	<b>2 120 069</b>	<b>1 983 993</b>
<b>Remuneration of the Director: Finance</b>		
Annual Remuneration	970 919	853 936
Car Allowance	364 956	318 420
Company Contributions to UIF, Medical and Pension Funds	183 735	176 005
<b>Total</b>	<b>1 519 610</b>	<b>1 348 361</b>
<b>Remuneration of the Director: Corporate Services</b>		
Annual Remuneration	1 131 555	856 011
Car Allowance	180 000	318 420
Company Contributions to UIF, Medical and Pension Funds	235 831	180 502
<b>Total</b>	<b>1 547 386</b>	<b>1 354 933</b>
<b>Remuneration of the Director: Strategy, Economic Development and Planning</b>		
Annual Remuneration	954 412	843 169
Car Allowance	343 239	318 420
Company Contributions to UIF, Medical and Pension Funds	222 919	177 853
<b>Total</b>	<b>1 520 570</b>	<b>1 339 442</b>

	2017 R	2016 R
<b>Remuneration of the Director: Community Services</b>		
Annual Remuneration	998 243	852 681
Car Allowance	361 716	318 420
Company Contributions to UIF, Medical and Pension Funds	154 950	149 552
<b>Total</b>	<b>1 514 909</b>	<b>1 320 653</b>
<b>Remuneration of the Director: Technical Services</b>		
Annual Remuneration	991 627	659 509
Car Allowance	339 571	285 479
Company Contributions to UIF, Medical and Pension Funds	177 122	170 742
<b>Total</b>	<b>1 508 321</b>	<b>1 115 730</b>

The post was vacant for the year. The above amounts are of the employees acted in the position.

The following compensation was payable to key management personnel in terms of GRAP as at 30 June:

**Staff Leave Benefits:**

Municipal Manager	76 714	114 944
Chief Financial Officer	188 112	172 293
Director Community Services	24 921	110 832
Director Corporate Services	98 149	145 578
Director Strategic, Economic Development and Planning	127 828	113 063
<b>Total</b>	<b>515 725</b>	<b>656 710</b>

### 30. REMUNERATION OF COUNCILLORS

Executive Mayor	901 706	818 699
Speaker	721 364	659 301
Councillors	15 596 992	13 434 881
Contributions to UIF, Medical and Pension Funds and other allowances	7 790 947	6 035 206
<b>Total Councillors' Remuneration</b>	<b>25 011 009</b>	<b>20 948 087</b>

**In-kind Benefits**

The Councillors occupying the positions of Executive Mayor, Speaker and the Mayoral Committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. Council owned vehicles are made available for official duties.

### 31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	53 650 872	55 407 716
Amortisation: Intangible Assets	4 839 694	2 166 453
Depreciation: Investment Property	217 286	217 882
<b>Total Depreciation and Amortisation</b>	<b>58 707 853</b>	<b>57 792 050</b>

### 32. IMPAIRMENT LOSS

#### 32.1 Impairment Loss on Financial Assets

Impairment Losses Recognised	190 194 771	159 613 107
Trade Receivables from exchange transactions	183 174 143	151 506 351
Trade Receivables from non-exchange transactions	7 020 628	8 106 756
<b>Total Impairment Loss</b>	<b>190 194 771</b>	<b>159 613 107</b>

	2017 R	2016 R
<b>33. FINANCE COSTS</b>		
Loans and Payables at amortised cost	27 789 438	29 018 431
<b>Total Interest Paid on External Borrowings</b>	<b>27 789 438</b>	<b>29 018 431</b>
<b>34. BULK PURCHASES</b>		
Electricity	422 425 501	387 543 591
Water	69 540 651	66 466 299
<b>Total Bulk Purchases</b>	<b>491 966 152</b>	<b>454 009 890</b>
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the Department Water Affairs and Forestry.		
<b>35. CONTRACTED SERVICES</b>		
Audit committee	551 596	483 626
Legal and collection cost	6 002 673	4 838 400
Maintenance of Equipment and Security	7 017 734	3 918 452
Project Management	4 034 862	1 969 920
Prepaid Vendor	23 827 253	18 333 313
Other Contracted Services	736 377	1 788 490
<b>Total Grants and Subsidies</b>	<b>42 170 495</b>	<b>31 332 201</b>
<b>36. GRANTS AND SUBSIDIES PAID</b>		
Diamonds and Dorings Festival	2 500 000	2 124 035
Gariiep Festival	1 500 000	1 300 000
Indigent subsidy	-	-
Other Grants	2 484 007	1 501 196
Subsidy paid to Society for Prevention of Cruelty against Animals (SPCA)	1 500 000	1 700 000
<b>Total Grants and Subsidies</b>	<b>7 984 007</b>	<b>6 625 231</b>
The grants to the festivals are to promote economic growth. The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.		
<b>37. GENERAL EXPENSES</b>		
Repairs and Maintenance		
Hardware in Store	9 314 422	2 768 597
Stores Workshop	140 524	146 730
Building Maintenance	5 747 529	5 263 393
Electricity Maintenance	19 820 653	15 638 914
Fleet Maintenance	15 158 682	13 042 093
General Maintenance	12 073 035	20 834 201
Refuse Maintenance	8 946 113	12 050 894
Roads	18 163 910	35 627 331
Storm Water	1 042 769	-
Safety	207 653	719 027
Sewer	13 373 259	7 814 519
Streetlights	5 902 982	6 200 281
Water	11 856 176	13 577 765
<b>Sub Total Repairs and Maintenance</b>	<b>121 747 706</b>	<b>133 683 745</b>

	2017 R	2016 R
<b>Other Expenses</b>		
Audit fees	3 023 231	3 911 274
Bank charges	3 126 687	2 853 288
Catering municipal activities	1 123 317	207 551
Claims paid	607 243	687 393
Clarification/Purification Chemicals	6 399 861	6 132 095
Cleaning material	1 358 458	1 300 853
Conferences and seminars	7 135 218	8 986 436
Course fees/Skills development levy	5 271 153	5 058 869
Discount on early payment	26 662 598	25 667 386
Electricity	-	-
Fuel	10 440 087	10 233 945
Interns and learnerships	1 455 664	2 063 203
Insurance and claims	5 515 108	5 187 271
Membership fees	6 566 311	6 015 855
Postage	2 479 014	2 183 780
Printing and stationary	8 173 279	6 726 040
Refuse removals	-	-
Sanitation	-	-
Software licences and Computer services	3 048 748	4 429 994
Sport/Transport events	1 077 407	1 065 548
Telephone expenditure	4 006 599	4 269 577
Uniforms and Protective clothing	4 134 053	3 831 362
Vehicle licences	1 124 709	1 062 611
Vehicle tracking	839 811	756 195
Water	-	-
Water resource management fee	1 952 948	2 061 442
Ward committee activities	1 612 747	3 262 080
Workmen's compensation insurance	1 289 022	1 346 553
Other General Expenses	5 847 901	12 871 024
Sub Total Other Expenses	114 271 175	122 171 625
<b>Total General Expenses</b>	<b>236 018 880</b>	<b>255 855 370</b>

The comparative figures for General Expenses have been restated to correct errors contained in the prior year Financial Statements. Refer to note 39 on Correction of Errors for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

### 38. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during the current financial year under review.

### 39. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial year ended 30 June.

Details of the appropriations are as follows:

Unappropriated Surplus Account:

Corrections to Creditors	(215 548)
Corrections to Expenditure	(44 852 304)
<b>Increase / (Decrease) in Unappropriated Surplus Account</b>	<b>(45 067 852)</b>
<b>Increase / (Decrease) in Accumulated Surplus Account</b>	<b>(45 067 852)</b>



### 39.1 Restatement of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality. Refer to note 39.8 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2016 Revenue	2016 Correction	Restated Amount
Other Income	23 659 662	326 932	23 986 595
	<b>23 659 662</b>	<b>326 932</b>	<b>23 986 595</b>

### 39.2 Restatement of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality. Refer to note 39.6 and 39.9 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2016 Revenue	2016 Correction	Restated Amount
Employee Related Costs	600 873 547	2 092 624	602 966 171
Contracted Services	30 876 978	455 223	31 332 201
General Expenses	175 681 639	80 173 731	255 855 370
Repairs and Maintenance	120 274 041	(120 274 041)	-
	<b>985 498 254</b>	<b>(37 552 462)</b>	<b>947 945 792</b>

### 39.3 Restatement of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2016 Fin Position	2016 Correction	Restated Amount
Accumulated Surplus	2 149 178 236	(69 420 659)	2 079 757 577
Payables from Exchange Transactions	159 291 016	1 981 239	161 272 255
Property, Plant and Equipment	1 491 144 032	(66 915 819)	1 424 228 213
Trade Receivables from Exchange Transactions	332 456 474	(3 853 279)	328 603 194

### 39.4 Restatement of Non-current Liabilities:

No restatements for the financial year.

### 39.5 Restatement of Current Liabilities:

Included in the prior year's restated payables from exchange balance is an amount of R2 092 624 in respect of a salary contracted workers correction retrospectively.

The effect of the Correction of Error is as follows:

	2017 R	2016 R
		Payables from Exchange Transactions
<b>Balances as per AFS previously published for 2015/2016</b>		<b>159 291 016</b>
Restatement of Current Liabilities		1 981 239
<b>Balances as per current AFS published for 2015/2016</b>		<b>161 272 255</b>

### 39.6 Restatement of Non-Current Assets

The prior year figure for Work in progress on Assets were unbundled identifying expenditure that was moved to General Expenditure and the Surplus Account (this restatement was due to a corrections made to the Asset Register). This oversight has been rectified and the restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Heritage Assets	Property, Plant and Equipment
<b>Balances as per AFS previously published for 2015/2016</b>	<b>8 648 295</b>	<b>1 491 144 032</b>
Restatement of non-current assets	(784 590)	(66 915 819)
<b>Balances as per current AFS published for 2015/2016</b>	<b>7 863 705</b>	<b>1 424 228 213</b>

### 39.7 Restatement of Depreciation:

No restatement was needed for Depreciation.

### 39.8 Adjustment of Revenue:

Included in the restated prior year figures for Other Income (refer to Note 28) is various unknown deposits which has now been classified as revenue.

The effect of the Correction of Error is as follows:

	Other Income
<b>Balances as per AFS previously published for 2015/2016</b>	<b>23 659 662</b>
Adjustment of prior period revenue	326 932
<b>Balances as per current AFS published for 2015/2016</b>	<b>23 986 595</b>

### 39.9 Adjustment of Expenses:

The prior year figure for Work in progress on Assets were unbundled identifying expenditure that was moved to General Expenditure and the Surplus Account (this restatement was due to a corrections made to the Asset Register). This oversight has been rectified and the restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Employee Related Costs	Maintenance Expenditure	General Expenses
<b>Balances as per AFS previously published for 2015/2016</b>	<b>600 873 547</b>	<b>120 274 041</b>	<b>175 681 639</b>
Adjustment of prior period expenses	2 092 624	(120 274 041)	80 173 731
<b>Balances as per current AFS published for 2015/2016</b>	<b>602 966 171</b>	<b>-</b>	<b>255 855 370</b>

### 39.10 Restatement of Current Assets

Included in the prior year's restated balance for Current Assets are restated balances for Trade Receivables from Non Exchange Transactions. The effect on Accumulated Surplus and on Current Assets is reflected below.

The effect of the Correction of Error is as follows:

	Current Assets
<b>Balances as per AFS previously published for 2015/2016</b>	<b>1 166 357 395</b>
Adjustment for prior period error	(3 548 902)
<b>Balances as per current AFS published for 2015/2016</b>	<b>1 162 808 493</b>

## 40. CHANGE IN ACCOUNTING ESTIMATES

No changes were made to existing accounting estimates during the current financial year that could potentially have a material impact on the Annual Financial Statements.

### 41. CASH GENERATED BY OPERATIONS

	2017 R	2016 R
Surplus / (Deficit) for the Year	254 974 125	235 873 458
<b>Adjustment for:</b>		
Adjusting non cash flow items prior errors	4 212 532	(215 548)
Depreciation and Amortisation	58 707 853	57 792 050
Contribution to Impairment Provision	192 872 291	161 570 809
Bad Debts Written-off	(34 409 273)	(21 154 765)
Investment Income	(151 654 478)	(122 382 726)
Finance Costs	27 789 438	29 018 431
<b>Operating surplus before working capital changes</b>	<b>352 492 487</b>	<b>340 501 709</b>
(Increase)/Decrease in Inventories	720 418	231 245
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(267 255 051)	(206 579 301)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(102 975 494)	(118 494 524)
(Increase)/Decrease in VAT Receivable	2 031 545	(4 365 393)
(Increase)/Decrease in Operating Lease Assets	34 999	37 186
Increase/(Decrease) in Consumer Deposits	1 215 041	3 118 555
Increase/(Decrease) in Creditors	(4 499 926)	5 027 534
Increase/(Decrease) in Conditional Grants and Receipts	1 337 680	(20 639 129)
(increase)/Decrease in provisions	(19 655 402)	49 665 145
Increase/(Decrease) in VAT Payable	7 984 395	4 426 023
<b>Cash generated by / (utilised in) Operations</b>	<b>(28 569 307)</b>	<b>52 929 052</b>

	2017 R	2016 R
<b>Income for the year</b>	<b>1 904 976 127</b>	<b>1 854 545 704</b>
Adjustment for:		
Investment income	(151 654 478)	(122 382 726)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(267 255 051)	(206 579 301)
Bad Debts Written-off	(34 409 273)	(21 154 765)
(Increase)/Decrease in Operating Lease Assets	34 999	37 186
Increase/(Decrease) in Consumer Deposits	1 215 041	3 118 555
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(102 975 494)	(118 494 524)
(Decrease)/increase in conditional grants and receipts	1 337 680	(20 639 129)
<b>Cash receipts from ratepayers, government and other</b>	<b>1 351 269 551</b>	<b>1 368 451 002</b>
Grants received	253 447 128	275 943 005
<b>Sale of goods and services</b>	<b>1 097 822 423</b>	<b>1 092 507 997</b>
<b>Expenditure for the year</b>	<b>1 650 002 002</b>	<b>1 618 672 245</b>
Adjustment for:		
Depreciation	58 707 853	57 792 050
Contribution to bad debt provision	192 872 291	161 570 809
Adjusting non cash flow items prior errors	4 212 532	(215 548)
Interest paid	27 789 438	29 018 431
<b>Operating expenditure before working capital changes:</b>	<b>1 366 419 889</b>	<b>1 370 506 503</b>
(Increase)/Decrease in inventories	720 418	231 245
(Decrease)/Increase in creditors	(4 499 926)	5 027 534
(increase)/Decrease in provisions	(19 655 402)	49 665 145
(decrease)/Increase in VAT	10 015 940	60 630
<b>Cash paid to suppliers and employees</b>	<b>1 379 838 858</b>	<b>1 315 521 949</b>
Employee Costs	566 597 417	602 966 171
<b>Suppliers paid</b>	<b>813 241 442</b>	<b>712 555 778</b>
<b>Cash generated by/(utilized in) operations</b>	<b>(28 569 307)</b>	<b>52 929 052</b>

## 42. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the financial year under review.

## 43. FINANCING FACILITIES

Unsecured Bank Overdraft Facility payable at call:

Amount used

-

-

Amount unused

-

-

## 44. LONG-TERM LIABILITIES

Long-term Liabilities (See Note 18)

218 672 802

226 876 321

Long-term Liabilities have been utilised in accordance with section 46 of the Municipal Finance Management Act. See detail information in Appendix A.

## 45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

### 45.1 Unauthorised Expenditure

To management's best of knowledge the following Unauthorised Expenditure was incurred during the year under review.

	2017 R	2016 R	2015 R
<b>Reconciliation of Unauthorised Expenditure:</b>			
Opening balance	-	-	-
Unauthorised Expenditure current year	-	10 329 679	2 823 634
Approved by Council	-	(10 329 679)	(2 823 634)
Unauthorised Expenditure awaiting authorisation	-	-	-

### 45.2 Fruitless and Wasteful Expenditure

<b>Reconciliation of Fruitless and Wasteful expenditure:</b>			
Opening balance		1 542 706	119 692
Fruitless and Wasteful Expenditure current year		70 141	1 574 360
Written off by Council		(220 141)	(151 345)
<b>Fruitless and Wasteful Expenditure awaiting condonement</b>		<b>1 392 707</b>	<b>1 542 706</b>

Incident	Amount	Causes
SARS penalty fees	1 392 707	Interest and penalties paid to SARS.

### 45.3 Irregular Expenditure

	2017 R	2016 R	2015 R
<b>Reconciliation of Irregular Expenditure:</b>			
Opening balance	13 448 957	212 719 245	10 097 201
Irregular Expenditure current year	2 795 094	40 404 352	210 916 140
Irregular Expenditure correction	-	27 114 548	1 773 413
Written off by Council or ratified by Accounting Officer	(16 244 051)	(266 789 188)	(10 067 510)
<b>Irregular Expenditure awaiting condonement</b>	<b>-</b>	<b>13 448 957</b>	<b>212 719 245</b>

## 46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

### 46.1 Contributions to organised local government - SALGA

	2017 R	2016 R
Opening Balance	-	-
Council Subscriptions	6 496 561	6 000 431
Amount Paid - current year	(6 496 561)	(6 000 431)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

### 46.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	3 023 231	3 911 274
Amount Paid - current year	(3 023 231)	(3 911 274)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

### 46.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 8 and 17.  
All VAT returns have been submitted by the due date throughout the year.

### 46.4 PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	88 421 392	75 638 755
Amount Paid - current year	88 421 392	(75 638 755)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

	2017 R	2016 R
<b>46.5 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	140 121 681	128 821 276
Amount Paid - current year	(140 121 681)	(128 821 276)

#### 46.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2017	Total	Outstanding up to 90 days	Outstanding more than 90 days
Kika SN	120 506	7 138	113 368
Thabane MP	22 053	3 892	18 161
Doyle MS	115 653	4 704	110 949
Francis BP	27 533	2 662	24 871
Meintjies M	1 500	-	1 500
Niemann E	23 801	4 907	18 894

30 June 2016	Total	Outstanding up to 90 days	Outstanding more than 90 days
Askin LA	467	-	467
Bishop MJ	35	-	35
Boqo SG	148	-	148
Doman WP/SE	2 110	1 578	532
Hale GP	1 900	1 543	357
Jabetla AK	22	-	22
Likua A & Frans T	216	209	8
Ludick HP	261	-	261
Matsio FF	39	19	20
Matsio J	103	-	103
Modise OD & E	17	-	17
Morudi GD	538	400	138
Mpampi EZ	1 303	1 026	276
Ntlhangula A	1 169	-	1 169
O'Neill-Coutts PA	12 483	7 935	4 547
Pitt RA	30 051	1 606	28 445
Louw PJF	453	340	113
Rosen MS	302	-	302
Strauss PAS	3 723	2 252	1 471
Thabane MP	2 426	1 820	606
Tsimakwane SK	99	-	99
Van der Merwe GS	731	-	731
Vilakazi PM	3 702	861	2 840
Visagie GE	64	-	64
Visser MB	811	663	148
Wyngaard H (Settley)	1 286	710	576

#### 46.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at the reporting date.



	2017 R	2016 R
<b>46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes</b>		
In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The Municipality has deviated from the procurement policy, the details of which were reported to council (refer to appendix G).		
<b>46.9 Material losses</b>		
In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding water losses as a result of various factors for example burst pipes and stand pipes not metered is 50.56%, 15 898 386 kl (2016: 56.39%, 18 752 511 kl) is disclosed to the amount of:	35 162 509	37 478 402
In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding electricity losses as a result of various factors are 24.54%, 123 614 485 kWh (2016: 19.13% 96 336 526 kWh) is disclosed to the amount of:	103 673 290	74 809 523
<b>47. COMMITMENTS FOR EXPENDITURE</b>		
<b>47.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure:		
Infrastructure Approved and Contracted for	67 472 022	45 788 773
<b>48. FINANCIAL INSTRUMENTS</b>		
<b>48.1 Classification</b>		
<b>FINANCIAL ASSETS:</b>		
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:		
<b>Financial Assets</b>	<b>Classification</b>	
<b>Trade receivables from exchange transactions</b>		
Electricity	Amortised cost	56 033 032
Refuse	Amortised cost	25 737 516
Sewerage	Amortised cost	32 578 216
Water	Amortised cost	120 194 595
Miscellaneous	Amortised cost	199 252 536
Market	Amortised cost	304 258
Housing Debtors	Amortised cost	11 807 587
<b>Trade receivables from non exchange transactions</b>		
Assessment Rates	Amortised cost	558 161 692
Government Subsidy Claims	Amortised cost	58 595 814
Miscellaneous debtors	Amortised cost	5 862 505
Traffic Fines	Amortised cost	5 732 965
<b>Bank, Cash and Cash Equivalents</b>		
Bank	Amortised cost	24 629 446
Call Deposits	Amortised cost	87 950 000
Notice Deposits	Amortised cost	113 965 838
Cash Floats and Advances	Amortised cost	16 120
<b>Operating Lease Assets</b>		
Operating Lease Assets / Receivables	Amortised cost	-
	<b>1 300 822 121</b>	<b>1 121 463 484</b>

		2017 R	2016 R
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Amortised cost</b>			
Short-term Investment Deposits	Notice Deposits	113 965 838	133 965 838
Trade receivables from non-exchange transactions	Assessment Rates	558 161 692	472 653 553
Trade receivables from exchange transactions	Electricity	56 033 032	43 801 891
Trade receivables from exchange transactions	Refuse	25 737 516	19 931 162
Trade receivables from exchange transactions	Sewerage	32 578 216	24 907 825
Trade receivables from exchange transactions	Water	120 194 595	89 846 924
Trade receivables from exchange transactions	Miscellaneous	199 252 536	141 741 426
Trade receivables from exchange transactions	Market	304 258	304 544
Trade receivables from exchange transactions	Housing Debtors	11 807 587	9 561 306
Trade receivables from non-exchange transactions	Government Subsidy Claims	58 595 814	47 423 409
Trade receivables from non-exchange transactions	Miscellaneous debtors	5 862 505	7 143 930
Trade receivables from non-exchange transactions	Traffic Fines	5 732 965	4 836 816
Operating Lease Assets	Operating Lease Assets / Receivables	-	34 999
Bank Balances and Cash	Cash Floats and Advances	24 645 566	34 359 860
Short-term Investment Deposits	Call Deposits	87 950 000	90 950 000
<b>Total Financial Assets</b>		<b>1 300 822 121</b>	<b>1 121 463 484</b>
<b>FINANCIAL LIABILITIES:</b>			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
<b>Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Amortised cost	210 434 634	218 675 316
<b>Consumer Deposits</b>			
Electricity and Water	Amortised cost	26 182 008	24 966 967
<b>Creditors</b>			
Trade Creditors	Amortised cost	95 338 281	102 525 669
Other Creditors	Amortised cost	1 256 734	-
Payments received in Advance	Amortised cost	16 414 735	16 392 940
Staff Bonuses	Amortised cost	10 270 236	9 911 283
Accrued leave	Amortised cost	33 492 342	32 442 363
<b>Unspent Conditional Grants and Receipts</b>			
Conditional Grants from Government	Amortised cost	12 349 709	11 012 029
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Amortised cost	8 238 168	8 201 006
		<b>413 976 847</b>	<b>424 127 572</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Annuity Loans	210 434 634	218 675 316
Consumer Deposits	Electricity and Water	26 182 008	24 966 967
Payables from exchange transactions	Trade Creditors	95 338 281	102 525 669
Payables from exchange transactions	Other Creditors	1 256 734	-
Unspent Conditional Grants and Receipts	Conditional Grants from Government	12 349 709	11 012 029
Current Portion of Long-term Liabilities	Annuity Loans	8 238 168	8 201 006
Payables from exchange transactions	Payments received in Advance	16 414 735	16 392 940
Payables from exchange transactions	Staff Bonuses	10 270 236	9 911 283
Payables from exchange transactions	Accrued leave	33 492 342	32 442 363
<b>Total Financial Liabilities</b>		<b>413 976 847</b>	<b>424 127 572</b>

## 48.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 6 and the Statement of Changes in Net Assets.

The gearing ratio at the year-end was as follows:

Net Debt	413 976 847	424 127 572
Equity	2 334 731 702	2 079 757 577
<b>Net debt to equity ratio</b>	<b>17.73%</b>	<b>20.39%</b>

Debt is defined as Long term Liabilities, as detailed in the notes.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

## 48.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these financial statements.

## 48.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

## 48.5 Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

2017  
R2016  
R

## 48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6 below). No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

### 48.6.1 Foreign Currency Risk Management

The municipality has very limited exposure to the financial risks of foreign currency.

### 48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, trade receivables, cash and cash equivalents, and loan payables.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

#### Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

#### Effect of a change in interest rate on interest bearing financial assets and liabilities

##### Financial Assets

##### Classification

##### External investments:

Call Deposits	Amortised cost	87 950 000	90 950 000
Notice Deposits	Amortised cost	113 965 838	133 965 838
		<b>201 915 838</b>	<b>224 915 838</b>

##### Interest received

Interest Earned - External Investments		21 576 378	20 995 888
Interest rate		11%	9%

#### Effect of a change in interest rate on interest earned from external investments:

Effect of change in interest rate	%	10%	8%
Effect of change in interest rate	Rand value	19 557 219	18 746 730
Effect of change in interest rate	%	12%	10%
Effect of change in interest rate	Rand value	23 595 536	23 245 046

##### Outstanding debtors:

Trade receivables from exchange transactions	Amortised cost	445 907 740	330 095 078
Trade receivables from non-exchange transactions	Amortised cost	622 620 012	527 255 891
		<b>1 068 527 752</b>	<b>857 350 970</b>

##### Interest received

Interest Earned - Outstanding Debtors		130 078 100	101 386 838
Interest rate		12%	12%

		2017 R	2016 R
Effect of a change in interest rate on interest earned from outstanding debtors			
Effect of change in interest rate	%	11%	11%
Effect of change in interest rate	Rand value	119 392 823	92 813 328
Effect of change in interest rate	%	13%	13%
Effect of change in interest rate	Rand value	140 763 378	109 960 348
<b>Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Amortised cost	210 434 634	218 675 316
Annuity Loans - current portion	Amortised cost	8 238 168	8 201 006
		<b>218 672 802</b>	<b>226 876 321</b>
<b>Interest paid</b>			
<b>Long-term Liabilities</b>		27 789 438	29 018 431
Interest rate %		13%	13%
Effect of a change in interest rate on interest paid on long-term liabilities			
Effect of change in interest rate	%	12%	12%
Effect of change in interest rate	Rand value	25 602 710	26 749 668
Effect of change in interest rate	%	14%	14%
Effect of change in interest rate	Rand value	29 976 166	31 287 194

#### 48.7 Effective Interest Rates and Repricing Analysis

In accordance with GRAP 104.116 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

##### 30 June 2017

Description	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
<b>FIXED RATE INSTRUMENTS</b>							
Bank Facilities		218 672 802	-	-	-	4 218 018	214 454 784
Loan No 101452 : DBSA	10.91%	4 218 018				4 218 018	
Loan No 102855/1 : DBSA	12.61%	14 985 546					14 985 546
Loan No 102855/3 : DBSA	6.75%	2 664 886					2 664 886
Loan No 103958/2 : DBSA	12.445%	196 804 352					196 804 352
<b>Total Fixed Rate Instruments</b>		<b>218 672 802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 218 018</b>	<b>214 454 784</b>
<b>VARIABLE RATE INSTRUMENTS</b>							
Short-term Investment Deposits		201 915 838	87 950 000	113 965 838			
Bank Balances and Cash		16 120	16 120				
Housing guarantees		13 994					13 994
<b>Total Variable Rate Instruments</b>		<b>201 945 952</b>	<b>87 966 120</b>	<b>113 965 838</b>	<b>-</b>	<b>-</b>	<b>13 994</b>
<b>30 June 2016</b>							
<b>FIXED RATE INSTRUMENTS</b>							
Bank Facilities		226 876 321	-	864 007	-	5 615 367	220 396 947
Loan No 10616 : DBSA	12.00%	864 007		864 007			
Loan No 101452 : DBSA	10.91%	5 615 367				5 615 367	
Loan No 102855/1 : DBSA	12.61%	15 545 480					15 545 480
Loan No 102855/3 : DBSA	6.75%	2 982 086					2 982 086
Loan No 103958/2 : DBSA	12.445%	201 869 382					201 869 382
<b>Total Fixed Rate Instruments</b>		<b>226 876 321</b>	<b>-</b>	<b>864 007</b>	<b>-</b>	<b>5 615 367</b>	<b>220 396 947</b>



Description	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
<b>VARIABLE RATE INSTRUMENTS</b>							
Short-term Investment Deposits		224 915 838	90 950 000	133 965 838			
Bank Balances and Cash		16 820	16 820				
Housing guarantees		13 994					13 994
<b>Total Variable Rate Instruments</b>		<b>224 946 652</b>	<b>90 966 820</b>	<b>133 965 838</b>	<b>-</b>	<b>-</b>	<b>13 994</b>

#### 48.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

#### 48.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. Included in the note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

##### Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2017

Description	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
<b>Non-interest Bearing</b>							
- Consumer Deposits		26 182 008					26 182 008
- Creditors		156 772 329	156 772 329				
- Unspent Conditional Grants		12 349 709		12 349 709			
<b>Fixed Interest Rate Instruments</b>							
Loan No 101452 : DBSA	10.91%	4 935 254	987 050	987 050	1 974 100	987 054	
Loan No 102855/1 : DBSA	12.61%	28 806 253	1 252 446	1 252 446	2 504 892	7 514 675	16 281 795
Loan No 102855/3 : DBSA	6.75%	4 107 399	256 712	256 712	513 425	1 540 275	1 540 275
Loan No 103958/2 : DBSA	12.45%	420 408 996	15 014 607	15 014 607	30 029 214	90 087 642	270 262 926
<b>Total</b>		<b>653 561 947</b>	<b>174 283 144</b>	<b>29 860 524</b>	<b>35 021 630</b>	<b>100 129 645</b>	<b>314 267 004</b>

30 June 2016

<b>Non-interest Bearing</b>							
- Consumer Deposits		24 966 967					24 966 967
- Creditors		161 272 255	161 272 255				
- Unspent Conditional Grants		11 012 029		11 012 029			
<b>Fixed Interest Rate Instruments</b>							
Loan No 10616 : DBSA	12.00%	943 148	471 574	471 574			
Loan No 101452 : DBSA	10.91%	6 909 352	987 050	987 050	1 974 100	2 961 152	
Loan No 102855/1 : DBSA	12.61%	31 311 144	1 252 446	1 252 446	2 504 892	7 514 675	18 786 687
Loan No 102855/3 : DBSA	6.75%	5 134 249	256 712	256 712	513 425	1 540 275	2 567 125
Loan No 103958/2 : DBSA	12.45%	450 438 210	15 014 607	15 014 607	30 029 214	90 087 642	300 292 140
<b>Total</b>		<b>691 987 354</b>	<b>179 254 644</b>	<b>28 994 418</b>	<b>35 021 630</b>	<b>102 103 743</b>	<b>346 612 918</b>

## 48.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's Investment Policy.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the five major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the five counterparties with highest outstanding balances, no significant credit risk exposure exists.

Counterparty and Location	30 June 2017 Gross Amount R	30 June 2016 Gross Amount R
Department of Public Works	465 849 624	266 537 997
Kimberley Cold Storage (Pty) Ltd	23 336 042	10 652 495
GW Rugby Union	9 057 656	7 887 099
Wide Dimension Trading 7 BK	7 226 601	-
Department of Roads	-	9 431 809
De Beers Consolidated Mines	48 232 695	32 253 914

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Fixed Deposit Investments	201 915 838	224 915 838
Finance Lease Receivables	2 543 280	1 758 396
Consumer Debtors	445 907 740	330 095 078
Other Debtors	628 352 977	532 057 708
Bank, Cash and Cash Equivalents	16 120	16 820
Operating Lease Assets	-	34 999
Housing Guarantees	13 994	13 994
Maximum Credit and Interest Risk Exposure	1 278 749 949	1 088 892 833

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

	2017 R	2016 R
The maximum credit and interest risk exposure in respect of the relevant customer classification is as follows:		
Households	551 995 324	452 474 674
Industrial/commercial	142 921 359	106 659 055
National and provincial government	294 025 365	235 508 146
Maximum Consumer Risk Exposure	988 942 048	794 641 875

## 49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All participating 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 Cape Retirement Fund are defined contribution plans, whereas the other funds are defined benefit plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use 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.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These following contributions have been expensed:

51 000 500	44 069 507
------------	------------

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

None of the below mentioned Funds are State Plans.

### Municipal Councillors Pension Fund:

The actuarial valuator of the Pension Fund for councillors stated that the Fund has a funding level of 99.5% as at 30 June 2012 and is therefor technically not financially sound. They regard the deficit of R6.4m as relatively insignificant in the context of the Fund and there a possible reverse of SARS penalties of R10.3m that will result in the Fund being fully funded.

### LA Retirement Fund/Cape Joint Pension Fund:

The statutory valuation performed as at 30 June 2016 revealed a funding level of 103.5% for the Pensioner Account, the Defined Contribution Section was 100% and the Defined Benefits Section 106.1% funded.

### Cape Retirement Fund:

The valuator stated that Cape Retirement Fund is in a sound financial condition as at 30 June 2015.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund has a funding level of 100% (30 June 2015: 100%) for the Preservation Pensions account and 118% (30 June 2015: 112.1%) for the Pension Account. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

**SALA Pension Fund:**

At the valuation date of 1 July 2015 the SALA pension fund was 100% (1 July 2014: 100%) funded. The valuator indicated that the decrease in the solvency reserve was a change to the methods used to calculate the liabilities. The Fund therefore remained financially sound since the previous valuation.

**Municipal Employees Pension Fund:**

At the valuation date of 28 February 2011 the Municipal Employees Pension Fund was 107.9% (29 February 2009: 102.2%) funded. The valuator stated that the fund was in a sound position as at 29 February 2011, having sufficient assets to cover its obligations.

**National Fund for Municipal Workers:**

At the valuation date of 30 June 2015 the National Fund for Municipal Workers the Valuator stated that the assets of the fund available for benefits are sufficient to cover 100.42% of the members' liabilities and the fund was hence financially sound.

**South African Municipal Workers Union National Provident Fund:**

The SAMWUN Provident Fund operates as a defined contribution fund. At the last valuation date of 30 June 2014 the Fund was 111.7% funded. The valuator recommended that to retain a sound financial position, the members and employer continue to contribute at the current rate.

## 50. RELATED PARTY TRANSACTIONS

### 50.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses.

### 50.2 Services rendered to Related Parties

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

### 50.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

### 50.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

### 50.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties: all these were declared in the Municipal Bidding Documents.

Name Supplier	Related Person	Municipal Capacity	Purchases for the year	Purchases for the year
MCD Painters	K McDonalds	Admin assistant	-	29 375
Qongo TG Trading	Mother	Nursing Sister	787 954	42 033
Naledi Chemicals	D De Haast	Department of Education	159 988	238 201
ASAP 1179 Trd as Meago Services	S Paulse	Librarian	142 568	60 649
Moedi Consulting Engineers	C Abrams	Dr Kenneth Kaunda D Municipality	372 028	6 942 273
J&B Communication	A Abbott	Working at IT	617 868	199 203
JS Medical & Surgical Suppliers	H Williams	Kimberley Hospital	139 916	150 746
Panprop CC T/A Valudata	AJ De Klerk	Principal Clerk Properties	194 158	35 100
SMEC South Africa	MN Phosa	Spouse is MEC in Mpumalanga Administration	1 439 952	1 196 775
BEA Productions (PTY)LTD	EM Kock	SAPS Roodepan	48 396	-
Elektro Vroomen	J Modise	NERSA	522 062	688 315
<b>Total Purchases</b>			<b>4 424 890</b>	<b>9 582 670</b>

## 51. CONTINGENT LIABILITIES

### 51.1 Guarantees:

The municipality pledged the following amounts as guarantee for employees' housing bonds:

13 994

13 994

The validity of these bonds in terms of the original conditions at which they were issued could not be verified with the respective banks. The banks have misplaced the guarantee documents and have exonerated the municipality from such liability. For instances where bank confirmation could not be obtained, a possible liability exists.

### 51.2 Court Proceedings:

#### 51.2.1 High Court matters

71 879 474

83 646 475

Various claims and litigation is in process.

#### 51.2.2 Litigation and claims in process

8 450 684

5 470 372

Various claims and litigation is in process.

#### 51.2.3 Labour matters (SALGBC)

325 000

370 000

Various cases involving Council.

#### 51.2.4 Magistrate court matters

147 456

107 457

Various cases involving Council.

**80 802 613****89 594 304**

All the above cases are being defended. The timing of any cash outflow is uncertain.

### 51.3 Other liabilities:

#### 51.3.1 Various cases:

The municipality has implemented Task grading system as a system of remuneration for all employees. However, as at 30 June 2017, the implementation of Task outcomes on employees revaluated were not finalised as yet.

Management is certain that this will result in a cash outflow which is unknown at the time of submitting the financials.

#### 51.3.2 Other cases:

Various claims between employees and Council are in process.

## 52. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

## 53. IN-KIND DONATIONS AND ASSISTANCE

The municipality received no in-kind donations and assistance during the year under review.

## 54. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance against that budget, is set out in Appendices "E(1), E(2) and E(3)". Budget and actual figures are presented on a comparable basis (accrual basis of accounting).

## 55. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the 2016/2017 financial year.

## 56. EVENTS AFTER THE REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that has significantly affected, or may significantly affect, the operations, the results of those operations, or the state of affairs of the municipality in future financial years.



## 57. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 39).

## 58. DISCONTINUED OPERATIONS

No operations have been discontinued.

## 59. STANDARDS AND INTERPRETATIONS APPROVED NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been approved, but are not yet effective:

- GRAP 32 Service Concession arrangements: Grantor
- GRAP 34 Separate Financial Statements
- GRAP 35 Consolidated Financial Statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of interests in Other Entities
- GRAP 108 Statutory receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and Non-living Resources

Application of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and in preliminary indications management anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## APPENDIX A (UNAUDITED)

### SOL PLAATJE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

EXTERNAL LOANS	Loan Number	Redeemable Date	Balance at 30/06/16		Received during the period	Redeemed written off during the period		Balance at 30/06/17		Carrying Value of Property, Plant & Equip		Other Costs in accordance with the MFMA	
			R		R	R		R		R		R	
<b>LONG TERM LIABILITIES</b>													
ANNUITY LOANS													
DBSA Loan @ 12%	10616	30-06-2017		864 007			864 007		-		219 887 790		
DBSA Loan @ 10.91%	101452	31-12-2019		5 615 367			1 397 349		4 218 018				
DBSA Loan @ 12.61%	102855/1	31-12-2028		15 545 480			559 934		14 985 546				
DBSA Loan @ 6.75%	102855/3	31-12-2023		2 982 086			317 200		2 664 886				
DBSA Loan @ 12.445%	103958/2	30-06-2031		201 869 382			5 065 030		196 804 352				
Sub total DBSA				226 876 321		-	8 203 519		218 672 802				
Total Annuity loans				226 876 321		-	8 203 519		218 672 802		219 887 790		-
<b>TOTAL EXTERNAL LOANS</b>				<b>226 876 321</b>		<b>-</b>	<b>8 203 519</b>		<b>218 672 802</b>		<b>219 887 790</b>		<b>-</b>



## APPENDIX B (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2017

	Cost/Revaluation					
	Opening Balance	Additions	Work in Progress Additions	Disposals/ Impairment	Work in Progress (WIP)	
					Opening Balance	
Infrastructure						
Electricity	297 310 303	11 144 132		262 117	28 375 932	
Roads, Pavements and Storm water	453 978 217		24 979 785	(14 061)	22 488 244	
Sewerage	423 594 594	16 560 143		(574 888)	173 582 626	
Street Lights	21 804 448				1 483 919	
Landfill Site	27 624 298	(876 346)				
Landfill Site Improvements	9 906 458	13 086 367			9 906 458	
Water	277 561 271	18 829 508		(231 600)	48 015 117	
	1 511 779 590	58 743 805	24 979 785	(558 432)	283 852 296	
Community Assets						
Owned Buildings	289 581 526	24 416 166			6 355 409	
Land	54 930 438					
	344 511 964	24 416 166	-	-	6 355 409	
Heritage Assets						
Heritage Assets	7 863 705				1 846 350	
	7 863 705	-	-	-	1 846 350	
Other Assets						
Computer Equipment	16 072 337	2 761 633		(85 126)		
Furniture and Equipment	21 046 217	769 007				
Other Machinery and Equipment	13 296 797	1 115 941				
Motor Vehicles	93 251 193	4 538 767		(386 963)		
Assets Held for Sale	141 858			(141 858)		
	143 808 402	9 185 349	-	(613 946)	-	
Total	2 007 963 660	92 345 319	24 979 785	(1 172 378)	292 054 056	

	Cost/Revaluation			Accumulated Depreciation				Carrying Value
	Work in Progress (WIP)		Closing Balance	Opening Balance	Additions	Disposals/ Impairment	Closing Balance	
	Commissioned	Closing Balance						
	28 375 932	-	308 716 551	94 934 080	6 763 497	(254 723)	101 442 855	207 273 697
	2 283 496	45 184 533	478 943 942	145 251 532	13 033 647	(14 061)	158 271 118	320 672 824
	173 582 626	-	439 579 850	61 923 910	6 599 659	178 464	68 702 033	370 877 817
	1 483 919	-	21 804 448	9 732 969			9 732 969	12 071 480
			26 747 952	11 854 121	1 752 242		13 606 363	13 141 590
	9 906 458	-	22 992 825	0			-	22 992 825
	3 265 723	44 749 394	296 159 179	114 364 569	4 011 447	3 130 472	121 506 489	174 652 690
	218 898 154	89 933 928	1 594 944 748	438 061 181	32 160 492	3 040 154	473 261 826	1 121 682 922
	5 219 567	1 135 842	313 997 692	56 878 418	7 505 831		64 384 249	249 613 443
		-	54 930 438				-	54 930 438
	5 219 567	1 135 842	368 928 130	56 878 418	7 505 831	-	64 384 248.63	304 543 881
		1 846 350	7 863 705				-	7 863 705
	-	1 846 350	7 863 705	-	-	-	-	7 863 705
			18 748 844	8 915 830	2 317 310		11 233 140	7 515 704
			21 815 224	14 943 764	1 680 676		16 624 440	5 190 784
			14 412 738	8 269 786	1 505 438		9 775 223	4 637 515
			97 402 998	48 802 764	8 481 126		57 283 890	40 119 107
			-				-	-
	-	-	152 379 804	80 932 144	13 984 550	-	94 916 694	57 463 110
	224 117 721	92 916 120	2 124 116 387	575 871 743	53 650 872	3 040 154	632 562 769	1 491 553 618



## APPENDIX C (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2017

Directorate	Cost						
	Opening Balance	Additions	Work in Progress Additions	Disposals	Work in Progress (WIP)		
					Opening Balance	Commissioned	
Executive and Council	1 657 282	1 910 723					
Municipal General	3 001 519	22 554					
Municipal Manager	2 003 034	102 945					
Corporate Services	32 643 849	4 082 959					
Community Services	314 648 100	24 416 166			8 201 760	5 219 567	
Financial Services	17 402 228	298 736					
Strategic and Economic Development	37 345 642	503 593					
Infrastructure and Services	1 599 262 006	61 007 644	24 979 785	(1 172 378)	283 852 296	218 898 154	
TOTAL	2 007 963 660	92 345 319	24 979 785	(1 172 378)	292 054 056	224 117 721	

	Cost		Accumulated Depreciation				Carrying Value
	(WIP)	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	Closing Balance						
		3 568 005	402 106	339 500		741 606	2 826 400
		3 024 073	650 410	608 325		1 258 735	1 765 338
		2 105 979	449 792	375 800		825 592	1 280 387
		36 726 808	4 923 644	3 970 458		8 894 102	27 832 706
	2 982 193	339 064 266	66 005 783	7 505 831		73 511 614	265 552 652
		17 700 964	3 609 869	3 400 190		7 010 059	10 690 906
		37 849 235	6 144 652	4 729 776		10 874 428	26 974 806
	89 933 927	1 684 077 056	493 685 486	32 720 992	3 040 154	529 446 632	1 154 630 424
	92 916 120	2 124 116 387	575 871 743	53 650 872	3 040 154	632 562 769	1 491 553 618

## APPENDIX D (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30 JUNE 2017

	2017				
	Original Budget	Adjustment	Final Budget	Variance Original vs Final Budget	
	R			%	
Income per directorate					
Executive and Council	–	–	–		
Municipal General	324 037 302	68 670 828	392 708 130	21%	
Municipal Manager	2 119 698	–	2 119 698	0%	
Corporate Services	6 628 400	506	7 134 601	8%	
Community Services	95 608 621	(3 911)	91 697 621	-4%	
Financial Services	501 836 261	(17 000)	484 836 261	-3%	
Strategic and Economic Development	8 699 400	(700)	7 999 400	-8%	
Infrastructure and Services	1 042 186 160	(25 000 000)	1 017 186 160	-2%	
Total	1 981 115 842	22 566 029	2 003 681 871	1%	
Expenditure per directorate					
Executive and Council	42 617 868	3 011 755	45 629 623	7%	
Municipal General	350 365 252	5 800 000	356 165 252	2%	
Municipal Manager	21 055 703	2 000 000	23 055 703	9%	
Corporate Services	60 197 792	506 201	60 703 993	1%	
Community Services	240 984 247	1 269 000	242 253 247	1%	
Financial Services	121 255 360	–	121 255 360	0%	
Strategic and Economic Development	52 534 187	250 000	52 784 187	0%	
Infrastructure and Services	1 002 333 242	16 500 000	1 018 833 242	2%	
Total	1 891 343 651	29 336 956	1 920 680 607	2%	
Surplus/(Deficit)	89 772 191	(6 770 927)	83 001 264	-8%	

	2017				
	Explanation of variances greater than 10% Original versus Final Budget	Actual Income & Expenditure	Variance Actual vs Final Budget	Variance Actual vs Final Budget	Explanation of significant variances greater than 10% Actual versus Final Budget
		RR		%	
		-	-		
	Increases on: grant funding and interest received.	400 430 342	7 722 212	2%	
		-	(2 119 698)	-100%	Income not realising.
		5 357 565	(1 777 036)	-25%	Grant income not realising.
		89 884 184	(1 813 437)	-2%	Income fines not realising.
		472 722 629	(12 113 632)	-2%	
		6 639 909	(1 359 491)	-17%	Income building plans not realising.
		929 941 498	(87 244 662)	-9%	Free Basic Services(FBS) moved from General Expenditure.
		<b>1 904 976 127</b>	<b>(98 705 744)</b>	<b>-5%</b>	
		43 421 647	(2 207 977)	-5%	
		234 986 603	(121 178 649)	-34%	As a result of actuarial gain.
		16 855 322	(6 200 381)	-27%	Saving on vacancies not filled.
		51 493 212	(9 210 781)	-15%	Saving on vacancies not filled.
		220 257 333	(21 995 914)	-9%	
		106 378 965	(14 876 394)	-12%	Saving on vacancies not filled.
		49 208 961	(3 575 226)	-7%	
		927 399 959	(91 433 284)	-9%	FBS moved from General Expenditure to Income.
		<b>1 650 002 002</b>	<b>(270 678 605)</b>	<b>-14%</b>	<b>Due to the savings in general expenditure and repairs and maintenance cost.</b>
	<b>Increase on grant funding for capital.</b>	<b>254 974 125</b>	<b>171 972 861</b>	<b>207%</b>	<b>Due to the savings in expenditure .</b>

## APPENDIX E(1) (AUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2017

	2017				
	Actual	Original Budget	Adjustment	Final Budget	
	R				
REVENUE					
Property Rates	468 496 818	486 708 261	(17 000 000)	469 708 261	
Service Charges	963 044 889	1 087 887 246	(25 000 000)	1 062 887 246	
Rental of Facilities and Equipment	10 024 738	10 690 000	-	10 690 000	
Interest Earned - External Investments	21 576 378	19 000 000	1 000 000	20 000 000	
Interest Earned - Outstanding Debtors	130 078 100	70 000 000	50 000 000	120 000 000	
Fines	19 915 146	16 880 000	3 780 000	20 660 000	
Licenses and Permits	2 801 133	3 270 000	-	3 270 000	
Income for Agency Services	6 975 018	6 280 000	(1 480 000)	4 800 000	
Government Grants and Subsidies	253 447 128	247 461 000	19 446 029	266 907 029	
Public Contributions and Donations	0	-	-	-	
Other Income	25 958 133	32 939 335	(8 180 000)	24 759 335	
Gains on disposal of property, plant and equipment	2 658 646	-	-	-	
Total Revenue	1 904 976 127	1 981 115 842	22 566 029	2 003 681 871	
EXPENDITURE					
Employee Related Costs	566 597 417	644 340 070	-	644 340 070	
Remuneration of Councillors	25 011 009	23 312 308	2 631 755	25 944 063	
Impairment Losses	190 194 771	190 500 000	-	190 500 000	
Depreciation	58 707 853	55 650 000	4 967 000	60 617 000	
Finance Costs	27 789 438	27 757 073	33 000	27 790 073	
Bulk Purchases	491 966 152	506 500 000	6 000 000	512 500 000	
Contracted services	42 170 495	34 362 888	10 000 000	44 362 888	
Grants and Subsidies Paid	7 984 007	61 510 000	1 080 000	62 590 000	
General Expenses - Other	236 018 880	347 256 312	4 625 201	351 881 513	
Losses on Inventory	69 293	155 000	-	155 000	
Foreign Exchange Loss	183 750	-	-	-	
Total Expenditure	1 650 002 002	1 891 343 651	29 336 956	1 920 680 607	
NET SURPLUS FOR THE YEAR	254 974 125	89 772 191	(6 770 927)	83 001 264	



	2017				
	Variance Original vs Final Budget	Explanation of variances greater than 10% Original versus Final Budget	Variance Actual vs Final Budget	Variance Actual vs Final Budget	Explanation of significant variances greater than 10% Actual versus Final Budget
	%		R	%	
	-3%		(1 211 443)	0%	
	-2%		(99 842 357)	-9%	Free Basic Services (FBS) moved from General Expenditure.
	0%		(665 262)	-6%	
	5%		1 576 378	8%	Due to increase in interest rates.
	71%	Due to increases in debtors and interest rate.	10 078 100	8%	Due to increases in debtors and interest rate.
	22%	Due to GRAP implementation.	(744 854)	-4%	
	0%		(468 867)	-14%	Due to income not realising.
	-24%	Budget adjusted to provide for loss of income.	2 175 018	45%	Agency services extended to end of financial year.
	8%	Due to capital projects being rolled over.	(13 459 901)	-5%	Due to capital projects to be rolled over.
	0%		-	0%	Not budgeted.
	-25%	Reallocations as result of mSCOA implementation.	1 198 798	5%	
	0%		2 658 646	0%	Not budgeted.
	1%		(98 705 744)	-5%	Free Basic Services (FBS) moved from General Expenditure.
	0%		(77 742 653)	-12%	Due actuarial gain.
	11%	Due to grading adjustment.	(933 054)	-4%	
	0%		(305 229)	0%	
	9%		(1 909 148)	-3%	
	0%		(635)	0%	
	1%		(20 533 848)	-4%	
	29%	Reallocations as result of mSCOA implementation.	(2 192 393)	-5%	
	2%		(54 605 993)	-87%	Due to revision in policy and verification process of indigents.
	1%		(115 862 633)	-33%	Due to savings and FBS moved to Service Charges.
	0%		(85 707)	-55%	Due to savings.
	0%		183 750	0%	Due to devaluating of the Rand.
	2%		(270 678 605)	-14%	Due to the savings in general expenditure, employee costs and repairs and maintenance cost.
	-8%		171 972 861	207%	Due to the savings in expenditure .

## APPENDIX E(2) (AUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
FOR THE YEAR ENDED 30 JUNE 2017

Directorate	2017					
	Actual Additions	Work in Progress Additions	Total Progress	Original Budget	Adjustment	Final Budget
	R					
Executive and Council	1 910 723	-	1 910 723	-	-	-
Municipal General	22 554	-	22 554	3 000 000	10 154 000	13 154 000
Municipal Manager	102 945	-	102 945	-	-	-
Corporate Services	4 082 959	-	4 082 959	-	-	-
Community Services	24 416 166	-	24 416 166	9 894 000	(5 491 000)	4 403 000
Financial Services	298 736	-	298 736	5 000 000	-	5 000 000
Strategic and Economic Development	503 593	-	503 593	13 732 000	18 531 000	32 263 000
Infrastructure and Services	61 007 644	24 979 785	85 987 429	93 578 000	493 839	94 071 839
TOTAL	92 345 320	24 979 785	117 325 105	125 204 000	23 687 839	148 891 839

	2017				
	Variance Original vs Final Budget	Explanation of variances greater than 10% Original versus Final Budget	Variance Actual vs Final Budget	Variance Actual vFinal Budget	Explanation of significant variances greater than 10% Actual versus Final Budget
	%		R	%	
			1 910 723		Loose equipment reallocation.
	338%	Loose equipment budget and additional projects.	(13 131 446)	-100%	Project not realising.
			102 945		Loose equipment reallocation.
			4 082 959		Loose equipment reallocation.
	-55%	Budget reduced.	20 013 166	455%	Landfill project budget moved to Infrastructure.
	0%		(4 701 264)	-94%	Intangible assets reallocated.
	-57%	Add additional projects and rolled over projects.	(31 759 407)	-98%	Links project budget moved to Infrastructure.
	1%		(8 084 410)	-9%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.
	19%	Add additional projects and rolled over projects.	(31 566 734)	-21%	Non qualifying assets expenditure and VAT income on grants transferred to operational budget. Projects not being completed.

## APPENDIX E(3) (AUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (CASH FLOW) FOR THE YEAR ENDED 30 JUNE 2017

	2017				
	Actual	Original Budget	Adjustment	Final Budget	
	R				
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from Ratepayers, Government and Other	1 351 269 551	1 727 821 000	(93 674 319)	1 634 146 681	
Cash paid to Suppliers and Employees	1 379 838 858	1 562 436 000	1 080 000	1 563 516 000	
Cash generated from / (utilised in) Operations	(28 569 307)	165 385 000	(94 754 319)	70 630 681	
Interest received	151 654 478	36 500 000	83 500 000	120 000 000	
Interest paid	(27 789 438)	(27 757 074)	-	(27 757 074)	
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	95 295 733	174 127 926	(11 254 319)	162 873 607	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	(117 325 105)	(125 204 158)	(24 660 681)	(149 864 839)	
Purchase of Intangible Assets	(2 366 004)				
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(119 806 508)	(125 204 158)	(24 660 681)	(149 864 839)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans repaid	(8 203 519)	(8 246 768)	-	(8 246 768)	
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(8 203 519)	(8 246 768)	-	(8 246 768)	
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(32 714 295)	40 677 000	(35 915 000)	4 762 000	
Cash and Cash Equivalents at the beginning of the year	259 275 698	223 360 000	35 915 000	259 275 000	
Cash and Cash Equivalents at the end of the year	226 561 404	264 037 000	-	264 037 000	

	2017				
	Variance Original vs Final Budget	Explanation of variances greater than 10% Original versus Final Budget	Variance Actual vs Final Budget	Variance Actual vs Final Budget	Explanation of significant variances greater than 10% Actual versus Final Budget
	%		R	%	
	-6%	Due to adjusting income, grants and service charges.	(282 877 130)	-17%	Due to increase of debtors
	0%		(183 677 142)	-12%	Saving on expenditure
	70%	Due to increase in investments and interest on debtors.	31 654 478	26%	Investment income increased above expectations.
	0%		(32 364)	0%	
	16%	Projects not completed before year end and new projects added.	32 539 734	-22%	Projects not completed before year end.
			(2 366 004)		Project re-categorised.
	0%		43 249	-1%	



## APPENDIX F (UNAUDITED)

### SOL PLAATJE LOCAL MUNICIPALITY DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT FOR THE YEAR ENDED 30 JUNE 2017

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay / withheld	Gazette amount Municipal year	Reason for delay / withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
Library Services	Provincial	8 006 000	8 006 000	-	8 006 000	None	Yes	None
Primary Health	Provincial	-	-	-	-	No payment received. Debtor outstanding is R5 395 666.	Yes	None
EPWP	Provincial	5 574 000	5 574 000	-	5 574 000	None	Yes	None
Miscellaneous	Public	170 342	170 342	-	N/A	None	Yes	None
Equitable Share	National	144 171 000	N/A	-	144 171 000	None	Yes	None
ACIP	National	3 000 000	3 000 000	-	N/A	None	Yes	None
Financial Management Grant	National	1 625 000	1 625 000	-	1 625 000	None	Yes	None
MIG	National	37 079 000	37 079 000	-	37 079 000	None	Yes	None
MSIG	National	0	0	-	1 300 000	None	Yes	None
INEP	National	7 400 000	7 400 000	-	7 400 000	None	Yes	None
ISDG (Skills)	National	3 700 000	1 562 320	-	3 700 000	None	Yes	None
Frances Baard Municipality	Municipality	7 815 794	7 815 794	-	N/A	None.	N/A	None
Coghsta	Provincial	-	-	-	N/A	None. Debtor outstanding is R34 880 068.	Yes	None
GURP	Provincial		5 106 187	5 106 187	5 832 000	None. Debtor increased from R6 276 408 to R 11 382 594.	Yes	None
RBIG	National		6 937 486	6 937 486	15 000 000	No payment received. Debtor outstanding is R6 937 485.	Yes	None
NDPG	National	25 000 000	25 000 000	-	25 000 000	None	Yes	None
Total		243 541 136	109 276 128	12 043 672	254 687 000			

## APPENDIX G (UNAUDITED)

SOL PLAATJE LOCAL MUNICIPALITY: DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY FOR THE YEAR ENDED 30 JUNE 2017

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
1/2016/17	C- Pac & Pumps and Valves	Repair and upgrading of Langleg Pump station, Riverton Resort Pump station, Riverton Villas Pump station	448 834	S Mkhize	An Emergency
2/2016/17	C- Pac & Pumps and Valves	Installation of high security fencing and provision of security services during construction period to protect and secure sites during construction	3 095 555	S Mkhize	Exceptional cases
3/2016/17	Mediclinic	Payment to Medi clinic for service rendered in terms of injury on duty to Mr OT Mokale	145 123	WL Wiese	Exceptional cases
4/2016/17	Lesae Trading	Refurbish and upgrade RDP houses allocated to beneficiaries as part of Sol Plaatje 67 Minutes of doing good for Mandela	194 370	W Mabilo	Exceptional cases
5/2016/17	Astra Travel	Accommodation and transport for SAMSRA National Games	485 274	OK Mojanaga	Exceptional cases
6/2016/17	Lethabile Coaches	Transportation of Councilors	60 000	S Isaacs	Exceptional cases
7/2016/17	Hamba Nathi	Accommodation & Transport for Councilors/councillor Induction Programme	329 590	S Isaacs	Exceptional cases
8/2016/17	Astra Travel	Accommodation for Councilors/councillor Induction Programme	104 690	S Isaacs	Exceptional cases
9/2016/17	J & B Communications	Purchase of standard management radios (with accessories x 2)	250 606	NI Sinombe	Sole Provider
10/2016/17	Macronym 37	Procurement of Gift/Memorabilia bags for newly appointed Councilors	53 921	N Poolo	Exceptional cases
11/2016/17	Metsi –Chem International	Repair and upgrading of chlorination system in Riverton WTW, Homevale WWTW and Ritchie	427 985	S Mkhize	Sole Provider
12/2016/17	Rand Water Analytical Services	Full analysis for domestic supply (SANS 0241)	70 110	S Mkhize	Sole Provider
13/2016/17	Mettler Toledo Laboratory Equipment	Supply and delivery of laboratory equipment	953 741	S Mkhize	Sole Provider
14/2016/17	Marley Pipe	Manufacture and supply 200 meters sn8 weholite and socketed	510 209	HF Harding	An Emergency
15/2016/17	Astra Travel	Transport and Accommodation for Choir Members travelling to Cape Town	168 995	OK Mojanaga	Exceptional cases
16/2016/17	AAD Drivetrain Systems Pty Ltd	Repair and fit Transmission	178 677	T Dreyer	Sole Provider
17/2016/17	Astra Travel	Accommodation for Councilor for SALGA National conference	32 775	G Mosimane	Only Supplier to respond
18/2016/17	HV Test PTY LTD	Urgent purchase of two pressure tester and repair and calibrate old pressure tester	280 154	NI Sinombi	Sole Provider
19/2016/17	C-Pac Pumps and Valves	(Additional work carries out at Roodepan Pump station as per quote: JV3260 29-08-2016)	726 772	S Mkhize	An Emergency
20/2016/17	Lexis Nexis	Road traffic/Transport subscription Sep 2016/17 Delivery & handling	33 540	CFM Langford	Sole Provider
21/2016/17	AAD Drivetrain Systems Pty Ltd	Repair & rebuild Transmission as per quote (Isuzu FVZ 1400)	115 742	T Dreyer	Sole Provider
22/2016/17	Bentley Systems International Limited	Micro station CAD program 16/06/2016-15/06/2017 9inv no: 47791139)	44 219	M Myburgh	Sole Provider
23/2016/17	C-Pac Pumps and Valves	Supply and install as per quote (emergency repair work done at gogga pump station)	40 480	HF Harding	An Emergency
23/2016/17	C-Pac Pumps and Valves	Supply and install as per quote (emergency repair work done at gogga pump station)	40 480	HF Harding	An Emergency
24/2016/17	Astra Travel	Car hire for Executive Mayor	32 480	GT Mosimane	Exceptional cases
25/2016/17	Babcock Equipment	Repair oil leak on drive train- replace bearings & seals on Tanderms of Motor grader (VolvoG940, Motor grader)- Fleet no: R131 (CGS175NC)	192 058	AC Samson	Sole Provider

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
26/2016/17	Nosa (Pty) Ltd	Preliminary incident investigation course	55 600	R Coertze	Sole Provider
27/2016/17	Super Armature Winding	Repairs to HLP 8 motor at Riverton water treatment plant (A.P.Q)	156 868	CB Marsh	Exceptional cases
28/2016/17	Astra travel	Accommodation and Transport for Sol Plaatje Employees in Rustenburg for the SAMSRA Regional, Provincial and National games	240 573	OK Mojanaga	Exceptional cases
29/2016/17	Bell Equipment	Supply & fit new engine to Bomag BC572RB Landfill machine as per attached estimate (3000050784), dated 01/02/2017. Serial number is BRC71002	580 866	AC Samson	Sole Provider
30/2016/17	First Technology	Supply, Delivery and installation of Enterprise storage for Solar Migration	362 407	V Monyobo	Exceptional cases
31/2016/17	Tagtron Solutions	Repair of the tattle tape system at the Galeshewe Library	51 455	FH Van Dyk	Sole Provider
32/2016/17	South African Post Office	Purchase of Prepaid Envelopes (Pro ENVS S/W)	36 860	CFM Langford	Sole Provider
33/2016/17	G4S	Protection and visible security services for various Sol Plaatje Municipality satellite offices housing cashiers and cash facilities (Revenue Management)	261 924	B Booth /Adv. A Kloppe	An Emergency
34/2016/17	Huber Technology (Pty)Ltd	Repair & Service Huber Rotomat fine screen	91 515	M Arthur	Sole Provider
35/2016/17	Aerzen Airgas Compressors	Repairs on effluent at Homevale Waste Water Treatment plant	310 668	M Arthur	An Emergency
36/2016/17	Bearing Man (Pty) Ltd	Repairs on High lift pump 10	97 375	H Harding	An Emergency
37/2016/17	SAW Africa	Repairs on 1000kw Motor of High lift pump 8	72 145	H Harding	An Emergency
38/2016/17	Tshiya Infrastructure Development	Clearing of Erf 5025 Phase 1 - Colville for relocation of Santa Centre community	1 274 520	TL Raseobi	Exceptional cases
39/2016/17	Cancelled				
40/2016/17	Aganang Consulting Eng & Jonroy Design Architects	Professional services for the Sol Plaatje Municipality Inspectorate per month	116 736	N Modiba	Exceptional cases
41/2016/17	Magnis Trucks Bloemfontein	Repairs to UD330 sewage tanker, replace snifting valve, moisture separator, vacuum & control valves and service broom exhauster	192 569	AC Samson	Sole Provider
42/2016/17	Travel Dot Com	Accommodation for twelve chairpersons of the portfolio committee in Upington	61 659	GT Mosimane	Exceptional cases
43/2016/17	Johannesburg Mining Supplies	Service and repairs of jaws of life	82 893	MW Pretorius	An Emergency
44/2016/17	Huber Technology	Supply and fit contactors, aux block, sensors, switches, basket bars, rakes and bottom flight	154 766	M Arthur	Sole Provider
45/2016/17	Ronne Electrical Enterprise	Supply, Delivery and commissioning of injection Equipment at hall street substation	2 359 004	N Sinombe	Sole Provider
46/2016/17	Zulko Tours & Travel	The Mayor and some Councillors attended the SA National Aids Conference in Durban, numerous requests were made to suppliers and only one supplier responded	70 910	GT Mosimane	Exceptional cases
47/2016/17	Zulko Tours & Travel	The Mayor and some Councillors attended the SA National Aids Conference in Durban, numerous requests were made to suppliers and only one supplier responded	32 435	GT Mosimane	Exceptional cases
48/2016/17	BJB Toilet Hire & Septic Tanks	Provision of temporary sanitation (chemical portable toilet) for various informal settlement	53 940	M Selesho	Exceptional cases









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