

Laingsburg Municipality



Annual Report

2015/16

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CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

This Annual Report is compiled in accordance with Section 46 of the Local government: Municipal Systems Act (No.32 of 2000) and Section 121 of the Local Government: Municipal Finance Management Act (No.56 of 2003).



The municipality of Laingsburg is demarcated into 4 wards but include Laingsburg, Matjiesfontein, Vleiland, and 250 Farms. The population of the municipal area is 8895 and has a total number of 2862 households that live in the municipal area. The biggest part of the population falls within the age group of 15-35 and is mostly unemployed or works on a seasonal basis. The 2015 matric results reflects a 91% pass rate however there is still a illiteracy level of 30%. A GDP growth of 3.6% and a 1.3% employment growth was recorded since 2005 until 2015. The 3 largest GDP contributors are Commercial Services (28.5%), Government and Community, Social and Personal Services (27.9%) and Agriculture, Forestry and Fishing at 27.2%. Unemployment which includes the discouraged job seekers are recorded at 22%.

As Mayor of our proud Municipality, it is a privilege to convey the Council's message on our vision and achievements during the 2015/16 financial year.

This report contains valuable information on the municipal area of Laingsburg as well as the functions and operations of the municipality. The information is valuable for government, the municipality, businesses and organisations who want to invest and do business in Laingsburg. It also serves to inform local business and community organisations in Laingsburg.








The municipality performed well in the achievement of the municipal strategic objectives. External factors out of the municipal influence had an impact on the achievement thereof, the administration however will put preventative measures in place which will assist the municipality to improve on the areas of non-achievement. I want to applaud the administration for exceptional achievements during the 2015/16 financial year.

I am proud of the Laingsburg Municipality and our achievements over the last 5 years. The municipality provides quality municipal services of very good standards that can be compared with the best in SA. New infrastructure is still being installed, with the objective of contributing to the general welfare of all our inhabitants, and also to make us proud "Laingsburgers". We might be a small town, but we are be a beautiful and the friendliest town.








As part of the preparations for the 4th generation of the Integrated Development Plan (IDP), the municipality ensures that the objectives of the municipality are aligned to all the relevant national, provincial and local strategies including the:

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Millennium Development Goals;

-  National Development Plan;
-  National Infrastructure Plan;
-  Government outcomes 1-12;
-  National Spatial Development Perspective (NSDP);
-  Provincial Priorities (State of the Province Address);
-  MSCOA (Municipal Standard Chart of Accounts; and
-  Provincial Growth and Development Strategy (PGDS).

The analysis phase of the IDP review for the 2015/16 financial year has been categorized according to the seven strategic goals as contained in the Provincial Growth and Development Strategy (PGDS), namely:

-  Job Creation;
-  Human Resource Development;
-  Human and Community Development;
-  Strategic Infrastructure;
-  Response to Climate Change;
-  Governance and Policy; and
-  Spatial Equity

Laingsburg Municipality continuously pursues improvements in public participation and accountability. The IDP Representative Forum and the Ward Committee meetings remained the main institutional arrangements to ensure sound public participation in the review of the IDP and performance targets.

The past year we conducted monthly Ward Committee meetings, quarterly IDP representative forums as well as the IDP and Budget Roadshow. We have also implemented a Community Feedback section that takes place frequently to give feedback to the community of Laingsburg on arising matters.

The 2015/16 financial year has been a success for the municipality as we now move forward in terms of strengthening our strategic plans and processes in order to ensure that we adhere to our municipality's vision of creating a desirable place to live invest and visit, where all people enjoy a sustainable quality of life.

I would like to thank the Municipal Manager and his staff for preparing this report, but more so for their dedication and hard work towards achieving our goals.

Councillor W Theron

Executive Mayor

1.1 MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is for the 2015/2016 financial year.






The statutorily required Annual Report of municipalities contains information on the achievements of a municipal Council's adopted Integrated Development Plan (IDP), annual Budget and its Service Delivery and Budget Implementation Plan (SDBIP).

As Municipal Manager, and Accounting Officer of the Laingsburg Municipality, it is my privilege to provide an annual account of the Laingsburg Municipality's achievements for the year under review. It is a pleasure to indicate the outcomes of the collective efforts of the Council and Administration to deliver services to our community in accordance with the powers and functions as defined in the Constitution of the Republic of South Africa.






It is our goal to provide municipal services in an equitable and sustainable manner. To achieve this, we engage with our communities and collaborate with private organisations and other spheres of government. In this regard the Western Cape Government Departments of Local Government, Housing and Finance (Provincial Treasury) are particularly mentioned. We also collaborate with all municipalities in the Central Karoo District Region. These endeavours contribute to the establishment of solutions to optimise our ability to provide quality services and support to all inhabitants of the Laingsburg Municipality as well as people visiting.




The following financial and governance achievements are proudly indicated:

-  **We are pleased to report that the Laingsburg Municipality received an unqualified audit opinion for the 2015/ 2016 financial year.**
-  The Municipality spent 87.98% of its Capital expenditure during 2015/2016 which is 42.94% more compared with the previous financial years. The Municipality has no external loans and was able to pay all municipal creditors.
-  Our debtors remain a challenge for the municipality especially for debt older than 30 days, but we are constantly looking at innovative ways to improve credit control and debt collection.
-  We maintain effective, efficient and transparent systems for financial administration, risk management and internal control.
-  We managed to implement performance to all levels within the municipality.

We also are proud the report on the following achievements improving the quality of livelihoods in our community:

-  Housing
-  Infrastructure
-  Poverty relief

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

-  Sport
-  Greening
-  Recreation

I sincerely acknowledge the commitment made by the committed staff in our administration. Similarly, I wish to extend my heartfelt appreciation to the political leadership, The Mayor, Councillors for their constructive contributions and dedication in the pursuit of building sustainable Laingsburg Municipality.

Laingsburg Municipality is driven by the slogan "Together we can make Laingsburg a better place".

Again, I dedicate this Annual Report to the community of Laingsburg, with the pledge that we will in the years to come continue to search for innovative solutions to make this municipality an attractive space to live and develop.

Mr. P A Williams

Municipal Manager

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL OVERVIEW

This report addresses the performance of the Laingsburg Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2015/16 Annual Report reflects on the performance of the Laingsburg Municipality for the period 1 July 2015 to 30 June 2016. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 VISION AND MISSION

The Laingsburg Municipality committed itself to the following vision and mission:

Vision:

"A desirable place to live, invest and visit, where all people enjoy a sustainable quality of life"

Mission:

To create a people centered and economically viable municipality where all have equal access to:

 **basic social services**

 **educational and skills enhancement programmes**

 **entrepreneurial and job opportunities as well as**

Enjoy a clean, sustainable environment embedded in safety and security, which is governed by a participative, professional, transparent and accountable administration

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.3.1 POPULATION

The municipality is estimated to have a population of **9 085** in the 2015/16 financial year. This shows a **2.2% increase** against the population of **8 889** in 2014/15.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

A) TOTAL POPULATION

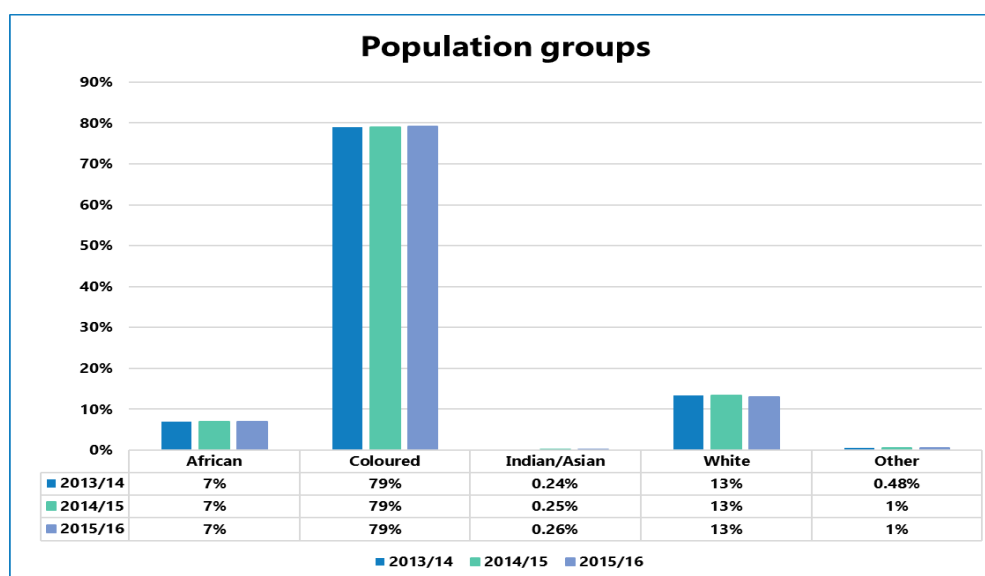
The table below indicates the total population within the municipal area:

Year	Number of Households	Total Population	African	Coloured	Indian	White	Other
2013/14	2 447	8 683	606	6 858	21	1 156	42
2014/15	2 447	8 889	620	7 019	22	1 183	45
2015/16	2 604	9 085	634	7 195	24	1 185	47

Source: Stats SA Census, 2011

Table 1: Demographic Information of the Municipal Area – Total Population

The graph below illustrates the yearly population growth for the municipal area.



Graph 1.: Total Population Growth

1.3.2 HOUSEHOLDS

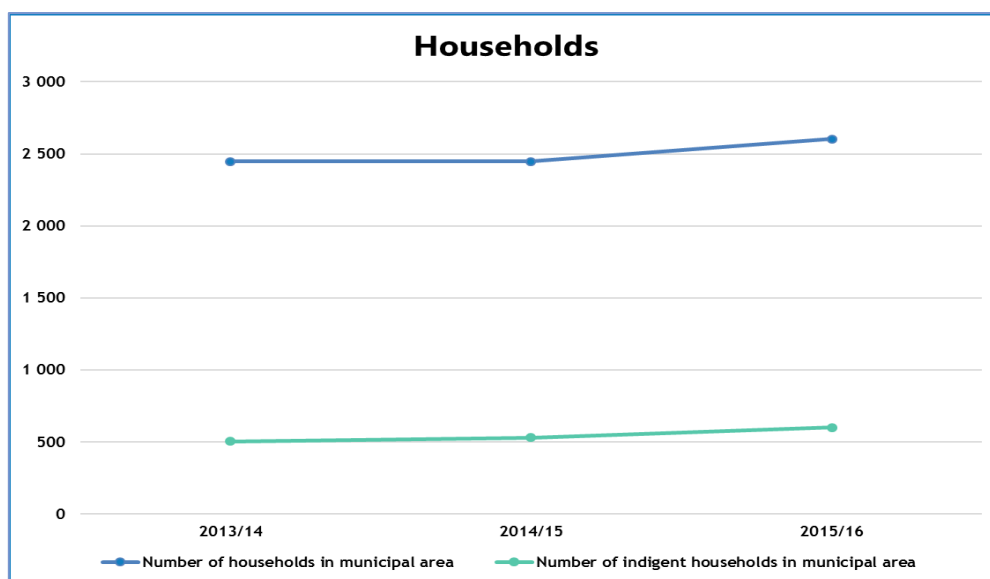
The total number of households within the municipal area increased to **2 604** households in the 2015/16 from **2 447** in the 2014/15 financial year.

Households	2013/14	2014/15	2015/16
Number of households in municipal area	2 447	2 447	2 604
Number of indigent households in municipal area	506	530	601

Table 2: Total Number of Households

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The graph below shows that the total number of indigent households increased from **530** households in 2014/15 to **601** households in the 2015/16 financial year.



Graph 2.: Indigent Households

1.3.3 SOCIO ECONOMIC STATUS

Financial year	Housing Backlog	Unemployment rate	Households with no Income	HIV/AIDS Prevalence 2010	Urban/rural household split
2013/14	747	22.4	127HH & 25.1%	1%	91%/9%
2014/15	626	22.4%	127 HH & 25.1%	1%	91%/9%
2015/16	469	17.9%	127 HH & 25.1%	1%	91%9%

Table 3: Socio Economic Status

1.3.4 DEMOGRAPHIC INFORMATION

A) MUNICIPAL GEOGRAPHICAL INFORMATION

Laingsburg Local Municipality (LLM) is located in the Central Karoo region of the Western Cape. It is the smallest municipality in South Africa with a total population estimate of 8 889 with (Stats 2011 projections for 2014) 2 447 households. The municipality's main socio-economic challenges include the municipal inability to attract investors to the town, high unemployment and a declining school enrolment. Agriculture has historically been the dominant sector in the region, but as there has been strong growth in finance, insurance, real estate and business services which is linked to various sectors within the Laingsburg Municipality environment, including wholesale and retail, trade, catering, and accommodation.

The municipality covers an area of approximately 8 800 square kilometres and the town of Laingsburg, 276 km from Cape Town, is the main centre which straddles the N1 National Road.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Historically, a village was established along the banks of the Buffels River in 1880, which was first called Buffalo, followed by Nassau and then Laingsburg. Thirty years ago, on Sunday 25th of January 1981, a devastating flood that laid Laingsburg waste, secured for this Karoo town a permanent place on the map and in the history of South Africa. Within a few hours the whole town was under water (the water reached heights four times greater than any other flood over the previous two centuries). 104 Inhabitants lost their lives and 184 houses were destroyed.

B) WARDS

The municipality is structured into the following 4 wards:

Ward	Areas
1	Bergsig (Laingsburg), Matjiesfontein and farms
2	Central Town (Laingsburg) and Moordenaars Karoo farms
3	Bo Dorp (Laingsburg)
4	Goldnerville (Laingsburg), Vleiland farms and Fonteintjies farms

Table 4: Municipal Wards

Below is a map that indicates the Municipal Area in the Central Karoo District area:

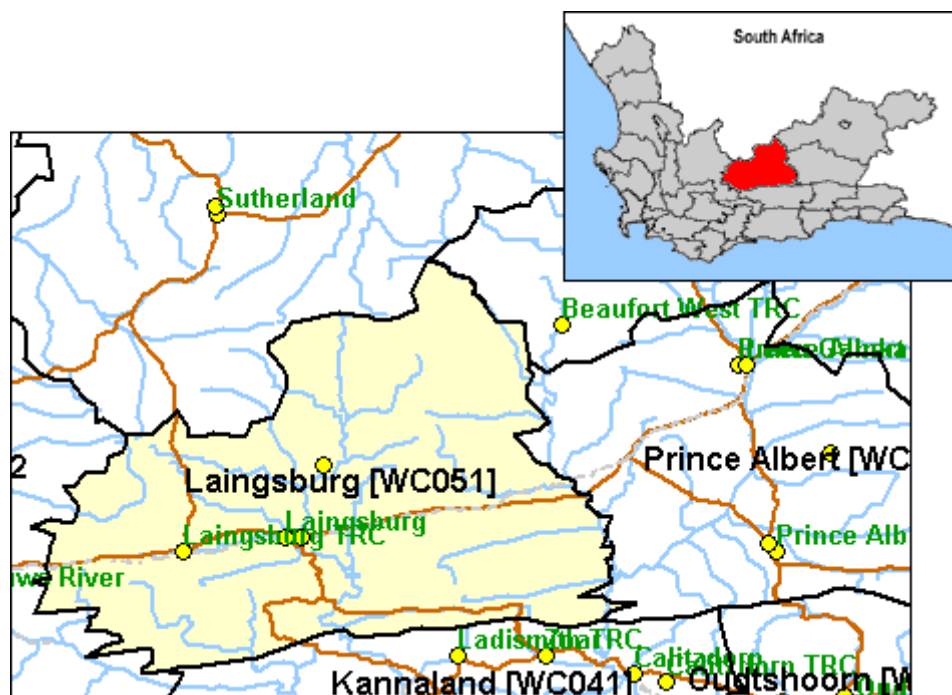


Figure 1.: Laingsburg Area map

Laingsburg

This friendly, modern Karoo village, only 280 km from Cape Town, was almost entirely destroyed by a huge flood only a century after it started. The town lies in a geologically fascinating area, steeped in history and tradition. It's a worthwhile and hospitable stop on the busy N1 highway through the Great Karoo.

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The warm welcome that awaits tourists in Laingsburg dates back to the mid-1700's. In those years' farmers along the banks of the Buffels River offered hospitality to adventurers' brave enough to cross the mountains and venture out onto the arid plains of the Great Karoo. In exchange for news of Cape Town and the civilised world, as well as gossip garnered from other farms along the way, these isolated farmers of the interior offered accommodation, sustenance and fodder.

Many early officials and explorers, such as Barrow, Lichtenstein, De Mist and Swellengrebel, wrote of the people they met in what was later to become the district of Laingsburg. They described the Karoo as "awesome, hot, dry, and dusty. An inhospitable land peppered with friendly outspans veritable jewels in the desert."

At tiny homesteads dotted about on the vast plains travellers found fresh, drinking water, safe outspans, "a true welcome, homely hospitality and a nourishing meal." Many wrote that "such comforts were offered by God-fearing but brusque men, their shy women and hoards of children."

Matjiesfontein

In 1884, young immigrant Scot, James Logan, purchased lands at "a place called Matjiesfontein", an insignificant railway halt in the depths of the Karoo. The Cape Government Railways had, by then, reached the Kimberley diamond fields, and - following Cecil Rhodes' vision of the "road to the North", his dream of a Cape to Cairo line - was extending into the Zambezi hinterland. Logan, whose meteoric rise was based on an energetic and meticulous efficiency, had been awarded the government catering contract at Touws River, which lies within the vast spaces of the Karoo.

In those days, dining cars were unheard of, and - aware that travelers needed sustenance on those interminable journeys to the interior - Logan saw the potential of this remote Matjiesfontein halt. He had already found the Karoo air beneficial for his weak chest; and, entranced by the lunar majesty of the landscape, resigned his post and set about creating a village, seemingly in the depths of nowhere, which would make his fortune and become for many what John Buchan (remember "Prester John" and "The 39 Steps"?) would have recognised as a "Temenos" - a special place of the spirit.

Logan purchased the farm Matjiesfontein and, with his thoroughly commercial instincts, three others which possessed plentiful water. He created what an enthusiast describes as an "Oasis"; planted trees (inevitably including the ubiquitous pepper) and a garden; built his own still-surviving residence, Tweedside Lodge; and established the famous Hotel Milner which was conveniently completed in 1899, and shortly thereafter served as the Headquarters of the Cape Western Command.

By early 1899, Matjiesfontein had become a fashionable watering place, attracting those who could afford to seek relief for chest complaints in the clear, bright air, entertaining distinguished visitors, some of whom were more parasite than patron. Lord Randolph Churchill is still remembered for "borrowing" a hunting dog which he never returned.

Olive Schreiner lived in her own cottage here for five years and published the book "Story of an African Farm", which brought her instant fame and an income to last her a lifetime. Olive later became one of the first voices of feminism in South Africa. Today her small three-roomed cottage is a landmark in the village; Logan, a cricket fanatic, entertained

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

most of the famous early teams visiting the Colony. Rudyard Kipling, on his first call at the Cape, made a special journey inland specifically to visit her. During the Boer War, Matjesfontein supported a base hospital, and Logan offered five of his villas as convalescent homes for soldiers.

Virtually all the British Army commanders - Lord Roberts, Douglas Haig, after his post as Commander-in-Chief of the BEF in France, and Edmund Ironside (Chief of the Imperial General Staff, 1940) - stayed or were entertained in the Village. Edgar Wallace - ex-trooper, war correspondent, thriller writer - sent his superb "Unofficial Despatches" from there.

All celebrated in their time and, even now, some are still remembered.

Vleiland

There is a delightful short drive quite close to Laingsburg which offers some unbeatable mountain scenery. Follow the road past the railway bridge and drive to the small settlements of Vleiland and Rouxpos. Turn left and drive through the tiny, seemingly forgotten little village of Vleiland. It consists of little more than a post office and library which seem trapped in time. The road curves through this scenic historic spot and rejoins the main road. A little further along is a turn off to the right which takes the tourist through the awe-inspiring scenery of the Rouxpos settlement area of tiny historic thatched farms. Again the road curves along and meets the main road back to Laingsburg. This drive is truly a worthwhile experience.

If the tourist continues along the road from Vleiland he or she will reach the entrance to Seweweeks Poort. On the left the road goes down the Bosluiskloof Pass, which is in excellent condition and is a fine example of early roads in the Karoo. Breath-taking scenery causes one to climb out of the car to take it all in. Photographers will take shots of seemingly endless vistas of undulating valleys. Nature lovers will notice a variety of wildlife including antelope and baboons and birds such as Brown-hooded Kingfishers, which keep to dry areas of thorn bush and Rock Kestrels. This road ends at the Gamka Dam which is worth a visit.

If the traveller continues straight on with the gravel road into Seweweeks Poort he or she will be rewarded with 15 km of awe-inspiring mountain views. The level road winds on with high mountains towering over it, their slopes covered with indigenous trees and plants. Rock rabbits or dassies and other small game scurry over the road which crosses the Seweweeks Poort stream many times. In winter the mountain peaks may be covered with snow. Where the traveller meets the asphalt road at the tiny village of Amalienstein, he or she may turn right towards Ladismith and Montague or left to the Huis River Pass into Calitzdorp and on to Oudtshoorn.

C) KEY ECONOMIC ACTIVITIES

The municipality is dependent upon the following economic activities according to the Western Cape Government Socio-economic Profile:

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Key Economic Activities	Description
Services Sector (Community)	Community services, consisting mainly of government departments, made up 16.3% of Laingsburg economic sector.
Construction	Although the construction industry only makes up 4.7% of the economic activities of Laingsburg, this sector's growth more than doubled between the survey periods of 2009 and 2014 from 2% to 4.7%.
Commerce	Laingsburg produces fruit and vegetables of exceptional sun ripe quality especially downstream from the Floriskraal dam. The region is known for its seasonal production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes and produces 300t to 400t of apricots; 200t to 300t yellow peaches dried 200t; 100t pears, 50 t plums 20t quinces and 200t tomatoes.
Manufacturing and mining	Manufacturing is the 5 th largest contributing sector to Laingsburg's Gross Domestic Product (GDPR) of Region with 13.6% in 2014. As expected, the smallest contributing sector to the GDPR is Mining and quarrying (0%).
Finance	The finance sector consists mainly of private sector business and services and is the biggest contributors to the GDPR of Laingsburg. The sector makes up around 21.2% of the economic sector of Laingsburg.
Wholesale and Retail	This is the third largest sector in Laingsburg which contributes approximately 15.4% of the regional GDP. This sector includes the areas of catering and accommodation and also showed a positive growth. The N1 national road running through the town is the main contributor to this growth.
Agriculture	Agriculture is one of the main sectors providing employment opportunities in the Laingsburg region. Processing is seen as a major opportunity for employment creation as raw materials are currently being exported to neighbouring regions such as the Cape Winelands Districts in the Western Cape and Port Elizabeth in the Eastern Cape. Agriculture is also one of the leading economic contributors and makes up around 18.9% of the economic activities in the area. However, this sector is currently showing a decline due to the global recession, continuing drought, a shift from agriculture to game farming, and the underutilisation of agricultural land.
Transport	This sector accounts for 3.9% of the regional GDP. This is attributed to the road traffic traversing the N1 between Cape Town and Johannesburg. There is however concern that only a small portion of the population benefits from the business propelled by the traffic on the N1. This is directly related to all the current economic opportunities being concentrated on the N1. This is perceived to limit economic development in other sections of the town and thus promote skewed development.

Table 5: Key Economic Activities

1.4 SERVICE DELIVERY OVERVIEW

1.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlights	Description
New houses	157 Houses were built within the municipal area in 2015/16 financial year
New water connection points	157 new water connection points were provided within the municipal area
New sewer connection points	157 new sewer connection points were provided within the municipal area
New electrical connection points	157 new electrical connection points were provided

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Highlights	Description
Roads were provided at the new housing development	1.7km of new roads were provided at the new housing development

Table 6: Basic Services Delivery Highlights

1.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water Provision	Insufficient funding to implement infrastructure projects	Source funds to implement infrastructure projects
Waste Water (Sanitation)		
Electricity		
Waste Management		

Table 7: Basic Services Delivery Challenges

1.4.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

Description	2014/15	2015/16
	%	
Electricity service connections	100	100
Water - available within 200 m from dwelling	95	100
Sanitation - Households with at least VIP service	100	100
Waste collection - kerbside collection once a week	100	100

Table 8: Households with Minimum Level of Basic Services

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.5 FINANCIAL HEALTH OVERVIEW

1.5.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

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

KPA & Indicator	2014/15	2015/16
Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2015 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	2 742.14	215.9
Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2015 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	24.92%	9.50%
Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2015 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	2.12	5

Table 9: National KPI's for Financial Viability and Management

1.5.2 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	43 923	53 115	47 687
Taxes, Levies and tariffs	48 231	41 974	38 350
Other	1 313	1 461	1 969
Sub Total	93 467	96 550	88 006
Less Expenditure	77 536	85 894	100 988
Net surplus/(deficit)	15 931	10 656	(12 982)

Table 10: Financial Overview

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.5.3 TOTAL CAPITAL EXPENDITURE

Detail	2014/15	2015/16
	R'000	
Original Budget	11 979	28 748
Adjustment Budget	45 271	36 524
Actual	22 032	32 132
% Spent	49%	88%

Table 11: Total Capital Expenditure

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

Highlights
Review of the organisational structure
Assessment of job descriptions
Completion of TASK evaluation
Filling of posts
Promotion of staff Members
Appointment of 4 new interns in the Finance department

Table 12: Municipal Transformation and Organisational Development Highlights

1.6.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Description	Actions to address
Rolling out of training programmes	Consult with LGSETA
Budget constraints in order to roll out programmes	Apply for grant funding

Table 13: Municipal Transformation and Organisational Development Challenges

1.7 AUDITOR GENERAL REPORT

1.7.1 AUDITED OUTCOMES

Year	2013/14	2014/15	2015/16
Opinion received	Unqualified	Unqualified	Unqualified

Table 14: Audit Outcomes

1.8 2015/16 IDP/BUDGET PROCESS

The table below provides details of the key deadlines for the 2015/16 IDP/Budget process:

Activity	Responsible person	Date
IDP Time Schedule	G Harding	27 August 2015
Budget Process Plan	A Groenewald	27 August 2015
Approved Draft 2015/16 IDP	G Harding	31 March 2015

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Activity	Responsible person	Date
Approved Draft Budget 2015/16	A Groenewald	31 March 2015
Submission of IDP and Budget to MEC, PT and NT	G Harding and A Groenewald	31 March 2015
21 Days Public Comments on IDP and Budget	G Harding and A Groenewald	1-24 April 2015
IDP & BUDGET Roadshow	Mayor W Theron	20 – 24 April 2015
Approved Final 2015/16 IDP	G Harding / Mayor W Theron	27 May 2015
Approved Final Budget 2015/16	G Harding / Mayor W Theron	27 May 2015
Submission of Final IDP and Budget to MEC, PT and NT	G Harding / A Groenewald / Mayor W Theron	29 May 2015
SDBIP	G Harding and Mayor W Theron	12 June 2015

Table 15: 2015/16 IDP/Budget Process

CHAPTER 2: GOOD GOVERNANCE

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2014/15	2015/16
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	60.3%	95.19

Table 16: National KPIs - Good Governance and Public Participation Performance

2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Management meetings	Heads of Department meetings held on a monthly basis
Successful IDP & Budget Roadshow	Community partake in roadshow and comment on draft documents
Communication improved	SMS System in place and in operation

Table 17: Good Governance and Public Participation Performance Highlights

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Community buy-in in the review of by-laws	Public participation processes and engagements with key role players
Ward Based Block System feedback meetings	Ward committee members engaging door to door
Information sharing	The municipality to partner with Central Karoo District Municipality to get radio connection. A funding model has been developed.

Table 18: Good Governance and Public Participation Challenges

2.4 GOVERNANCE STRUCTURE

2.4.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

A) COUNCIL

The Council comprise of 7 elected Councillors as at 30 June 2016, made up from 4 Ward Councillors and 3 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorized the Councillors within their specific political parties and wards for the 2015/16 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Aldm. W du P Theron	Executive Mayor	DA	3	17
Cllr. B van As	Deputy Mayor/Chairperson: Technical Portfolio Committee	DA	2	17
Cllr. H Horn	Speaker/ Chairperson: Community Services Portfolio Committee	COPE	Proportional	17
Cllr. M Gouws	Councillor	ANC	4	17
Cllr. M Bobbejee (Mrs.)	Councillor	ANC	1	17
Cllr P Botes	Councillor	DA	Proportional	17
Cllr. J Botha (Mrs.)	Councillor	ANC	Proportional	16

Table 19: Council

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Below is a table which indicates the Council meetings attendance for the 2015/16 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
22 July 2015	7	n/a
27 August 2015	7	n/a
9 September 2015	7	n/a
29 September 2015	6	1
22 October 2015	7	n/a
19 November 2015	7	n/a
26 November 2015	7	n/a
8 December 2015	7	n/a
21 January 2016	7	n/a
3 February 2016	7	n/a
18 February 2016	7	n/a
29 February 2016	7	n/a
17 March 2016	7	n/a
29 March 2016	7	n/a
20 April 2016	7	n/a
26 May 2016	7	n/a
22 June 2016	7	n/a

Table 20: Council Meetings

B) EXECUTIVE MAYORAL COMMITTEE

Due to the size of the municipality and its Council, there is no Mayoral Committee as it would not be practical to have such a committee.

C) PORTFOLIO COMMITTEES

Below is a table which indicates the Portfolio Committee meetings attendance for the 2015/16 financial year

Portfolio Committee	Meeting dates	Council Meetings Attendance	Apologies for non-attendance
Finance and Administration Committee	18 August 2016	7	n/a
Technical Committee	19 April 2016	4	3
Finance and Administration Committee	17 May 2016	7	n/a

Table 21: Portfolio Committee Meetings

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reporters, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		Yes/No
Mr. P.A. Williams	Municipal Manager	Yes
Ms A Groenewald	Financial Services	Yes
Mr N Hendrikse	Community Services	Yes
Mr J Venter	Infrastructure Services	Yes

Table 22: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 INTERGOVERNMENTAL STRUCTURES

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District IDP Managers Forum	Ms. GD Harding and Mr. A. Abrahams	IDP
Provincial IDP Managers Forum	Ms. GD. Harding	IDP
District Public Participation and Communication Forum	Ms. GD. Harding and Mr. A. Abrahams	Public Participation and Communication
Provincial Public Participation and Communication Forum	Ms. GD. Harding and Mr. A. Abrahams	Public Participation and Communication
District LED Forum	Ms. GD Harding and Mr. A. Abrahams	Local Economic Development
Provincial LED Forum	Ms. GD Harding	Local Economic Development
District Coordinating Forum	Mayor Theron and Mr. PA Williams	District alignment, programmes and projects
District Coordinating Forum Tech	Mr. PA Williams	Planning and Development, Provincial programmes and projects
Provincial Coordinating Forum / Minmay	Mayor Theron and Mr. PA Williams	Provincial alignment, programmes and projects
Provincial Coordinating Forum Tech / Minmay Tech	Mr. PA Williams	Planning and Development, Provincial programmes and projects
District EPWP Forum	Mr. J. Venter, Ms. GD Harding and Mr. A. Marthinus	Progress Report, District Alignment, Implementation, Assistance and Guidance
Municipal Managers Forum	Mr. PA Williams	Provincial Planning, Alignment, Assistance, Guidance and Buy – In
CFO Forum	Ms. A. Groenewald and Mr. G. Bothma	Provincial Planning, Alignment, Assistance, Guidance and Buy – In

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
IDP Indaba	Mr. PA Williams, Ms. GD Harding, Ms. A. Groenewald, Mr. G. Bothma, Mr J. Venter, Mr. N. Hendrikse and Mr. A. Abrahams	IDP, Projects and Programmes
Joint Planning Initiative	Mr. PA Williams, Ms. GD Harding, Ms. A. Groenewald, Mr. G. Bothma, Mr J. Venter, Mr. N. Hendrikse and Mr. A. Abrahams	Joint Planning: IDP, Projects and Programmes

Table 23: Intergovernmental Structures

2.5.2 JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS

All the functions of government are divided between the different spheres namely national, provincial and local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Matjiesfontein RDP	39 Housing units handed over to beneficiaries	Department of Local Government and Human Settlement	R5 201 251
Göldnerville RDP	157 Housing units handed over to beneficiaries		R25 787 985
Laingsburg Integrated Waste Management Facility	Guard house to ensure access control – in progress Composting facility – in progress Refurbishment & extension of buy back centre – in progress Street cleaning Supply of waste bins Installation of fence next to buildings	Department of Environmental Affairs	R10 500 000
Laingsburg Prosperity Project	Cleaning and greening of Laingsburg and Matjiesfontein. Upgrade of 2 playparks Establish and operation of vegetable garden Construction of an environmental education centre – in progress 4 Vegetables carts Establishment of 3 play parks Putt-putt course – still pending	Department of Environmental Affairs	R15 000 000
Matjiesfontein Water Reservoir	Sufficient reservoir capacity	Department of Rural Development	R1 236 000

Table 24: Joint Projects and Functions with Sector Departments

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

2.6.1 PUBLIC MEETINGS

Nature and purpose of meeting	Date of events	Number of Community members attending
Ward 1 IDP Budget Roadshow (Matjiesfontein)	20 April 2016	41
Ward 1 IDP Budget Roadshow (Bergsig)	18 April 2016	16
Ward 2 & 3 IDP Budget Roadshow	19 April 2016	19
Ward 4 IDP Budget Roadshow	21 April 2016	22

Table 25: Public Meetings

2.6.2 WARD COMMITTEES

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation.

To this end, the Municipality constantly strives to ensure that all ward committees:

- function optimally with community information provision,
- convening of meetings,
- ward planning,
- service delivery and
- IDP formulation and performance feedback to communities.

A) WARD 1: BERGSIG (LAINGSBURG), MATJIESFONTEIN AND FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Maggie Bobbejee	Chairperson	22 July 2015
Lilly Witbooi	Labour	11 August 2015
Ben Herder	Sport	18 August 2015

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Name of representative	Capacity representing	Dates of meetings held during the year
Lea Wagenstroom	Churches	27 August 2015
Mietjie Daniëls	Women	8 September 2015
Jerome Wylbach	Tax Payers	6 October 2015
Mervyn Coakley	Business	11 November 2015
Maurice De Gouveia	Disabled	8 December 2015
Lynette Jacobs	Schools	3 February 2016
Beverly Vorster	CDW	8 March 2016
Andries le Roux	Agriculture	12 April 2016
Lydia Olifant	Youth	12 May 2016
		7 June 2016

Table 26: Ward 1 Committee Meetings

B) WARD 2: CENTRAL TOWN (LAINGSBURG) AND MOORDENAARS KAROO FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Bertie van As	Chairperson	2 July 2015 21 July 2015 11 August 2015 8 September 2015 13 October 2015 3 November 2015 7 December 2015 1 March 2016 5 April 2016 17 May 2016 7 June 2016
Riaan Carolison	Schools	
Alzando Van As	Youth	
Chrisjan van der Vyver	Agriculture	
Marinda le Roux	Tax Payers	
Ds. Chris Cronje	Churches	
Eunice van der Westhuizen	Women	
Suzet Lackay	Disabled	
Niklaas Kietas	Business	
Cupido Scheepers	Labour	
Charmain Willemdé	Sport	
Jerome Meyer	CDW	

Table 27: Ward 2 Committee Meetings

C) WARD 3: BO DORP (LAINGSBURG)

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Wilhelm Theron	Chairperson	6 August 2015
Jacques Bournborn Leftley	Sport	3 September 2015
Rokeya Meyer	Women	15 October 2015
Madre Walters	Youth	5 November 2015
Christell Bothma	Labour	3 December 2015
Magdalena du Plessis	Disabled/ Elderly	4 February 2016
		3 March 2016

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Marlene Van Wyk	Churches	14 April 2016
Gina Miles	Schools	19 May 2016
Pierre De Villiers	Business	2 June 2016
Francis Van Wyk	Culture	
Coleen Jantjies	CDW	

Table 28: Ward 3 Committee Meetings




D) WARD 4: GOLDNERVILLE (LAINGSBURG), VLEILAND FARMS AND FONTEINTJIES FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Micke Gouws	Chair person	
Irene Brown	Women	
Susanna Maritz	Churches	21 July 2015
Wilhelmiena Minnies	Disabled	13 August 2015
E Pieterse	Labour	20 October 2015
Alice Kleinbooi	Agriculture	17 November 2015
Vacant	Youth	12 December 2015
Christiaan van der Westhuizen	Sport	19 January 2016
Samuel Laban	Schools	23 February 2016
L Strydom	Ratepayers	14 March 2016
Francina Hermanus	CDW	14 April 2016
Vacant	Business	19 May 2016
		21 June 2016

Table 29: Ward 4 Committee Meetings

2.6.3 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

-  to get better participation from the community to inform council decisions;
-  to make sure that there is more effective communication between the Council and the community; and
-  to assist the ward Councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward Councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward Councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

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Ward Number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)	Actions to address
1	Yes	13	Yes	 Job Creation  Skills Development  Housing  Maintenance
2	Yes	11	Yes	 Play Parks  Mandela Park  Upgrading of JJ Ellis Sports Facility  Tourism Centre Completion
3	Yes	10	Yes	 Crime Prevention  Cemetery
4	Yes	11	Yes	 Cemetery  Storm Water  Job Creation  Bridges  Skills Development

Table 30: Functioning of Ward Committees

2.6.4 REPRESENTATIVE FORUMS

A) IDP FORUM

The table below specifies the members of the IDP Forum for the 2015/16 financial year:

Name of representative	Capacity	Meeting dates
W Theron	Employer (Chairperson)	23 September 2015 25 November 2015 13 April 2016
C Benadie	DSD	
F Van Wyk	Tourism	
M Bobbejee	Ward Councillor	
B Van As	Ward Councillor	
M Gouws	Ward Councillor	
G Harding	IDP	
C Marais	SAPS	
B Van Wyk	EMS	
C Laban	LADAAG	
F Hermanus	CDW	
L Schreeders	Home Affairs	
B Brown	DEA	

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Name of representative	Capacity	Meeting dates
B Herder	COS	
S Van Wyk	Churches	
S Schippers	Thusong Service Centre	

Table 31: IDP Forum

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.

2.7 RISK MANAGEMENT

In terms of Section 62 (1)(c)(i) of the MFMA states *"the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;"*...

The table below include the top five risks of the municipality:





Risk	Department	Division
1. Bribery and corruption resulting in financial losses	Office of the Municipal Manager	Across divisions
2. Small Revenue base  Revenue base proportionally decreasing in relation to population growth  Financial sustainability for now and in the future  Lack of funding to maintain grant-funded infrastructure developments  Over dependency on grant funding	Finance and Corporate Services	Revenue
3. Unauthorized issuing of licenses	Office of the Municipal Manager	Traffic and Law Enforcement Services
4. Theft of Cash Received	Finance and Corporate Services	Revenue
5. Insufficient segregation of duties due to limited resources (Traffic, IT data and operations)	Office of the Municipal Manager	Across divisions

Table 32: Top Five Risks

2.8 ANTI-CORRUPTION AND ANTI-FRAUD

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

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2.8.1 DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Anti-corruption Strategy	Yes	2007
Fraud prevention Strategy	Yes	2011

Table 33: Anti-Corruption & Fraud Prevention Strategies

2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –




- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

The Audit Committee have the following main functions as prescribed in Section 166 (2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation.

2.9.1 FUNCTIONS OF THE AUDIT COMMITTEE

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.

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-  Provide support to the Internal Audit function.
-  Ensure that no restrictions or limitations are placed on the Internal Audit section.
-  Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

2.9.2 MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr. R Walters	Chairperson	19 August 2015
Ms. H De Villiers Thomas	Committee member	8 October 2015
		24 February 2016
Mr. A Smith	Committee member	1 June 2016
		30 June 2016

Table 34: Members of the Audit Committee

2.10 PERFORMANCE AUDIT COMMITTEE

The Regulations require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality.

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2) (f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the performance audit committee, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

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Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

A) FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to -

- i) review the quarterly reports produced and submitted by the internal audit process;
- ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

B) MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr. R Walters	Chairperson	24 February 2016
Ms. H De Villiers Thomas	Committee member	1 June 2016
Mr. A Smith	Committee member	30 June 2016

Table 35: Members of the Performance Audit Committee

2.11 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
 - (i) internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
 - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation

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(c) perform other duties as may be assigned to it by the accounting officer.

The municipality has an in-house Internal Audit function consisting of 1 auditor.

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Internal Auditing Activities	Ongoing
Internal Controls	Ongoing
Performance Management	4
Risk and Risk Management	Ongoing
Loss Control	3
Division of Revenue (DORA)	1
Waste Management: Refuse Removal	1

Table 36: Functions of the Internal Audit Unit

2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Town Planning: SPAZA Shops	18 February 2016	Yes
Noise Pollution	18 February 2016	Yes
SPLUMA Planning By-Law	25 June 2015	Yes

Table 37: Policies Developed/Revised During 2015/16

2.13 COMMUNICATION

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

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of **Batho Pele** and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

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The table below details the communication activities of the municipality:

Communication activities	Yes/No
Communication unit	No
Communication strategy	Yes
Communication Policy	No
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

Table 38: Communication Activities

2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication of the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2015/16	Yes
Adjusted Budget 2015/16	Yes
SDBIP 2015/16	Yes
Budget and Treasury Office Structure	Yes
Budget and Treasury Office delegations	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2015/16	Yes
IDP Process Plan for 2015/16	Yes

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Description of information and/or document	Yes/No and/or Date Published
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
SCM contracts above R30 000	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the Municipal Finance Management Act)	
Annual Report of 2014/15	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the Municipal Systems Act)	
Local Economic Development Strategy	Yes

Table 39: Website Checklist

2.15 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the Laingsburg Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

2.15.1 COMPETITIVE BIDS IN EXCESS OF R200 000

A) BID COMMITTEE MEETINGS

The following table details the number of bid committee meetings held for the 2015/16 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
2	2	2

Table 40: Bid Committee Meetings

The attendance figures of members of the bid specification committee are as follows:

Member	Percentage attendance (%)
J Venter	100
S Pieterse	100
G Harding	100
N Hendrikse	100
A Groenewald	100

Table 41: Attendance of Members of Bid Specification Committee

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
A van der Merwe	0
N Hendrikse	100
J Venter	100

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Member	Percentage attendance
S Pieterse	100

Table 42: Attendance of Members of Bid Evaluation Committee

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
A Groenewald	100
N Gouws	100
G Pekeur	100
G Bothma	100
K Gertse	100

Table 43: Attendance of Members of Bid Adjudication Committee

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

B) AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

The highest bid awarded by the bid adjudication committee is the following:

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded (R)
50/2015	01/07/2015	Supply and Delivery of 1x New 4x4 Single Cab Bakkie	Williams Hunt Pretoria	332 570

Table 44: Ten Highest Bids Awarded by Bid Adjudication Committee

C) AWARDS MADE BY THE ACCOUNTING OFFICER

There were no bids awarded by the Accounting Officer during the 2015/2016 financial year.

D) APPEALS LODGED BY AGGRIEVED BIDDERS

No appeals were lodged during the 2015/2016 financial year.

2.15.2 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

Reason for Deviation	Number of Deviations	Value of deviations	Percentage of total deviations value
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	0	R0.00	0.00
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	1	R1 072 445	96.78

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Reason for Deviation	Number of Deviations	Value of deviations	Percentage of total deviations value
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	7	R35 662	3.22
Total	8	R1 108 107	100

Table 45: Details of Deviations for Procurement Services

CHAPTER 3

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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 efficiency, effectiveness and the impact of service delivery by the municipality.

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

The constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for 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; and
- to facilitate a culture of public service and accountability amongst staff.

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

In 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 organization 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.

The municipality adopted a performance management framework that was approved by Council in 2013.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1.1 LEGISLATIVE REQUIREMENTS

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

3.1.2 ORGANISATION PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them 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), performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.

3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2015/16

A) THE IDP AND THE BUDGET

The reviewed IDP and the budget for 2015/16 was approved by Council on 27 May 2015. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

B) THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

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 Top Layer SDBIP was approved by the Executive Mayor on 27 May 2015.

The Top Layer SDBIP was revised with the adjustments budget in terms of Section 26(2)(c) of the Municipal Budget and Reporting Regulations and approved by the Council on 18 February 2016. The following were considered in the development of the amended Top Layer SDBIP:

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2014/15 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the Adjustments Budget
- Oversight Committee Report on the Annual Report of 2014/15
- The risks identified by the Internal Auditor during the municipal risk analysis

C) ACTUAL PERFORMANCE

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- A performance comment
- Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2015/16

3.2.1 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

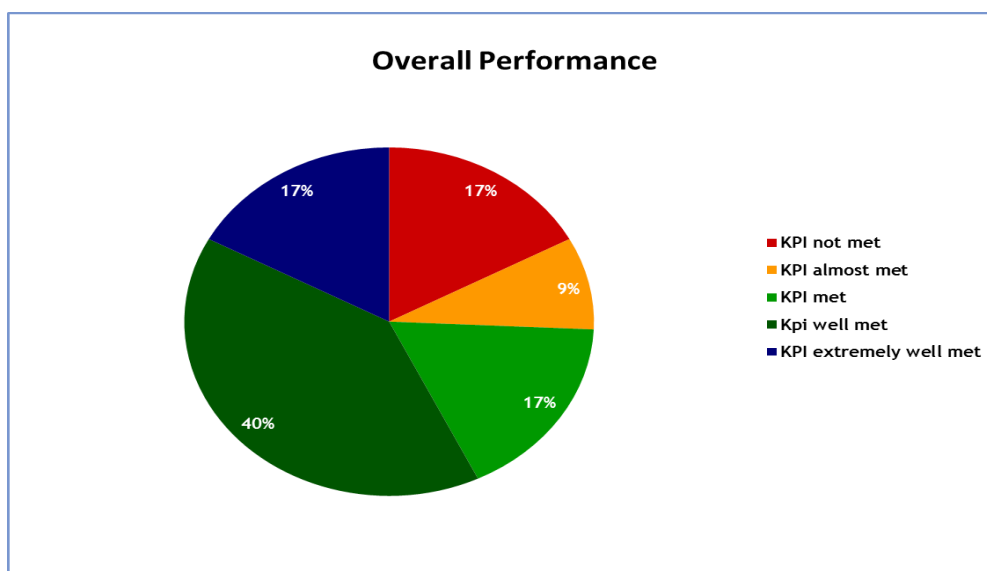
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

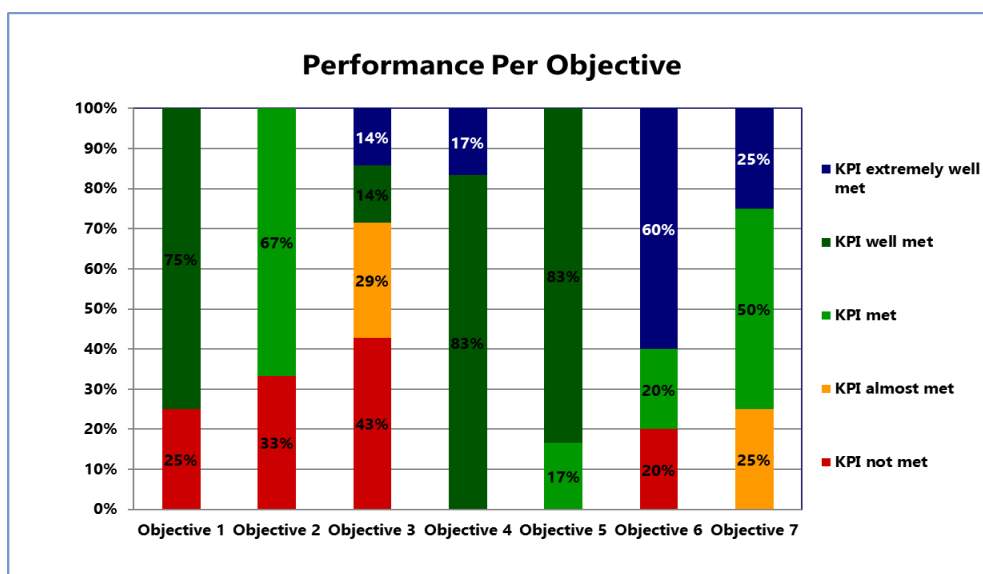
Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic Objective for 2015/16:



CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Total
	Create an environment conducive for economic development	Developing a safe, clean, healthy and sustainable environment for communities	Effective Maintenance and manage of municipal assets and natural resources	Improve the standards of living of all people in Laingsburg	Provision of infrastructure to deliver improved services to all residents and business	To achieve financial viability in order to render affordable services to residents	To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values	
KPI Not Met	1	1	3	0	0	1	0	6
KPI Almost Met	0	0	2	0	0	0	1	3
KPI Met		2	0	1	1	1	2	6
KPI Well Met	3	0	1	5	5	0	0	14
KPI Extremely Well Met	0	0	1	0	0	3	1	6
Total	4	3	7	6	6	5	4	35

Graph 3.: Overall Performance Per Strategic Objective

A) TOP LAYER SDBIP – CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL10	Create job opportunities through EPWP and Infrastructure	Number of job opportunities created by 30 June 2016	All	429	0	0	0	114	114	117	G2

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	projects by 30 June 2016										
TL18	Assist SMME's with business and/or CIDB registration by 30 June 2016	Number of SMME's assisted by 30 June 2016	All	6	0	0	0	10	10	1	R
Corrective measure			Stricter timeframes for document submission for registration								
TL20	Host events as identified in the IDP in support of promotion of LED within the Municipal area by 30 June 2016	Number of events hosted by 30 June 2016	All	3	0	2	0	1	3	4	G2
TL21	Provide financial assistance via Municipal financial aid scheme to accepted tertiary student candidates by 31 March 2016	Number of candidates assisted via Municipal financial aid scheme by 30 June 2016	All	16	0	0	19	0	19	23	G2

Table 46: Top Layer SDBIP – Create an Environment Conducive for Economic Development

B) TOP LAYER SDBIP – DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL19	Implement IDP-approved greening and cleaning initiatives by 30 June 2016	Number of Initiatives implemented by 30 June 2016	All	3	1	1	1	2	5	5	G
TL24	Participate in the provincial traffic department public safety initiatives as approved in the IDP by 30 June 2016	Number of provincial traffic department public safety initiatives participated in by 30 June 2016	All	4	0	1	1	2	4	4	G
TL33	Upgrade and rehabilitate the	Cemetery in Goldnerville	4	New KPI	0	0	0	1	1	0	R

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	cemetery in Goldnerville by 30 June 2016	upgraded and rehabilitated by 30 June 2016									
Corrective measure			Project moved forward to 2016/17 budget. Will be implemented in 2016/17								

Table 47: Top Layer SDBIP – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities

C) TOP LAYER SDBIP – EFFECTIVE MAINTENANCE OF MUNICIPAL ASSETS AND NATURAL RESOURCES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL25	80% of the total approved repair and maintenance budget spent by 30 June 2016 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance)x100]	% of the total approved repair and maintenance budget spent by 30 June 2016 (Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance)x100	All	60.30%	20%	40%	60%	80%	80%	77.65%	O
Corrective measure			True expenditure does not reflect in total expenditure. The financial department will rectify the problem with MSCOA								
TL26	Limit the % electricity unaccounted for to less than 15% by 30 June 2016 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100]	% electricity unaccounted for by 30 June 2016 (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	9.75%	15%	15%	15%	15%	15%	3.17%	B
TL27	Obtained 91% compliance of waste water discharge quality in terms of Green Drop Requirements for Effluent Quality Compliance by 30 June 2016	% compliance of waste water discharge Lab results with Green Drop requirements by 30 June 2016	All	95%	91%	91%	91%	91%	91%	95.65%	G2
TL28	Limit the % water unaccounted for to less than 50% by 30 June 2016 [(Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold) /	% water unaccounted for by 30 June 2016 (Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold) /	All	59.24%	60%	55%	50%	50%	50%	50.74%	R

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	(Number of Kilolitres Water Purchased or Purified) × 100]	(Number of Kilolitres Water Purchased or Purified) × 100									
Corrective measure			Water engineer from MISA currently busy solving the problem								
TL29	Obtain 87% compliance of water quality in terms of SANS 241 -Water Quality criteria by 30 June 2016	% compliance of water quality lab results with SANS 241 - Water Quality criteria by 30 June 2016	All	95%	87%	87%	87%	87%	87%	80%	O
Corrective measure			Will implement measures to improve quality of water								
TL34	Rehabilitate the sport field in Laingsburg by 30 June 2016	Sport field in Laingsburg rehabilitated by 30 June 2016	2	New KPI	0	0	0	1	1	0	R
Corrective measure			Due to the cold weather the contractor had to stop work. Contractor will continue with project as soon as weather permits								
TL35	Rehabilitate the sport field in Matjiesfontein by 30 June 2016	Sport field in Matjiesfontein rehabilitated by 30 June 2016	1	New KPI	0	0	0	1	1	0	R
Corrective measure			Will be implemented in 2016/17								

Table 48: Top Layer SDBIP – Effective Maintenance of Municipal Assets and Natural Resources

D) TOP LAYER SDBIP – IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL5	Provide 6kl free basic water to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2016	Number of registered indigent accounts receiving free basic water as at 30 June 2016	All	530	542	542	542	542	542	719	G2
TL6	Provide 50kwh free basic electricity to registered indigent accountholders in terms of the equitable share requirements (excluding	Number of registered indigent accounts receiving free basic electricity as at 30 June 2016	All	284	210	210	210	210	210	444	B

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	ESKOM area) as at 30 June 2016										
TL7	Provide free basic sanitation to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2016	Number of registered indigent accounts receiving free basic sanitation as at 30 June 2016	All	516	542	542	542	542	542	705	G2
TL8	Provide free basic refuse removal to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2016	Number of registered indigent accounts receiving free basic refuse removal as at 30 June 2016	All	530	542	542	542	542	542	719	G2
TL30	Construct 121 Housing top structures in Goldnerville by 30 June 2016	Number of top structures constructed in Goldnerville by 30 June 2016	4	New KPI	0	0	0	121	121	157	G2
TL32	90% approved budget spend by 30 June 2016 for capital projects in Goldnerville linked to new housing project {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent by 30 June 2016 {(Actual expenditure divided by the total approved budget) x 100}	4	New KPI	0%	20%	40%	90%	90%	95.19	G2

Table 49: Top Layer SDBIP –Improve the Standards of Living of All People in Laingsburg

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

E) TOP LAYER SDBIP – PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL1	Number of formal residential properties which receives piped water (Laingsburg credit and pre-paid water meters) and is connected to the municipal water infrastructure network as at 30 June 2016	Number of residential accounts which are billed/purchased water as at 30 June 2016	All	1 215	0	0	0	1 206	1 206	1 370	G2
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (Laingsburg credit and pre-paid electrical meters)(Excluding Eskom areas) as at 30 June 2016	Number of residential accounts which are billed/purchased electricity (Excluding Eskom areas) as at 30 June 2016	All	668	0	0	0	766	766	837	G2
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2016	Number of residential accounts which are billed for sewerage as at 30 June 2016	All	1 151	0	0	0	1 206	1 206	1 317	G2
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2016	Number of residential accounts which are billed for refuse removal as at 30 June 2016	All	1 197	0	0	0	1 206	1 206	1 358	G2
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2016 (Actual amount	{Actual amount spent on capital projects /Total amount budgeted for capital	All	45.04%	20%	45%	60%	80%	80%	88.77	G2

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	spent on capital projects /Total amount budgeted for capital projects)X100 by 30 June 2016	projects)X100} by 30 June 2016									
TL31	Upgrade the electricity network of Laingsburg to include the Bergsig area by 30 June 2016	Electricity network of Laingsburg upgraded by 30 June 2016	2	New KPI	0	0	0	1	1	1	G

Table 50: Top Layer SDBIP – Provision of Infrastructure to Deliver Improved Services to all Residents and Business

F) TOP LAYER SDBIP – TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL13	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations at 30 June 2015 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	Debt coverage ratio as at 30 June 2015	All	2 742.14	0	200	0	0	200	215.9	R
Corrective measure			The Municipality has no external loans								
TL14	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison	% outstanding service debtors at 30 June 2015	All	24.92%	0%	10%	0%	0%	10%	9.50%	B

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	with total revenue received for services at 30 June 2015 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}										
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2015 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2015	All	2.12	0	3	0	0	3	5	B
TL22	Collect 60% of the 2015/16 financial years billed revenue by 30 June 2016 {Debtors payments received during period/Billed Revenue for period x 100}	"% of Billed Revenue collected by 30 June 2016 {Debtors payments received during period/Billed Revenue for period x 100}"	All	96.98%	60%	60%	60%	60%	60%	104.15%	B

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL23	Achieve an unqualified audit opinion for the 2014/15 financial year	Unqualified audit opinion received for the 2014/15 financial year	All	1	0	1	0	0	1	1	G

Table 51: Top Layer SDBIP – To Achieve Financial Viability in Order to Render Affordable Services to Residents

G) TOP LAYER SDBIP – TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall performance for 2015/16	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL11	People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	8	0	0	0	8	8	8	G
TL12	Percentage of municipality's personnel budget actually spent on training by 30 June 2016 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	(Total expenditure on training/total personnel budget)/100	All	1.17%	0%	0%	0%	1%	1%	0.8%	O
Corrective measure			Will use PMS System improve training in next year								
TL16	Limit vacancy rate to less than 5% of budgeted posts by 30 June 2016 [(Number of funded posts vacant / total number of funded posts)x100]	% vacancy rate of budgeted posts by 30 June 2016 (Number of funded posts vacant / total number of funded posts)x100	All	1.43	0%	0%	0%	5%	5%	2.47%	B
TL17	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2016	RBAP submitted to the audit committee by 30 June 2016	All	1	0	0	0	1	1	1	G

Table 52: Top Layer SDBIP – To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.2.2 SERVICE PROVIDERS STRATEGIC PERFORMANCE

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

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- a comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance
- measures taken to improve performance

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.2.3 MUNICIPAL FUNCTIONS

A) ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
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
Stormwater 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
Constitution Schedule 5, Part B functions:	
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	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes

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Municipal Function	Municipal Function Yes / No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 53: Functional Areas

3.3 COMPONENT A: BASIC SERVICES

3.3.1 WATER SERVICES

A) INTRODUCTION TO WATER SERVICES

Laingsburg main water supply comes from the municipal farm Soutkloof Fountain with additional water sources of Soutkloof pit, Soutkloof borehole, 2 boreholes at Buffels River and a borehole in town.

The municipality ensures that the groundwater sources are managed in a sustainable manner.

B) HIGHLIGHTS: WATER SERVICES

Highlights	Description
157 new water connection points	157 water connection points were provided for the new houses that were built

Table 54: Water Services Highlights

C) CHALLENGES: WATER SERVICES

Description	Actions to address
Lack of funding and high level of water losses	Funding is needed to implement water infrastructure projects. It is a challenge to address our high water losses and to bring it down to the acceptance of Department of Water and Sanitation (DWS). Municipal Infrastructure Support Agency (MISA), DWS and the South African Local Government Agency (SALGA) has provided support to investigate the high water

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Actions to address
	losses. Only when the water losses are at an acceptable level to DWS will water infrastructure projects be approved

Table 55: Water Services Challenges

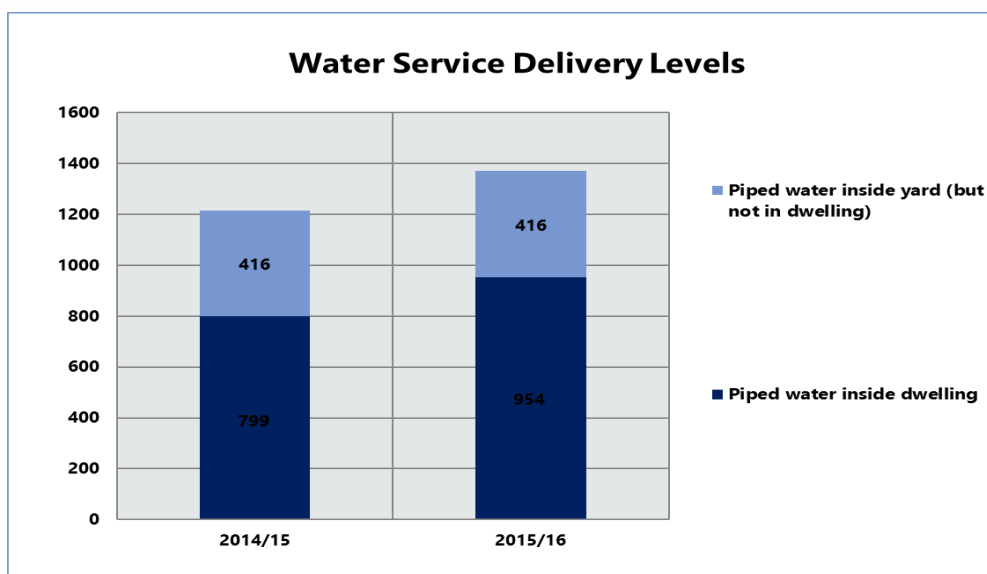
D) WATER SERVICE DELIVERY LEVELS

The table below specifies the different water service delivery levels per household for the financial years 2014/15 and 2015/16 in the areas in which the municipality is responsible for the delivery of the service:

Water Service Delivery Levels		
Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
<u>Water: (above min level)</u>		
Piped water inside dwelling	799	954
Piped water inside yard (but not in dwelling)	416	416
Using public tap (within 200m from dwelling)	0	0
Other water supply (within 200m)	0	0
Minimum Service Level and Above sub-total	1 215	1 370
Minimum Service Level and Above Percentage	100	100
<u>Water: (below min level)</u>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	1 215	1 370
<i>Include informal settlements</i>		

Table 56: Water Service Delivery Levels: Households

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Graph 4.: Water Service Delivery Levels

E) EMPLOYEES: WATER SERVICES

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

Table 57: Employees: Water Services

F) CAPITAL EXPENDITURE: WATER SERVICES

Capital Expenditure 2015/16: Water Services				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	258	905	1 126	868

Table 58: Capital Expenditure 2015/16: Water Services

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3.3.2 WASTE WATER (SANITATION) PROVISION

A) INTRODUCTION TO WASTE WATER (SANITATION) PROVISION

A waterborne sewage reticulation system serves the whole of Laingsburg and each erf is connected individually to the reticulation. A waterborne sewage reticulation system and a waste water package plant were installed in Matjiesfontein and is operational since the Department of Environmental Affairs approved the waste management license in August 2013. All the newly built houses and erven in Matjiesfontein were connected to the sewer line.

B) HIGHLIGHTS: WASTE WATER (SANITATION) PROVISION

Highlights	Description
157 sewer connection points	157 sewer connection points was provided for the houses that were built in Acacia Park

Table 59: Waste Water (Sanitation) Provision Highlights

C) CHALLENGES: WASTE WATER (SANITATION) PROVISION

Description	Actions to address
Funding to implement sanitation infrastructure projects	Applications must be submitted to DWS for funding

Table 60: Waste Water (Sanitation) Provision Challenges

D) WASTE WATER (SANITATION) PROVISION SERVICE DELIVERY LEVELS

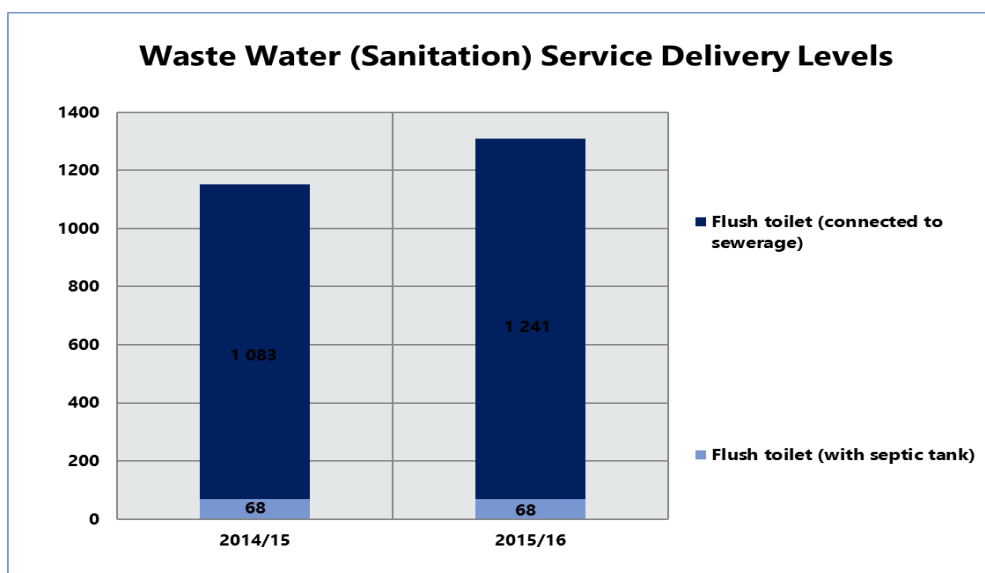
The table below specifies the different sanitation service delivery levels per households for the financial years 2014/15 and 2015/16 in the areas in which the municipality is responsible for the delivery of the service:

Waste Water (Sanitation) Service Delivery Levels		
Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	1 083	1 241
Flush toilet (with septic tank)	68	68
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	0	0
<i>Minimum Service Level and Above sub-total</i>	1 151	1 317
<i>Minimum Service Level and Above Percentage</i>	100	100
<i>Sanitation/sewerage: (below minimum level)</i>		

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Waste Water (Sanitation) Service Delivery Levels		
Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
Bucket toilet	0	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total households	1 151	1 317
<i>Including informal settlements</i>		

Table 61: Waste Water (Sanitation) Provision Service Delivery Levels



Graph 5.: Waste Water (Sanitation) Provision Service Delivery Levels

E) EMPLOYEES: WASTE WATER (SANITATION) PROVISION

Employees: Sanitation Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	2	0	0
4 – 6	1	1	1	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0

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Employees: Sanitation Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 62: Employees Waste Water (Sanitation) Provision

F) CAPITAL EXPENDITURE: WASTE WATER (SANITATION) PROVISION

Capital Expenditure 2015/16: Waste Water (Sanitation) Provision				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	1 868	445	941	(927)

Table 63: Capital Expenditure 2015/16: Waste Water (Sanitation) Provision

3.3.3 ELECTRICITY SERVICES

A) INTRODUCTION TO ELECTRICITY SERVICES

Laingsburg Municipality buys electricity from ESKOM and sells the electricity to the residential and business customers in Laingsburg. Households from Göldnerville in Laingsburg and Matjiesfontein buy electricity direct from ESKOM. Laingsburg Municipality makes use of an electrical contractor to do all the maintenance and upgrading work on the electrical network.

B) HIGHLIGHTS: ELECTRICITY SERVICES

Highlights	Description
Electrification of the new 157 houses that were built	Electrification was provided to the new 157 houses that were built in Acacia Park

Table 64: Electricity Challenges

C) CHALLENGES: ELECTRICITY SERVICES

Description	Actions to address
Funding for electrical infrastructure projects	Funding applications must be submitted to the Department of Energy

Table 65: Electricity Challenges

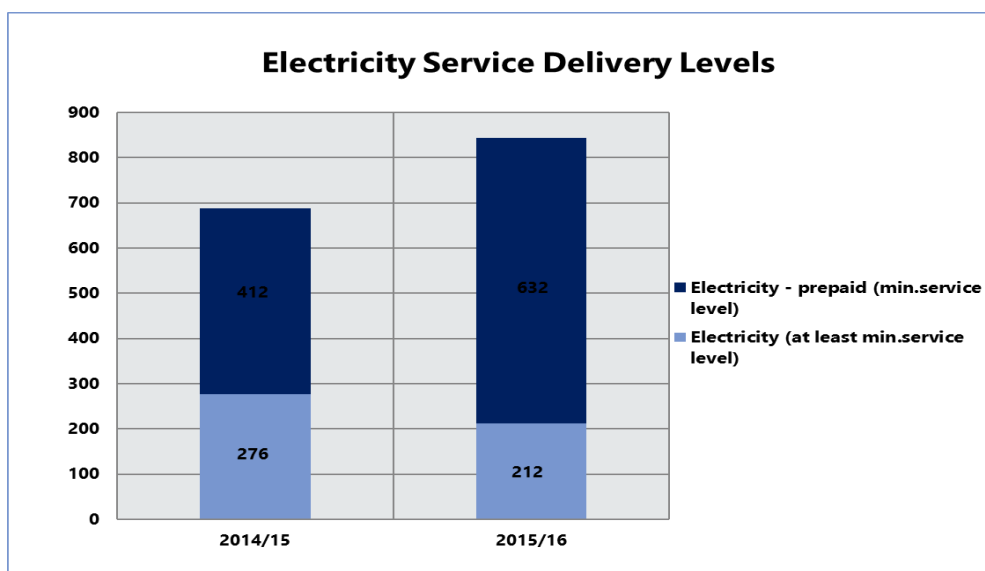
CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) ELECTRICITY SERVICE DELIVERY LEVELS

The table below indicates the different service delivery level standards for electricity in the areas in which the municipality is responsible for the delivery of the service:

Electricity Service Delivery Levels		
Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
<u>Energy: (above minimum level)</u>		
Electricity (at least min.service level)	276	212
Electricity - prepaid (min.service level)	412	632
Minimum Service Level and Above sub-total	668	837
Minimum Service Level and Above Percentage	100%	100%
<u>Energy: (below minimum level)</u>		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0%	0%
Total number of households	668	837

Table 66: Electricity Service Delivery Levels



Graph 6.: Electricity Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

E) CAPITAL EXPENDITURE: ELECTRICITY SERVICES

Capital Expenditure 2015/16: Electricity Services				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	6 000	8 000	5 679	(321)

Table 67: Capital Expenditure 2015/16: Electricity

3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

A) INTRODUCTION TO WASTE MANAGEMENT

Laingsburg Municipality makes use of a labour intensive method to do the refuse collection, waste disposal and street cleaning in Laingsburg and Matjiesfontein.

B) HIGHLIGHTS: WASTE MANAGEMENT

Highlights	Description
Laingsburg Prosperity Project – cleaning and greening	NCC employed people from the community to do street cleaning, refuse collections and recycling. The putt-putt course and EEC centre are currently in construction phase
Laingsburg Integrated Waste Management Facility	Mabusha Business Enterprise employed people from the community to do street cleaning, recycling, refuse collections. Rehabilitation of the land fill site includes: construction of a guard house for access control, compost facility, recycling facility and provisions of waste bins. The project is still ongoing and will end in February 2017

Table 68: Waste Management Highlights

C) CHALLENGES: WASTE MANAGEMENT

Description	Actions to address
Land fill site is almost full	Funding applications must be submitted to Department of Environmental Affairs to increase the life span of the land fill site

Table 69: Waste Management Challenges

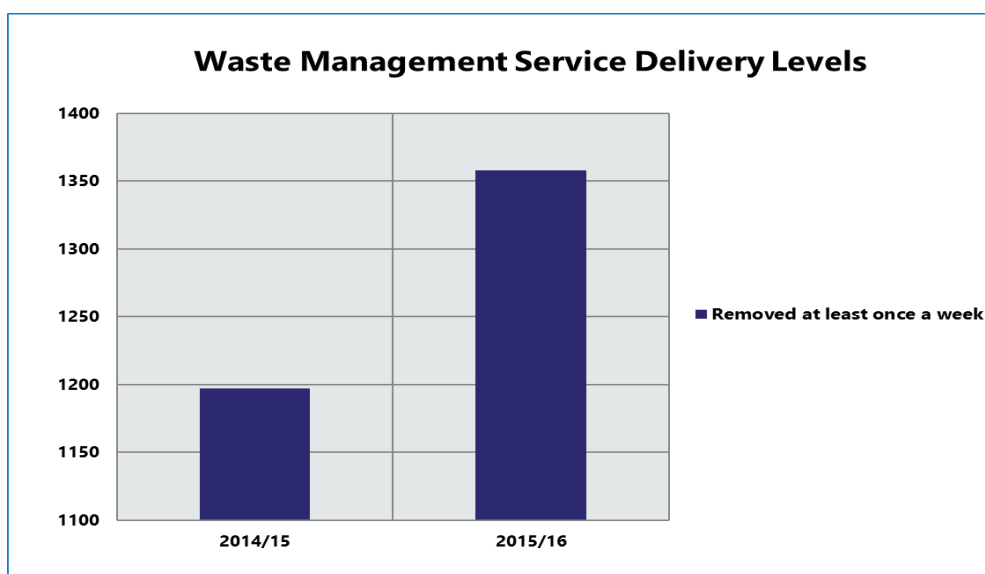
CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) WASTE MANAGEMENT SERVICE DELIVERY LEVELS

The table below specifies the different refuse removal service delivery levels per household for the financial years 2014/15 and 2015/16 in the areas in which the municipality is responsible for the delivery of the service:

Waste Management Service Delivery Levels		
Description	Households	
	2014/15	2015/16
	Actual	Actual
	No.	No.
<i>Solid Waste Removal: (Minimum level)</i>		
Removed at least once a week	1 197	1 358
<i>Minimum Service Level and Above sub-total</i>	1 197	1 358
<i>Minimum Service Level and Above percentage</i>	100%	100%
<i>Solid Waste Removal: (Below minimum level)</i>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level percentage</i>	0%	0%
Total number of households	1 197	1 358

Table 70: Waste Management Service Delivery Levels



Graph 7.: Waste Management Service Delivery Levels

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E) EMPLOYEES: WASTE MANAGEMENT

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

Table 71: Employees: Solid Waste Services

3.3.5 HOUSING

A) INTRODUCTION TO HOUSING

Due to the high poverty level in Laingsburg Municipal area it is essential to provide the poor members in our community with a RDP house and as such contribute to sustainable human settlements where families can live in a safe and hygienic environment.

B) HIGHLIGHTS: HOUSING

Highlights	Description
New houses built	157 houses were built in the current year and beneficiaries received their houses.

Table 72: Housing Highlights

C) CHALLENGES: HOUSING

Description	Actions to address
The number of people on the housing waiting list is still high	Will address the issue within the next financial year

Table 73: Housing Challenges

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The following table shows the decrease in the number of people on the housing waiting list. There are currently approximately **469** housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2014/15	626	(21.3)
2015/16	469	(25.1)

Table 74: Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2014/15	28 797	4 844	16.82%	0	0
2015/16	18 276	18 276	100	157	157

Table 75: Houses Built in 2015/16

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3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

A) INTRODUCTION

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than **R2 500** per month will receive the free basic services as prescribed by national policy.

The table indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2014/15	1 215	284	23.4%	530	43.6%	516	42.47%	530	44%
2015/16	1 370	444	32%	719	50%	705	49%	719	50%
Figures as at 30 June 2016									

Table 76: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2014/15	284	50	273	384	0	0	547	50	251
2015/16	444	50	208	402	0	0	547	50	317

**Figures as at 30 June 2016*

Table 77: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2014/15	530	6kl	635	685	6kl	141
2015/16	719	6kl	905	681	6kl	143

**Figures as at 30 June 2016*

Table 78: Free Basic Water Services to Indigent Households

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Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2014/15	516	93.30	578	635	0	0
2015/16	705	100.80	816	636	0	0
<i>*Figures as at 30 June 2016</i>						

Table 79: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2014/15	530	1	445	667	0	0
2015/16	719	1	624	668	0	0
<i>*Figures as at 30 June 2016</i>						

Table 80: Free Basic Refuse Removal Services to Indigent Households Per Type of Service

3.4 COMPONENT B: ROAD TRANSPORT

3.4.1 ROADS

A) INTRODUCTION TO ROADS

For optimal performance it is essential that roads are maintained to provide the road user with an acceptable level of service, to protect the structural layers of pavement from the abrasive forces of traffic, as well as from the effects of the environment.

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2014/15	1.94	0	0.26	1.94
2015/16	1.94	0	0	1.94

Table 81: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2014/15	26.7	1.7	0	0	25
2015/16	26.7	0	0	0	26.7

Table 82: Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

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Financial year	New & Replacements	Resealed	Maintained
	R'000		
2014/15	336	0	1 486
2015/16	0	0	39
* The cost for maintenance include stormwater			

Table 83: Cost of Construction/Maintenance of Roads

B) EMPLOYEES: ROADS

Employees: Roads					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	8	8	8	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	8	8	8	0	0

Table 84: Employees: Roads

C) CAPITAL EXPENDITURE: ROADS

Capital Expenditure 2015/16: Roads				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	2 071	2 731	2 160	89

Table 85: Capital Expenditure 2015/16: Roads

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3.4.2 WASTE WATER (STORMWATER DRAINAGE)

A) INTRODUCTION TO WASTE WATER (STORMWATER DRAINAGE)

It is common practice to provide a formal drainage system of pipes or channels to convey stormwater away from erven and streets and to discharge this water into natural watercourses. The stormwater system must be cleaned and maintained on a regular basis to ensure a proper working drainage system.

B) WASTE WATER (STORMWATER DRAINAGE) MAINTAINED AND UPGRADED

The table below shows the total kilometres of stormwater maintained and upgraded as well as the kilometres of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures (km)	New stormwater measures (km)	Stormwater measures upgraded (km)	Stormwater measures maintained (km)
2014/15	8.03	1.70	1.95	4.38
2015/16	8.03	0	0	8.03

Table 86: Stormwater Infrastructure

The table below indicates the amount of money spent on stormwater projects:

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2014/15	4 553	715	11
2015/16	0	0	0

Table 87: Cost of Construction/Maintenance of Stormwater Systems

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3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED)

3.5.1 PLANNING

A) SERVICE DELIVERY STATISTICS: PLANNING

Type of service	2014/15	2015/16
Building plans application processed	10	17
Total surface (m ²)	832	1233
Residential extensions	10	17
Business extensions	0	0
Rural applications	0	0
Land use applications processed	6	6

Table 88: Service Delivery Statistics: Planning

3.5.2 LED (INCLUDING TOURISM AND MARKET PLACES)

B) HIGHLIGHTS: LED

The following performance highlights with regard to the implementation of the LED strategy are as follows:

Highlights	Description
Reviving of Karoo Festival	Successful reviving of the Karoo Festival after the last festival was held back in 2005
Opening of mini-market	New business opened in October 2015 and is still open
Opening of Karoo Chicken and Chips	New take-away business opened in December 2015 and is still open
Opening of two butcheries	One butchery closed down, but reopened under new ownership and one brand new butchery opened during 2015
Opening of a new car wash	New car wash opened and is still in operation
Cultural events	Karoo Marathon, Mayoral Golf Day and farm markets held during the financial year

Table 89: LED Highlights

C) CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are as follows:

Description	Actions to address challenges
Start-up funding for entrepreneurs	Hosting an LED week
Lack of investment	Hosting an LED week
Gravel economic roads	Applying and lobbying support from Department of Transport and Public Works (DTPW)
Dependency on social welfare	Awareness programmes

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Description	Actions to address challenges
Economic monopoly	Revive the business chamber & the Laingsburg Small Business Association

Table 90: Challenges LED

D) LED STRATEGY

LED includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. LED strategy identifies various issues and strategic areas for intervention such as:

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Objectives	Strategies
Diversifying the economy	
<p>To develop the agricultural sector in such a way that:</p> <ul style="list-style-type: none"> Current agricultural practices are maintained and further enhanced as this forms the backbone of the local economy Value adding practices in the form of agri-processing are initiated and become sustainable Agri-processing industries involve the large number of economically active unemployed females in the sub-region Synergies are created between the service industry and the agricultural sector, whereby tourists are attracted to local products and utilise other services 	<ul style="list-style-type: none"> Sustain existing agricultural practices Promoting agri-processing industries Provide for urban agriculture and small scale farming Identify and support agri-tourism practices Alternative energies Agri tourism
Transport and service sector	
<p>To develop a sustainable transport and related services sector in the municipality in a way that:</p> <ul style="list-style-type: none"> Supports and is aligned with the five strategic issues identified in the Central Karoo District's Integrated Transport Plan Distinguishes between the two types of travelers that are passing through the Central Karoo and Cape Town towards Johannesburg: private vehicle owners and truck drivers Promotes the image of Laingsburg as an ideal stop-over for travelers seeking good services Focuses on projects within the municipality that can spread the benefits equitably Creates links with the agriculture sector 	<ul style="list-style-type: none"> Align with regional transport plan Cater for the needs of long distance private travelers Capture the trucks market Facilitate creative alliances with the local agriculture and tourism sector Becoming the best Karoo town Tarring of gravel roads WIFI free town Public transportation
Human resources development	
<ul style="list-style-type: none"> To ensure that all children have access to high quality early childhood development programmes To ensure that all learners and job seekers have equal access to quality education and training To ensure that learners have safe access to learning facilities To empower residents of Laingsburg to acquire skills that will enable them to access and acquire favourable city jobs 	<ul style="list-style-type: none"> Ensure access to early childhood and school development programmes Worker skills development and training programmes Further Education and Training (FET) College School for children with learning disabilities
Integrated human settlement	
<p>To establish a pattern of development that:</p> <ul style="list-style-type: none"> Improves land use integration to enhance the access of poorer communities to economic and social services. Creates and ensures that housing becomes assets to the poor. 	<ul style="list-style-type: none"> Improve connectivity between townships and more established parts of the town Enhance the asset value of low-income housing Gap Housing Spatial Planning and Land Use Management Act (SPLUMA)/ Land Use Planning Act (LUPA)

Table 91: LED Objectives and Strategies

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E) LED INITIATIVES

Within a limited budget for LED projects and one official to assist with LED implementation the following programmes have been initiated in the municipal area:

Job creation through Extended Public Works Programme (EPWP) projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2014/15	4	429
2015/16	5	114

Table 92: Job Creation Through EPWP Projects

F) ADDITIONAL SERVICE DELIVERY STATISTICS: LED INITIATIVES

Type of service	2014/15	2015/16
Small businesses assisted	6	3
SMME's trained	5	40
Community members trained for tourism / PACA	20	100
Local artisans and crafters assisted	30	10
Recycling awareness programmes	1	14

Table 93: LED Initiatives

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 LIBRARIES

A) HIGHLIGHTS: LIBRARIES

Highlights	Description
Craft classes	Children made their own piggy box and easter bunnies
Participation in child protection week	Explained how important reading is and how to become a member at the library

Table 94: Libraries Highlights

B) CHALLENGES: LIBRARIES

Description	Actions to address
No proper workspace for staff	Building of a work room for staff
Limited shelving	Extension of library
Limited staff	The fact that staff is limited has an effect on the circulation. Reason is that if one or more staff members are on leave then one of the libraries must close. Appointment of relief staff will solve the problem in the short term

Table 95: Libraries Challenges

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C) SERVICE STATISTICS FOR LIBRARIES

Type of service	2014/15	2015/16
Library members	1 556	2 092
Books circulated	32 951	25 304
Exhibitions held	29	19
Internet users	453	598
Children programmes	31	10
Book group meetings for adults	0	0

Table 96: Service Statistics for Libraries

D) EMPLOYEES LIBRARIES

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

Table 97: Employees: Libraries

E) CAPITAL EXPENDITURE: LIBRARIES

Capital Expenditure 2015/16: Libraries				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	0	0	27	27

Table 98: Capital Expenditure 2015/16: Libraries

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3.6.2 CEMETERIES

A) SERVICE STATISTICS FOR CEMETERIES

Type of service	2014/15	2015/16
Pauper burials	0	83

Table 99: Service Stats for Cemeteries

3.6.3 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

A) HIGHLIGHTS: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Highlights	Description
Youth Event	Training roll-out was conducted
Held Cancer Awareness Programmes	Various cancer awareness programmes were held during the year
Held various sports programmes	Various sports programmes were held during the year (athletics, marathons, soccer tournaments)
Awareness programmes for disabled persons	Development of the disabled

Table 100: Child Care; Aged Care; Social Programmes Highlights

B) CHALLENGES: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	Actions to address
High rate of teenage pregnancies	Roll-out awareness programmes on teenage pregnancies
High level of drug & alcohol abuse	Raise community awareness on the high levels of drug and alcohol abuse. Create recreational facilities and after care programmes to curb the drug and alcohol abuse
Increased early school leaving	Raise awareness and hold parent and scholar workshops as well as motivational sessions
High crime rates	Establish neighbourhood watches

Table 101: Child Care; Aged Care; Social Programmes Challenges

C) SERVICE STATISTICS FOR CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	2014/15	2015/16
Trees planted	200	200
Veggie gardens established or supported	2	2
Soup kitchens established or supported	0	0
Initiatives to increase awareness on child abuse	1	1
Youngsters educated and empowered	394	402
Initiatives to increase awareness on disability	2	2

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Description	2014/15	2015/16
Initiatives to increase awareness on women	1	1
Women empowered	328	303
Initiatives to increase awareness on HIV/AIDS	1	1
Initiatives to increase awareness on Early Childhood Development (ECD)	1	1
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	5	5
Special events hosted (World's Aids Day, Arbour day, World Disability Day, Youth Day, 16 Days of Activism against women abuse)	10	10

Table 102: Service Statistics for Child Care; Aged Care; Social Programmes

3.7 COMPONENT E: SECURITY AND SAFETY

3.7.1. PUBLIC SAFETY

A) INTRODUCTION TO PUBLIC SAFETY

Law Enforcement: Attends to all complaints from the public related to Laingsburg Municipality's by-laws for example exceeding prescribed number of dogs and noise control.

Traffic: Enforces all offences regarding the Road Traffic Act 93 of 1996 for example disobeying stop signs, parking on the wrong side of the road and driving a motor vehicle without driving license. Furthermore, hotspots/dangerous areas in town and manages parking bay outlays within the town.

Fire and disaster management: Attends to fire call outs within the jurisdiction of Laingsburg Municipality as well as on the N1 for example house fires, veld fires and motor vehicle accident fires.

B) HIGHLIGHTS: PUBLIC SAFETY

Highlights	Description
Five illegal structures were demolished and further new applications were made for five illegal structures	The Public Safety Unit demolished some illegal backyard structures with the help of a court order which included a shebeen. Five new court order applications were submitted for the demolition of illegal structures including a house that turned into an illegal shop within the Bergsig suburb

Table 103: Public Safety Services Highlights

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C) CHALLENGES: PUBLIC SAFETY

Description	Actions to address
Shortage of vehicles	Utilisation of the law enforcement staff from Wolwekloof to help with the law enforcement duties within and around town
Shortage of man power	Law enforcement officials also received law enforcement training which will give them the powers to act as peace officers in town

Table 104: Public Safety Services Challenges

D) SERVICE STATISTICS FOR PUBLIC SAFETY

Details	2014/15	2015/16
Motor vehicle licenses processed	1 794	1 820
Learner driver licenses processed	367	392
Driver licenses processed	548	593
Driver licenses issued	676	373
Fines issued for traffic offenses (number)	847	605
R-value of fines collected	1 073 000	670 900
Operational call-outs	55	62
Roadblocks held	4	4
Complaints attended to by Traffic Officers	46	53
Special Functions – Escorts	3	10
Awareness initiatives on public safety	4	2
Operational call-outs: Fire Services	21	35
Awareness initiatives on fire safety	4	2
Reservists and volunteers trained on fire fighting	0	0

Table 105: Service Statistics for Public Safety

E) EMPLOYEES: PUBLIC SAFETY

Employees: Law Enforcement and Traffic Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	2	0	0	0	0
10 - 12	0	2	2	0	0
13 - 15	1	0	0	0	0
16 - 18	0	1	1	0	0

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Employees: Law Enforcement and Traffic Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 106: Employees: Public Safety

3.8 COMPONENT F: SPORT AND RECREATION

3.9.1 INTRODUCTION TO SPORT AND RECREATION

A) SERVICE STATISTICS FOR SPORT AND RECREATION

Type of service	2014/15	2015/16
Community Parks		
Number of parks with play park equipment	3	5
Number of wards with community parks	3	4
Sport fields		
Number of wards with sport fields	3	3
Number of sport associations utilizing sport fields	3	5
R-value collected from utilization of sport fields	0	0
Sport halls		
Number of wards with sport halls	4	4
Number of sport associations utilizing sport halls	2	3
R-value collected from rental of sport halls (R)	24 810	1 276

Table 107: Additional Performance Information for Sport and Recreation

B) EMPLOYEES: SPORT AND RECREATION

Employees: Sport and Recreation					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	3	3	3	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0

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Employees: Sport and Recreation					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 108: Employees: Sport and Recreation

C) CAPITAL EXPENDITURE: SPORT AND RECREATION

Capital Expenditure 2015/16: Sport and Recreation				
R'000				
Capital Projects	2015/16			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	581	581	222	(359)

Table 109: Capital Expenditure 2015/16: Sport and Recreation

3.10 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.10.1 FINANCIAL SERVICES

A) EMPLOYEES: FINANCIAL SERVICES

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

Table 110: Employees: Financial Services

3.10.2 HUMAN RESOURCES

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

A) HIGHLIGHTS: HUMAN RESOURCES

Highlights	Description
Review of Organisational structure	<p>All posts on the organogram were evaluated in the TASK evaluation process and audited by the TASK Audit Committee.</p> <p>Implementation took place as from 1 March 2016.</p> <p>All posts are filled except in cases where it goes vacant.</p> <p>Vacant posts will be filled in due course</p>

Table 111: Human Resources Highlights

B) EMPLOYEES: HUMAN RESOURCES

Employees: Human Resources					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	0	0	0	0
4 – 6	3	2	2	0	0
7 – 9	0	2	2	0	0
10 - 12	2	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	7	5	5	0	0

Table 112: Employees: Human Resource Services

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3.10.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

A) HIGHLIGHTS: ICT SERVICES

Highlights	Description
BarnOwl server	New BarnOwl server was installed for the use of Internal Audit Unit to better monitor processes
Department of Local Government (DLG) website	DLG had a project where municipalities in the Western Cape took part in a MFMA regulated website project
Backup server	Backup server created for all backups of financial information where at first only a hard drive was used
Domain hosting company migration	For the Municipality to host the DLG website we had to find a different service provider to host that website. The Municipality migrated to Ubertech, who now handles the Municipality's website and email servers
Internet upgraded & additional Wi-Fi connection added	Internet was upgraded from a MTN dongle system to Wi-Fi uncapped. An additional connection on the Municipality's internet had to be created and extended to be used for the new traffic offices to ensure that they have access to full internet usage
Rollout of ICT policies	Five of the ICT policies were approved by Council
CashFlow water vendor upgrade	New systems were installed in two shops in Laingsburg where water sales are made, to account for the updated version of Telbits, the latest CashFlow software
New Syntell vendor installed	New Syntell PC system installed at "SW Supermarket" to accommodate electrical sales to the people from Acasia Park

Table 113: ICT Services Highlights

B) CHALLENGES: ICT SERVICES

Challenges	Actions to address
Capacity of workspace	Must have a IT Technical area where all testing and maintenance of ICT equipment can take place
No server room	In terms of ICT regulations, all servers must be stored in an air tight temperature controlled environment. The server is now placed in a regular office without authorised security measures
Help Desk Methods needed	A Helpdesk process will create a more comfortable environment where the ICT personnel can always monitor the tasks that must be dealt with
Recabling of all municipality offices	The internet cabling in the building is in a chaotic state. The cabling of the municipal offices needs to be redone. This task cannot be finished without having a compliant server room

Table 114: ICT Services Challenges

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C) EMPLOYEES: ICT SERVICES

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

Table 115: Employees: ICT Services

3.10.4 PROCUREMENT SERVICES

A) CHALLENGES: PROCUREMENT SERVICES

Description	Actions to address
Lack of sufficient local suppliers	Term contracts / tenders
Lack of proper stores	Implementation of electronic solution with proper stores building
Circumvention of procurement processes	Implementation of an e-procurement solution (in progress)
Local suppliers not registered on Centralised Supplier Database (CSD)	Supplier open days, roadshow and final notice
Lack of proper internal controls	Standard procedures according to e-procurement solution

Table 116: Procurement Services Challenges

B) SERVICE STATISTICS FOR PROCUREMENT SERVICES

Description	Total No	Monthly Average
Orders processed	2 532	211
Extensions	1	0.1
Bids received (number of documents)	25	2.1
Bids awarded	1	0.1
Bids awarded ≤ R200 000	1	0.1
Appeals registered	0	0
Successful Appeals	0	0

Table 117: Service Statistics for Procurement Division

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

C) DETAILS OF DEVIATIONS FOR PROCUREMENT SERVICES

Reason For Deviation	Number of Applications Considered and Approved	Value of Applications Approved (R)
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	0	0
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	4	626 367.30
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	6	322 132.32
Total	10	948 499.62

Table 118: Details of Deviations for Procurement services

3.11 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2016/17

The main development and service delivery priorities for 2016/17 form part of the Municipality's top layer SDBIP for 2016/17 and are indicated in the table below:

3.11.1 CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT

REF	KPI	Unit of Measurement	Wards	Annual Target
TL2	Host events as identified in the IDP in support of promotion of LED within the Municipal area by 30 June 2017	Number of events hosted by 30 June 2017	All	3
TL6	Assist SMME's with business and/or CIDB registration by 30 June 2017	Number of SMME's assisted by 30 June 2017	All	10
TL7	Provide financial assistance via Municipal financial aid scheme to accepted tertiary student candidates by 31 March 2017	Number of candidates assisted via Municipal financial aid scheme by 30 June 2017	All	19
TL13	Create job opportunities through EPWP projects by 30 June 2017	Number of job opportunities created by 30 June 2017	All	114

Table 119: Service Delivery Priorities for 2016/17 – Create an Environment Conductive for Economic Development

3.11.2 DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL1	Implement IDP-approved greening and cleaning initiatives by 30 June 2017	Number of Initiatives implemented by 30 June 2017	All	5

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
TL36	Participate in the provincial traffic department public safety initiatives as approved in the IDP by 30 June 2017	Number of provincial traffic department public safety initiatives participated in by 30 June 2017	All	4

Table 120: Services Delivery Priorities for 2016/17 – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities

3.11.3 EFFECTIVE MAINTENANCE AND MANAGEMENT OF MUNICIPAL ASSETS AND NATURAL RESOURCES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL11	Limit the % electricity unaccounted for to less than 15% by 30 June 2017 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	% electricity unaccounted for by 30 June 2017 (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	15%
TL12	Percentage of the total approved repair and maintenance budget spent by 30 June 2017 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) × 100]	% of the total approved repair and maintenance budget spent by 30 June 2017 (Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) × 100	All	80%
TL14	Obtained compliance of waste water discharge quality in terms of Green Drop Requirements for Effluent Quality Compliance by 30 June 2017	% compliance of waste water discharge Lab results with Green Drop requirements by 30 June 2017	All	91%
TL15	Limit the % water unaccounted for to less than 50% by 30 June 2017 [(Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold) / (Number of Kilotres Water Purchased or Purified) × 100]	% water unaccounted for by 30 June 2017 (Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold) / (Number of Kilotres Water Purchased or Purified) × 100	All	50%
TL16	Obtain compliance of water quality in terms of SANS 241 -Water Quality criteria by 30 June 2017	% compliance of water quality lab results with SANS 241 - Water Quality criteria by 30 June 2017	All	87%

Table 121: Services Delivery Priorities for 2016/17 – Effective Maintenance and Management of Municipal Assets and Natural Resources

3.11.4 IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

REF	KPI	Unit of Measurement	Wards	Annual Target
TL18	Provide 50kwh free basic electricity to registered indigent accountholders in terms of the equitable share requirements (excluding ESKOM area) as at 30 June 2017	Number of registered indigent accounts receiving free basic electricity as at 30 June 2017	All	367
TL31	Provide free basic refuse removal to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2017	Number of registered indigent accounts receiving free basic refuse removal as at 30 June 2017	All	542

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
TL33	Provide free basic sanitation to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2017	Number of registered indigent accounts receiving free basic sanitation as at 30 June 2017	All	542
TL35	Provide 6kl free basic water to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2017	Number of registered indigent accounts receiving free basic water as at 30 June 2017	All	542

Table 122: Services Delivery Priorities for 2016/17 – Improve the Standards of Living of all People in Laingsburg

3.11.5 PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL17	Number of formal residential properties connected to the municipal electrical infrastructure network (Laingsburg credit and pre-paid electrical meters)(Excluding Eskom areas) as at 30 June 2017	Number of residential accounts which are billed/purchased electricity (Excluding Eskom areas) as at 30 June 2017 as at 30 June 2017	All	766
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2017 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100 by 30 June 2017	{Actual amount spent on capital projects /Total amount budgeted for capital projects}X100 by 30 June 2017	All	80%
TL30	Number of formal residential properties for which refuse is removed once per week as at 30 June 2017	Number of residential accounts which are billed for refuse removal as at 30 June 2017	All	1 206
TL32	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2017	Number of residential accounts which are billed for sewerage as at 30 June 2017	All	1 206
TL34	Number of formal residential properties which receives piped water (Laingsburg credit and pre-paid water meters) and is connected to the municipal water infrastructure network as at 30 June 2017	Number of residential accounts which are billed/purchased water as at 30 June 2017	All	1 206

Table 123: Services Delivery Priorities for 2016/17 – Provision of Infrastructure to Deliver Improved Services to All Residents and Business

3.11.6 TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL21	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations at 30 June 2016 {Debt to Revenue (Short Term Borrowing	Debt coverage ratio as at 30 June 2016	All	88%

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
	+ Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}			
TL22	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2016 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2016	All	28%
TL23	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2016 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2016	All	1
TL25	Collect percentage of the 2015/16 financial years billed revenue by 30 June 2017 {Debtors payments received during period/Billed Revenue for period x 100}	% of Billed Revenue collected by 30 June 2017 {Debtors payments received during period/Billed Revenue for period x 100}	All	60%
TL26	Operational conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. budget allocations	All	90%
TL27	Capital conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. Budget allocations	All	90%
TL28	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May annually	All	1
TL29	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February annually	All	1

Table 124: Service Delivery Priorities for 2016/17 - To Achieve Financial Viability in Order to Render Affordable Services to Residents

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3.11.7 TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL3	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2017	RBAP submitted to the audit committee by 30 June 2017	All	1
TL4	Effective functioning of council measured in terms of the number of ordinary council meetings per annum	Number of ordinary council meetings per annum	All	10
TL5	People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	8
TL8	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	All	1
TL9	5 year IDP compiled and approved by Council before the end of May	IDP approved by the end of May annually	All	1
TL10	Submit final Annual Report and oversight report of council before legislative deadline	Final Annual Report and oversight report of council completed and submitted	All	1
TL20	Percentage of municipality's personnel budget actually spent on training by 30 June 2017 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	(Total expenditure on training/total personnel budget)/100	All	0.10%
TL24	Limit vacancy rate to less than 5% of budgeted posts by 30 June 2017 [(Number of funded posts vacant / total number of funded posts)x100]	% vacancy rate of budgeted posts by 30 June 2017 (Number of funded posts vacant / total number of funded posts)x100	All	5%

Table 125: Service Delivery Priorities for 2016/17 - To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2014/15	2015/16
People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	8	8
Percentage of municipality's personnel budget actually spent on training by 30 June 2016 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	1%	0.8%

Table 126: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Laingsburg Municipality currently employs **67** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

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A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
3	3	62	60	0	0	4	4

Table 127: 2015/16 EE Targets/Actual by Racial Classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
44	46	44	25	21	21	3	3	3

Table 128: 2015/16 EE Targets/Actual by Gender Classification

B) SPECIFIC OCCUPATIONAL CATEGORIES - RACE

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	1	2
Senior management	0	1	0	2	0	2	0	0	5
Professionally qualified and experienced specialists and mid- management	1	2	0	0	0	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	13	0	0	1	1	0	1	16
Semi-skilled and discretionary decision making	0	2	0	0	0	8	0	0	10
Unskilled and defined decision making	0	24	0	0	0	4	0	0	28
Total permanent	1	43	0	2	1	16	0	2	65
Non- permanent employees	0	4	0	0	0	8	0	0	12
Grand total	1	47	0	2	1	24	0	2	77

Table 129: Occupational Categories

C) DEPARTMENTS - RACE

The following table categorises the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	1	3	0	1	1	2	0	1	9
Corporate Services	0		0	0	0	5	0	0	5
Financial Services	0	5	0	1	0	5	0	2	13
Community Services	0	5	0	0	0	5	0	0	10

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Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Technical Services	0	23	0	1	1	3	0	0	28
Total permanent	1	36	0	3	2	20	0	3	65
Non- permanent	0	4	0	0	0	8	0	0	12
Grand total	1	40	0	3	2	28	0	3	77

Table 130: Department – Race

4.2.2 VACANCY RATE

The approved organogram for the municipality had **67** posts for the 2015/16 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **2** posts were vacant at the end of 2015/16, resulting in a vacancy rate of **3%**. Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	2	0
Middle management (T14-T19)	5	0
Admin Officers (T4-T13)	31	1
General Workers (T3)	27	1
Total	65	2
Per Functional Level		
Functional area	Filled	Vacant
Executive and Council	16	0
Finance and Administration	18	0
Community Services	10	0
Technical Services	21	2
Total	65	2

Table 131: Vacancy Rate Per Post and Functional Level

The table below indicates the number of critical vacancies per salary level:

Salary Level	Number of current critical vacancies	Total posts as per organo-gram	Vacancy job title
Municipal Manager	0	1	N/A
Chief Financial Officer	0	1	N/A
Other Section 57 Managers	0	0	N/A
Senior management (T14-T19)	0	5	N/A
Highly skilled supervision (T4-T13)	1	1	Foreman
Total	1	8	N/A

Table 132: Critical Vacancies Per Salary Level

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4.2.3 STAFF TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the municipality.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2014/15	69	29	4	6%
2015/16	65	0	2	3%

Table 133: Staff Turnover Rate

4.3 MANAGING THE MUNICIPAL WORKFORCE

4.3.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different directorates:

Directorates	2014/15	2015/16
Executive and Council	0	0
Finance and Administration	1	0
Community Services	0	0
Infrastructure Services	2	3
Total	3	3

Table 134: Injuries

4.3.2 SICK LEAVE

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. The total number of employees that have taken sick leave during the 2015/16 financial year shows a decrease when comparing it with the 2014/15 financial year.

The table below indicates the total number sick leave days taken within the year:

Year	Total number of sick leave days taken within the year
2014/15	443
2015/16	416

Table 135: Sick Leave

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4.3.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still need to be developed:

Approved policies	
Name of policy	Date approved/ revised
Recruitment Policy	June 2010
Disability Policy	June 2010
Overtime Policy	October 2011
Leave Policy	August 2013
Unauthorised absenteeism from the Workplace	August 2013
Dress Code Policy	May 2016
Policies still to be developed	
Name of policy	
Placement Policy	
Human Resources Plan	
Human Resources Policy	
Employment Equity Policy	
Occupational Health and Safety Policy	

Table 136: HR Policies and Plans

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2015/16)	Number of Employees that received training (2015/16)
MM and S57	Female	0	0
	Male	1	1
Legislators, senior officials and managers	Female	4	4
	Male	8	8
	Female	0	0

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Management level	Gender	Number of employees identified for training at start of the year (2015/16)	Number of Employees that received training (2015/16)
Associate professionals and Technicians	Male	1	1
Professionals	Female	2	2
	Male	1	1
Clerks	Female	7	7
	Male	2	2
Service and sales workers	Female	1	1
	Male	1	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	1	1
	Male	3	1
Elementary occupations	Female	1	0
	Male	10	10
Sub total	Female	16	15
	Male	27	24
Total		43	39

Table 137: Skills Matrix

4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the MSA, require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period 2015/16						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	4	4	4	4	100
	Male	1	1	2	2	3	3	100
Professionals	Female	1	1	2	2	3	3	100
	Male	1	1	2	2	3	3	100
	Female	0	0	0	0	0	0	0

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Occupational categories	Gender	Training provided within the reporting period 2015/16						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
Technicians and associate professionals	Male	0	0	0	0	0	0	0
Clerks	Female	6	6	6	6	12	12	100
	Male	2	2	3	3	5	5	100
Service and sales workers	Female	0	0	1	1	1	1	100
	Male	0	0	0	0	0	0	0
Craft and related trade workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	1	1	1	2	2	100
	Male	8	8	8	8	16	16	100
Elementary occupations	Female	0	0	2	2	2	2	100
	Male	10	10	12	12	22	22	100
Sub total	Female	8	8	16	16	24	24	100
	Male	22	22	27	27	49	49	100
Total		30	30	43	43	73	73	100

Table 138: Skills Development

4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R640 000 was allocated to the workplace skills plan and that 102.74% of the total amount was spent in the 201/16 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2014/15	13 788 000	624 000	740 109	118.6%
2015/16	17 567 730	640 000	654 535	102.74%

Table 139: Budget Allocated and Spent For Skills Development

4.4.4 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	1	0	1	1
Any other financial officials	10	1	10	0
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
Supply chain management senior managers	0	0	0	0
TOTAL	13	3	13	3

Table 140: MFMA Competencies

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

4.5.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2014/15	12 897	72 004	17.91%
2015/16	15 022	100 988	14.88%

Table 141: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2014/15	2015/16		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
<u>Councillors (Political Office Bearers plus Other)</u>				
Salary	1664	2 453	2 453	1 829
Motor vehicle allowance	556	0	0	579
Other allowances	115	0	0	110
Sub Total	2 335	2 453	2 453	2 518
% increase/ (decrease)	-	5.05	0	(2.65)
<u>Senior Managers of the Municipality</u>				
Salary	1 665	2 261	2 261	2 477
Contributions	110	274	274	145
Allowances	251	263	263	315
Other benefits	3	21	21	137
Bonus	38	97	97	2447
Sub Total	2 067	2 916	2 916	2 447
% increase/ (decrease)	-	41.07	0	(16.08)
<u>Other Municipal Staff</u>				
Basic Salaries and Wages	7 476	9 529	9 529	8 921
Contributions	1 344	1 983	1 983	1 918

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Financial year	2014/15	2015/16		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Allowances	440	405	405	495
Housing allowance	23	26	26	87
Overtime	482	506	506	365
Other benefits or allowances	1 065	108	108	789
Sub Total	10 829	12 557	12 557	12 576
% increase	-	15.95	0	0.14
Total Municipality	12 897	17 096	17 568	15 022
% increase/ (decrease)	-	17.49	0	4.16

Table 142: Personnel Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2015/16 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 FINANCIAL SUMMARY

5.1.1 OVERALL FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2015/16 financial year:

Financial Summary						
R'000						
Description	2014/15	2015/16			2015/16 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	3 040	3 000	3 756	3 129	4.12	(20.03)
Service charges	13 901	17 826	16 738	15 258	(16.83)	(9.70)
Investment revenue	877	652	850	1 270	48.68	33.07
Transfers recognised - operational	15 392	17 169	18 922	17 133	(0.21)	(10.44)
Other own revenue	30 832	29 330	24 992	21 966	(33.52)	(13.78)
Total Revenue (excluding capital transfers and contributions)	64 042	67 977	65 258	58 757	(15.69)	(11.06)
Employee costs	12 897	17 096	17 568	15 022	(13.81)	(16.94)
Remuneration of Councillors	2 335	2 453	2 453	2 518	2.57	2.57
Depreciation & asset impairment	7 605	9 669	9 679	7 335	(31.81)	(31.96)
Finance charges	225	0	0	164	100	100
Materials and bulk purchases	6 573	6 523	8 000	7 487	12.88	(6.85)
Transfers and grants	2 772	4 231	6 252	32 405	86.94	86.80
Other expenditure	39 616	37 564	43 917	36 062	(4.16)	(21.78)
Total Expenditure	72 023	77 536	87 869	100 988	30.25	14.93
Surplus/(Deficit)	(7 981)	(9 559)	(22 611)	(42 231)	341.79	86.77
Transfers recognised - capital	24 657	27 082	32 762	30 553	11.36	(7.23)

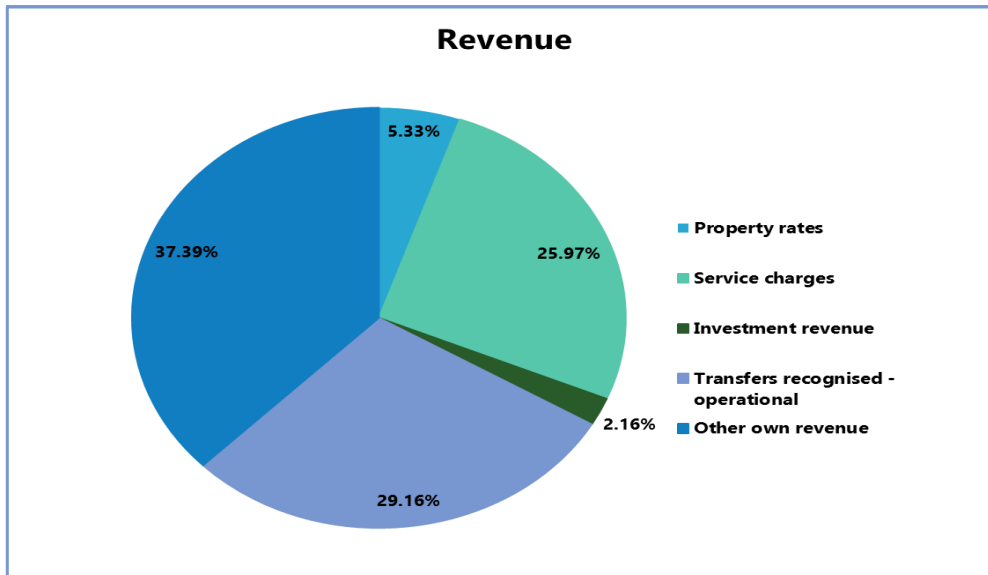
CHAPTER 5: FINANCIAL PERFORMANCE

Financial Summary						
R'000						
Description	2014/15	2015/16			2015/16 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) for the year	16 676	17 523	10 151	(11 678)	(166.64)	(215.04)
Capital expenditure & funds sources						
Capital expenditure						
Internally generated funds	215	1 666	1 666	904	(84.24)	(84.24)
Total sources of capital funds	22 032	28 748	36 524	32 132	10.53	(13.67)
Financial position						
Total current assets	30 016	23 047	23 047	21 509	(0.31)	(16.91)
Total non-current assets	164 957	171 682	171 682	161 948	(6.01)	(6.01)
Total current liabilities	13 032	8 219	8 219	15 137	45.70	45.70
Total non-current liabilities	8 133	8 322	8 322	6 198	(34.28)	(34.28)
Community wealth/Equity	173 808	178 187	178 187	162 123	(9)	(11.20)
Cash flows						
Net cash from (used) operating	25 577	12 949	12 949	1 357	(89.52)	(89.52)
Net cash from (used) investing	(19 136)	(11 619)	(11 619)	(6 152)	(47.05)	(47.05)
Cash/cash equivalents at the year end	14 758	16 088	16 088	9 964	(38.07)	(38.07)
Asset management						
Asset register summary (WDV)	166 668	171 682	171 682	161 948	(6.01)	(6.01)
Depreciation & asset impairment	7 743	9 669	9 679	7 335	(31.81)	(31.96)
Repairs and Maintenance	1 874	2 405	3 188	2 488	3.34	(28.15)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 143: Financial Performance 2015/16

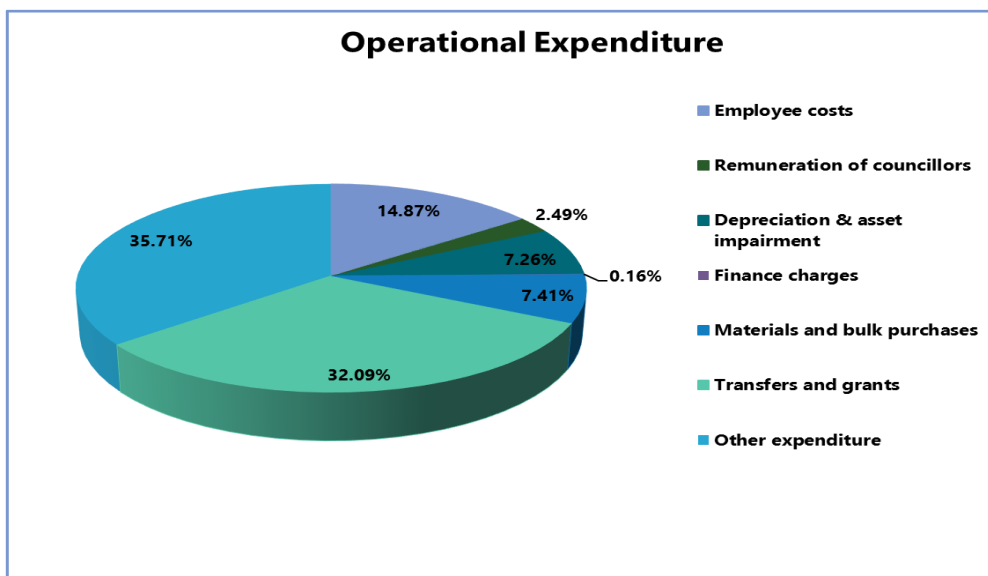
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The following graph indicates the various types of revenue items in the municipal budget for 2015/16



Graph 8.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2015/16



Graph 9.: Operating Expenditure

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5.1.2 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by Vote:

Vote Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Mayoral & Council	20 481	39 219	40 211	20 302	(48.23)	(49.51)
Vote 2 - Municipal Manager	0	0	0	0	n/a	n/a
Vote 3 - Corporate Services	11 487	3 171	8 003	23 937	654.90	199.11
Vote 4 - Budget & Treasury	8 645	5 134	7 655	5 426	5.71	(29.12)
Vote 5 - Planning and Development	0	90	90	0	(100)	(100)
Vote 6 - Community and Social Services	920	974	974	972	(0.15)	(0.18)
Vote 7 - Sport and Recreation	3	2	2	4	78.11	78.11
Vote 8 - Housing	363	11	11	11	(0.84)	(0.84)
Vote 9 - Public Safety	28 608	27 913	23 623	20 158	(27.78)	(14.67)
Vote 10 - Road Transport	2 737	1 039	1 033	1 341	29.12	29.87
Vote 11 - Waste Management	3 087	1 971	1 662	3 106	57.59	86.92
Vote 12 - Waste Water Management	538	2 106	2 083	628	(70.18)	(69.85)
Vote 13 - Water	2 361	2 078	2 053	2 316	11.46	12.81
Vote 14 - Electricity	9 471	11 352	10 620	11 108	(2.16)	4.59
Total Revenue by Vote	88 699	95 059	98 020	89 310	(6.05)	(8.89)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 144: Revenue by Vote

5.1.3 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	2 794	2 875	3 630	2 934	2.08	(19.17)
Property rates - penalties & collection charges	246	126	126	195	54.95	54.95
Service Charges - electricity revenue	9 471	11 352	10 620	11 108	(2.16)	4.59
Service Charges - water revenue	2 361	2 116	2 091	2 304	8.89	10.19
Service Charges - sanitation revenue	1 902	2 279	2 256	2 000	(12.26)	(11.37)
Service Charges - refuse revenue	1 729	2 011	1 702	1 733	(13.85)	1.81
Service Charges - other	53	67	69	47	(30.72)	(31.93)
Rentals of facilities and equipment	1 275	887	885	1 108	24.92	25.16

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Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Interest earned - external investments	877	652	850	1 270	94.85	49.41
Interest earned - outstanding debtors	245	175	200	159	(9.03)	(20.31)
Fines	28 433	27 530	23 240	19 963	(27.49)	(14.10)
Licences and permits	176	252	256	197	(21.98)	(23.16)
Agency services	84	105	100	142	35.44	42.35
Transfers recognised - operational	15 392	17 169	18 922	17 133	(0.21)	(9.45)
Other revenue	620	709	639	397	(44.01)	(37.87)
Total Revenue (excluding capital transfers and contributions)	65 656	67 977	65 258	60 690	(11.15)	(7.47)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 145: Revenue by Source

5.1.4 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2015/16 financial year:

Financial Performance of Operational Services						
R'000						
Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water	1 700	2 172	2 276	1 425	(34.38)	(37.38)
Waste Water (Sanitation)	1 657	1 505	2 092	2 416	60.50	15.50
Electricity	6 573	6 523	8 000	7 487	14.78	(6.41)
Waste Management	1 469	1 390	1 397	1 287	(7.43)	(7.90)
Housing	186	188	188	253	34.82	34.82
Component A: sub-total	11 585	11 778	13 953	12 868	9.25	(7.78)
Waste Water (Stormwater Drainage)	1 855	1 473	1 757	1 230	(16.49)	(29.99)
Roads	7 997	8 953	8 740	11 012	23	26
Component B: sub-total	9 852	10 425	10 497	12 242	17.42	16.63
Planning	660	3 227	797	1 286	(60.13)	61.51
Component C: sub-total	660	3 227	797	1 286	(60.13)	61.51
Libraries	819	822	767	932	13.39	21.57
Cemeteries	440	484	528	520	7.54	(1.49)
Component D: sub-total	1 259	1 306	1 295	1 453	11.23	12.17
Public Safety	24 404	25 828	27 266	18 606	(27.96)	(31.76)

CHAPTER 5: FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R'000						
Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Component E: sub-total	24 404	25 828	27 266	18 606	(27.96)	(31.76)
Sport and Recreation	483	1 151	1 429	1 301	13.09	(8.94)
Component F: sub-total	483	1 151	1 429	1 301	13.09	(8.94)
Financial Services	20 726	23 269	29 861	49 869	114.32	67
Component G: sub-total	20 726	23 269	29 861	49 869	114.32	67
Total Expenditure	68 969	76 985	85 098	97 624	26.81	14.72
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 146: Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 WATER SERVICES

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 872	2 078	2 463	2 316	11.48
Expenditure:					
Employees	217	576	582	514	(10.82)
Repairs and Maintenance	546	650	650	566	(12.92)
Other	938	946	1 044	346	(63.47)
Total Operational Expenditure	1 700	2 172	2 276	1 425	(34.38)
Net Operational (Service) Expenditure	1 172	(94)	188	891	(1 049.28)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 147: Financial Performance: Water Services

5.2.2 WASTE WATER (SANITATION) PROVISION

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	538	2 106	568	628	(70.18)
Expenditure:					
Employees	355	164	254	478	191.26

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Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	859	792	792	768	(2.91)
Other	443	550	1 047	1 170	112.78
Total Operational Expenditure	1 657	1 505	2 092	2 416	60.50
Net Operational (Service) Expenditure	(1 119)	600	(1 524)	(1 788)	(397.93)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 148: Financial Performance: Waste Water (Sanitation) Services

5.2.3 ELECTRICITY

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	9 627	11 352	10 210	11 108	(2.16)
Expenditure:					
Employees	0	0	0	0	n/a
Repairs and Maintenance	181	181	181	181	(0.02)
Other	8 529	6 896	8 373	10 676	54.83
Total Operational Expenditure	8 710	7 077	8 554	10 857	53.43
Net Operational (Service) Expenditure	917	4 276	1 656	250	(94.14)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 149: Financial Performance: Electricity

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5.2.4 WASTE MANAGEMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	4 034	1 971	3 177	3 106	57.59
Expenditure:					
Employees	563	505	501	472	(6.54)
Repairs and Maintenance	205	171	171	205	20.31
Other	701	715	726	610	(14.68)
Total Operational Expenditure	1 469	1 390	1 397	1 287	(7.43)
Net Operational (Service) Expenditure	2 565	581	1 780	1 820	213.10
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 150: Financial Performance: Waste Management

5.2.5 HOUSING

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	363	11	11	11	(0.84)
Expenditure:					
Employees	0	0	0	0	n/a
Repairs and Maintenance	148	148	148	148	n/a
Other	38	40	40	105	164.34
Total Operational Expenditure	186	188	188	253	34.82
Net Operational (Service) Expenditure	177	(177)	(177)	(242)	37.04
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 151: Financial Performance: Housing

5.2.6 ROADS AND STORMWATER

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 737	1 039	1 033	1 341	29.12
Expenditure:					
Employees	2 192	3 639	3 578	3 440	(5.47)

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Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	4 110	4 606	4 606	3 726	(19.12)
Other	3 549	2 180	2 312	5 076	132.86
Total Operational Expenditure	9 852	10 425	10 497	12 242	17.42
Net Operational (Service) Expenditure	(7 115)	(9 387)	(9 464)	(10 900)	16.13
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 152: Financial Performance: Roads and stormwater

5.2.7 PLANNING AND BUILDING CONTROL

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	0	0	0	0	n/a
Expenditure:					
Employees	370	498	516	582	17.04
Repairs and Maintenance	0	35	35	0	(100)
Other	289	2 694	245	704	(73.87)
Total Operational Expenditure	660	3 227	797	1 286	(60.13)
Net Operational (Service) Expenditure	(660)	(3 227)	(797)	(1 286)	(60.13)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 153: Financial Performance: Planning and Building Control

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5.2.8 FIRE SERVICES AND DISASTER MANAGEMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	0	0	0	(1)	n/a
Expenditure:					
Employees	23	15	52	5	(63.47)
Repairs and Maintenance	0	0	0	0	n/a
Other	22	172	146	137	(20.47)
Total Operational Expenditure	45	187	198	142	(23.95)
Net Operational (Service) Expenditure	(45)	(187)	(198)	(143)	(23.50)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 154: Financial Performance: Fire Services and Disaster Management

5.2.9 LIBRARIES

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	908	577	962	963	66.88
Expenditure:					
Employees	524	404	600	669	65.82
Repairs and Maintenance	23	216	40	23	(89.24)
Other	271	154	127	240	55.63
Total Operational Expenditure	819	774	767	932	20.55
Net Operational (Service) Expenditure	89	(197)	195	30	(115.28)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 155: Financial Performance: Libraries

5.2.10 TRAFFIC AND LAW ENFORCEMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	28 608	27 913	23 380	20 159	(27.78)
Expenditure:					
Employees	1 302	1 986	1 811	1 349	(32.09)

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Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	0	49	50	0	(100)
Other	23 056	23 605	25 208	17 115	(27.49)
Total Operational Expenditure	24 359	25 640	27 068	18 464	(27.99)
Net Operational (Service) Expenditure	4 249	2 273	(3 689)	1 695	(25.43)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 156: Financial Performance: Traffic and Law Enforcement

5.2.11 SPORT AND RECREATION

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	3	2	2	4	78.11
Expenditure:					
Employees	461	383	670	487	27.07
Repairs and Maintenance	203	565	565	318	(43.62)
Other	(181)	203	195	496	144.45
Total Operational Expenditure	483	1 151	1 429	1 301	13.09
Net Operational (Service) Expenditure	(480)	(1 148)	(1 427)	(1 297)	12.95
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 157: Financial Performance: Sport and Recreation

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5.2.12 COMMUNITY FACILITIES AND THUSONG CENTRES

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	12	397	12	10	(97.54)
Expenditure:					
Employees	18	278	100	14	(94.93)
Repairs and Maintenance	387	148	324	300	101.82
Other	35	106	105	206	94.44
Total Operational Expenditure	440	532	528	520	(2.32)
Net Operational (Service) Expenditure	(428)	(135)	(516)	(510)	276.80
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 158: Financial Performance: Community facilities and Thusong centres

5.2.13 OFFICE OF THE MUNICIPAL MANAGER

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	0	0	0	0	n/a
Expenditure:					
Employees	1 954	2 786	2 797	2 351	(15.60)
Repairs and Maintenance	394	486	486	459	(5.73)
Other	479	417	405	(2 386)	(672.59)
Total Operational Expenditure	2 826	3 689	3 689	424	(88.51)
Net Operational (Service) Expenditure	(2 826)	(3 689)	(3 689)	(424)	(88.51)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 159: Financial Performance: Office of the Municipal Manager

5.2.14 FINANCE

Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	40 613	51 831	55 959	49 665	(4.18)
Expenditure:					
Employees	4 917	5 864	6 068	4 661	(20.51)

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Description	2014/15	2015/16			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	549	1 622	1 633	642	(60.43)
Other	12 434	12 093	18 470	44 141	265
Total Operational Expenditure	17 900	19 580	26 172	49 445	(152.53)
Net Operational (Service) Expenditure	22 713	32 251	29 787	221	(99.32)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 160: Financial Performance: Finance

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

The municipality had a total amount of **R47.6** million for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2015/16 financial year.

The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
National Government:	25 614	16 063	17 063	25 928	61.41	51.95
Equitable share	10 908	12 015	12 015	11 481	(4.45)	(4.45)
Municipal Systems Improvement	934	930	930	930	-	-
Municipal Infrastructure Grant (MIG)	8 523	418	418	6 564	1 469.93	1 469.93
Expanded Public Works Programme	1 013	1 000	1 000	1 000	-	-
Integrated National Electrification Programme	2 536	-	1 000	3 000	-	-
Electricity Demand Side Grant	0	0	0	1 253	n/a	n/a
Finance Management Grant	1 700	1 700	1 700	1 700	-	-
Provincial Government:	14 395	28 146	34 591	21 727	(22.81)	(37.19)
Housing	8 323	27 082	31 762	18 316	(32.37)	(42.33)
Proclaimed roads	10	30	24	30	0	25.00
Community Development Workers Operating Grant	70	72	72	72	0	0
Library Grant	907	306	306	962	214.38	214.38
Flood Damage - Housing	1 396	0	0	270	n/a	n/a
Integrated Public Transport Grant	191	0	0	0	n/a	n/a

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Grant Performance						
R'000						
Description	2014/15	2015/16			2015/16 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Management Support Grant	1 771	0	1 771	1 607	n/a	(9.28)
Matjiesfontein UISP	575	0	0	0	n/a	n/a
Department of Sport and Recreation	1 152	656	656	0	(100.00)	(100.00)
Municipal infrastructure support grant	0	0	0	470	n/a	n/a
Other grant providers:	39	42	30	32	(24.69)	5.19
Seta	39	42	30	32	(24.69)	5.19
Total Capital Transfers and Grants	40 049	44 251	51 684	47 687	7.76	(7.73)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 161: Grant Performance for 2015/16

5.3.2 CONDITIONAL GRANTS

Details	2014/15	2015/16				
	Actual (Audited Outcome)	Budget	Adjusted Budget	Actual	% Variance	
					Budget	Adjusted Budget
Financial Management Grant (FMG)	1 700	1 700	1 700	1 700	0	0
Municipal Systems Improvement Grant	934	930	930	930	0	0
Flood Damage (Housing)	1 396	0	0	270	n/a	n/a
Municipal Infrastructure Grant (MIG)	8 523	418	418	6 564	1 469.93	1 469.93
Integrated National Electrification Programme	2 536	0	1 000	3 000	n/a	200
Municipal Infrastructure Support Grant	0	0	0	470	n/a	n/a
Expanded Public Works Program(EPWP)	1 013	1 000	1 000	1 000	0	0
Electricity Demand Side Grant	0	0	0	1 253	n/a	n/a
Department of Sport and Recreation	1 152	656	656	0	(100.00)	(100.00)
Integrated Public Transport Network: Operating	191	0	0	0	n/a	n/a
Financial Management Support Grant	1 771	0	1 771	1 607	n/a	(9.28)
Library Grant	907	306	306	962	214.38	214.38
Proclaimed Roads	10	30	24	30	0	25.00
Matjiesfontein UISP	575	0	0	0	n/a	n/a
Community Development Worker's Operational grant	70	72	72	72	0	0
Housing Grant	8 323	27 082	31 762	18 316	(32.37)	(42.33)
Equitable share	10 908	12 015	12 015	11 481	(4.45)	(4.45)
LG Seta	39	42	30	32	(24.69)	5.19

CHAPTER 5: FINANCIAL PERFORMANCE

Details	2014/15	2015/16				
	Actual (Audited Outcome)	Budget	Adjusted Budget	Actual	% Variance	
					Budget	Adjusted Budget
Total	40 049	44 251	51 684	47 687	7.76	(7.73)

Table 162: Conditional Grant

5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	%
2014/15	40 049	64 042	6.54
2015/16	47 687	58 757	81.16

Table 163: Reliance on Grants

5.4 ASSET MANAGEMENT

5.4.1 REPAIRS AND MAINTENANCE

Description	2014/15	2015/16			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R'000			%
Repairs & Maintenance expenditure	2 666	2 405	3 188	2 488	(21.96)

Table 164: Repairs & Maintenance

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	2.30	1.42
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.10	1.33
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	1.13	0.66

Table 165: Liquidity Financial Ratio

5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.49	1.18

CHAPTER 5: FINANCIAL PERFORMANCE

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.10	0.10
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	34.92	29.10

Table 166: Financial Viability National KPAs

5.5.3 EMPLOYEE COSTS

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	26%	26%

Table 167: Employee Costs

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE: SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2015/16 financial year:

Details	2014/15	2015/16				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R'000				%	
Grants and subsidies	21 818	27 082	34 858	31 228	28.71	15.31
Own funding	215	1 666	1 666	904	0	(45.72)
Total	22 032	28 748	36 524	32 132	27.05	11.77
Percentage of finance (%)						
Grants and subsidies	99	123	158	142	28.71	15.31
Other	1	6	5	3	(21.29)	(51.44)
Capital expenditure						
Water and sanitation	1 627	2 126	1 350	2 068	(36.51)	(2.74)
Electricity	2 047	6 000	8 000	5 685	33.33	(5.24)
Housing	8 601	14 848	19 200	19 054	29.31	28.32
Roads and storm water	6 139	2 575	4 941	4 198	91.89	63.02
Other	3 619	3 199	3 033	1 127	(5.18)	(64.76)
Total	22 032	28 748	36 524	32 132	27.05	11.77

CHAPTER 5: FINANCIAL PERFORMANCE

Details	2014/15	2015/16				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R'000				%	
Percentage of expenditure (%)						
Water and sanitation	7	7	4	6	(50.03)	(12.98)
Electricity	9	21	22	18	4.95	(15.22)
Housing	39	52	53	59	1.78	14.81
Roads and storm water	28	9	14	13	51.04	45.85
Other	16	11	8	4	(25.37)	(68.47)

Table 168: Capital Expenditure by Funding Source

5.7 CAPITAL SPENDING ON THE 5 LARGEST PROJECTS

The table below indicates the capital expenditure on the 5 largest assets for the 2015/16 financial year:

Name of Project	2015/16				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Goldnerville 171 IRDP housing	14 520	19 200	19 807	0.04	(0.10)
Goldnerville cemetery	1 566	564	295	(0.08)	(0.10)
Goldnerville new roads	39	1 740	1 431	3.59	(0.10)
Integrated National Electrification Programme (INEP)	3 000	3 000	4 355	0.05	(0.10)
Electricity Efficiency Demand Side (EEDSM)	3 000	3 000	1 253	(0.06)	(0.10)

Table 169: Capital spending on the 5 largest projects summary

Name of Project - A	Goldnerville 171 IRDP housing
Objective of Project	Building of IRDP houses
Delays	None
Future Challenges	Project complete
Anticipated citizen benefits	Owner of house

Table 170: Capital Spending on the 5 Largest Projects: Project A

Name of Project - B	Goldnerville cemetery
Objective of Project	Upgrading of cemetery
Delays	MIG funding needed for other project
Future Challenges	None
Anticipated citizen benefits	Community usage of facilities

Table 171: Capital Spending on the 5 Largest Projects: Project B

Name of Project - C	Goldnerville new roads
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CHAPTER 5: FINANCIAL PERFORMANCE

Objective of Project	Building of new roads for Acacia Park
Delays	None
Future Challenges	None
Anticipated citizen benefits	Roads for IRDP houses in Acacia Park

Table 172: Capital Spending on the 5 Largest Projects: Project C

Name of Project - D	Integrated National Electrification Programme
Objective of Project	Upgrading of electricity network
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improvement of electricity services

Table 173: Capital Spending on the 5 Largest Projects : Project D

Name of Project - E	Electricity Efficiency Demand Side
Objective of Project	Upgrading of electricity network - energy saving
Delays	None
Future Challenges	None
Anticipated citizen benefits	Improvement of electricity services

Table 174: Capital Spending on the 5 Largest Projects: Project E

5.8 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2015/16					
R					
Details	Original Budget	Adjustments Budget	Actual	% Variance	
				Original Budget	Adjustments Budget
Infrastructure - Water	258 043	905 184	1 126 434	336.53	24.44
Reticulation	258 043	905 184	1 126 434	336.53	24.44
Infrastructure - Sanitation	1 867 860	444 594	941 295	(49.61)	111.72
Reticulation	1 867 860	444 594	941 295	(49.61)	111.72
Infrastructure - Electricity	6 000 000	8 000 000	5 678 948	(5.35)	(29.01)
Reticulation	6 000 000	8 000 000	5 678 948	(5.35)	(29.01)
Infrastructure – Other Specify	581 335	571 835	647	(99.89)	(99.89)
Outdoor sport facilities	581 335	571 835	647	(99.89)	(99.89)
Total	8 707 238	9 921 613	7 747 324	(11.02)	(21.91)

CHAPTER 5: FINANCIAL PERFORMANCE

Municipal Infrastructure Grant (MIG)* Expenditure 2015/16					
R					
Details	Original Budget	Adjustments Budget	Actual	% Variance	
				Original Budget	Adjustments Budget
* 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.					

Table 175: Municipal Infrastructure Grant (MIG)

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2014/15	2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	23 344	22 893	22 893	24 764
Government - operating	17 543	15 656	15 656	18 093
Government - capital	22 506	11 893	11 893	29 594
Interest	1 122	660	660	1 429
Payments				
Suppliers and employees	(38 705)	(37 625)	(37 625)	(48 990)
Finance charges	(225)	0	0	(164)
Transfers and Grants	(8)	(528)	(528)	(23 368)
Net cash from/(used) operating activities	25 577	12 949	12 949	1 357
Cash flows from investing activities				
Payments				
Capital assets	(19 136)	(11 619)	(11 619)	(6 152)
Net cash from/(used) investing activities	(19 136)	(11 619)	(11 619)	(6 152)
Net increase/ (decrease) in cash held	6 441	1 330	1 330	(4 794)
Cash/cash equivalents at the year begin:	8 317	14 758	14 758	14 758
Cash/cash equivalents at the year-end:	14 758	16 088	16 088	9 964

Table 176: Cash Flow

CHAPTER 5: FINANCIAL PERFORMANCE

5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2014/15	2 743	2 039	1 075	365	2 601	8 823
2015/16	3 059	1 509	614	462	1 649	7 293
Difference	316	(530)	(456)	97	(952)	(1 530)
% growth year on year	12	(26)	(43)	27	(37)	(17)
Note: Figures exclude provision for bad debt						

Table 177: Gross Outstanding Debtors per Service

5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2014/15	921	156	126	2 959	4 162
2015/16	942	190	130	1 614	2 876
Difference	(51)	25	(6)	(911)	(943)
% growth year on year	(2)	22	3	(45)	(14)
<i>Note: Figures exclude provision for bad debt.</i>					

Table 178: Outstanding Debtor Age Analysis

CHAPTER 5: FINANCIAL PERFORMANCE

5.12 BORROWING AND INVESTMENTS

5.12.1 MUNICIPAL INVESTMENTS

Actual Investments		
R'000		
Investment type	2014/15	2015/16
	Actual	Actual
Deposits - Bank	9 964	14 758
Total	9 964	14 758



Table 179: Municipal Investments

CHAPTER 6: AUDITOR-GENERAL FINDINGS

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2014/15


6.1 AUDITOR GENERAL REPORT 2014/15

Details	
Audit Report Status:	Unqualified
Issue raised	Corrective steps implemented
Material losses: Water losses of 51,5% amounting to R1 216 975 (2013/14: 52,8% amounting to R992 521) were incurred during the year	Mr. Andrew Simmons (MISA) has been appointed to investigate water losses, identification of Non Revenue Water Strategies and Projects to reduce water losses
Material impairments: Receivables have been significantly impaired. The impairment allowance amounts to R36.1 million (84% of gross receivables) of which R2.5 million (6% of gross receivables) relates to services debtors	The large increase in the impairment is due to the application of iGRAP1 on the traffic fines. This will vary from year to year depending on the results of fines issued, paid and withdrawn. Unfortunately the application of iGRAP 1 will result in fluctuations in debt impairment year on year.
Compliance with legislation	
The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013/14 annual report was tabled, as required by Section 129(1) of the MFMA	 Ensure the Oversight Report is adopted within two (2) months after Annual Report was tabled  Annual Report was tabled 21 January 2016 and Oversight Report will be adopted before 21 March 2016
The audit committee did not advise the council and the accounting officer on matters relating to: (a) internal financial control and internal audits, accounting policies, effective governance, performance management and performance evaluation as required by Section 166(2)(a) of the MFMA; (b) the adequacy, reliability and accuracy of financial reporting and information, as required by Section 166(2)(a)(iv) of the MFMA; and (c) compliance with legislation, as required by Section 166(2)(a)(vii) of the MFMA	<p>The audit committee will undergo training in terms of their roles and responsibilities.</p> <p>Internal Audit will ensure that the:</p> <ol style="list-style-type: none"> 1) Audit committee has a standing items agenda aligned with the MFMA; 2) Audit committee advise the Council and Municipal Manager accordingly
The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by Section 166(2)(c) of the MFMA	Internal Audit will ensure that the Audit committee respond to Council on issues raised in the audit report of the Auditor-General
The audit committee did not meet at least four times a year, as required by Section 166(4)(b) of the MFMA	Internal Audit will ensure that the Audit committee meet at least four (4) times per annum


CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(ii)	Internal Audit will ensure that audit committee review the performance management system and recommendations to Council
The audit committee did not review the quarterly internal audit reports on performance measurement, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(i)	Internal Audit will ensure audit committee review the quarterly internal audit reports on performance measurements
The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(Iii).	Internal Audit will ensure that audit committee at least twice submit the review of the performance management system to Council
The internal audit unit did not function as required by Section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.	Internal Audit will adapt to means to advise and report to the audit committee on legislative required matters
The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by Section 165(2)(b)(vii) of the MFMA.	Internal Audit will advise the accounting officer and report to AC on compliance with MFMA and DORA.
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by Section 62(1)(d) of the MFMA.	A new SCM system with a revised workflow to be implemented. Monthly and quarterly reporting in terms of all expenditure.
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) Regulation 17(a) and (c).	A new SCM system with a revised workflow to be implemented. A standardized operating procedure according to the system for transaction below the threshold of R200 000 to be developed accordingly. A compliance checklist to check all compliance.
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM Regulation 16(b) and 17(b).	The municipality migrated to the Western Cape Suppliers Database and procurement will only be sourced thereof. Procurement to be done according to new system and workflow with a compliance checklist.
Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).	<p>A new SCM system with a workflow to be implemented.</p> <ul style="list-style-type: none"> 📋 This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available 📋 Deviations only to be approved in emergency and option will be used only as a last resort

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM Regulation 27(2)(a).	<p>A new SCM system with a workflow to be implemented.</p> <p> This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.</p> <p> A Bid Specification Certificate to be developed by SCM which must be completed by the user department with draft specifications. Once completed and signed-off only then the formal bidding process to start according to the new workflow and system.</p>
Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM Regulation 27(3).	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees.
Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2).	A new SCM system with a workflow to be implemented. System will also make provision for proper records keeping which will be electronically available.
Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM Regulation 28(2).	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees.
Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.	A new SCM system with a workflow to be implemented. System will also make provision for evaluation of bids. Records Management will be done according to new system with electronic records as proof as well as hard copies.
Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).	<p> Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees</p> <p> Attendance registers to be provided as proof and records will be kept</p>
Thresholds for local content on designated sectors procurement were not properly applied in accordance with the requirements of Preferential Procurement Regulation 9.	Threshold to be implemented when applicable in terms of competitive bids. New system will make provision for separate procurement process in terms of local content.
Sufficient appropriate audit evidence could not be obtained that councillors of the municipality participated in committees evaluating or approving tenders or attended meetings of committees evaluating or	 Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
approving tenders, in contravention of Section 117 of the MFMA.	<p>segregation of duties in terms of serving on the different committees</p> <p> Attendance registers to be provided as proof</p>
Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by Section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM regulation 28(1)(a).	<p> A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available</p> <p> System to make for provision for separate procurement process when preferential points is applicable. A compliance checklist to be developed accordingly</p>
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations.	<p> A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available</p> <p> System to make for provision for separate procurement process when preferential points is applicable. A compliance checklist to be developed accordingly</p>
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of Section 2(1)(f) of PPPFA.	<p> A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available</p> <p> System to make for provision for separate procurement process when preferential points is applicable. A compliance checklist to be developed accordingly</p> <p> Proof will be points scoring sheet with final letter of award</p>
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).	<p> A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.</p> <p> System to make for provision for declaration of interests' submission and will be monitored by a compliance checklist.</p>
The performance of contractors or providers was not monitored on a monthly basis, as required by Section 116(2)(b) of the MFMA.	All contracts to be reviewed and Contract Register to be developed accordingly.
The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by Section 116(2)(c) of the MFMA.	All contracts to be reviewed and Contract Register to be developed accordingly.

CHAPTER 6: AUDITOR-GENERAL FINDINGS



Details	
Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.	 A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available  System to make for provision for submission of tax clearance when applicable. A compliance checklist to be developed accordingly
Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by Section 32(2)(a)(ii) of the MFMA.	Align Disciplinary Board procedures with MPAC. Tabling of unauthorized-, irregular- and fruitless and wasteful expenditure policy by SCM for approval by Council. The Disciplinary Board Policy should be tabled to Council for approval. Develop systems for early identification e.g. monthly review of transactions

Table 180: AG Report 2014/15

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16

Details	
Audit Report Status:	Unqualified
Issue raised	Corrective steps implemented
Material losses: Water losses of 50.74% amounting to R1 028 937 (2015-16: 51.54% amounting to R1 216 975) were incurred during the year	Management will design controls, whereby all expenditure payments are monitored to be paid within the legislative deadline to ensure compliance with the relevant laws and eliminate any possible fruitless and wasteful expenditure. This can be in a form of stamping invoices when they are received and prioritizing them electronically in a register for payments according to their days due
Material impairments: Receivables have been significantly impaired. The impairment allowance amounts to R35,8 million (2014-15: R36,1 million) (85.5% of gross receivables) of which R1,38 million (2014-15: R2,7 million) relates to services debtors	The large increase in the impairment is due to the application of iGrap1 on the traffic fines. This will vary from year to year depending on the results of fines issued, paid and withdrawn. Unfortunately the application of iGrap1 will result in fluctuations in debt impairment year on year
The municipality has underspent on its final approved capital budget to the amount of R9.7 million	The original housing project was planned and approved for 171 houses to be built but only 157 houses were built as part of the final approval
The corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2014/15 financial year in the financial statements of the municipality	Management will put measures in place to minimise errors in the future
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, and	Management will put more accurate compliance procedures in place to avoid material misstatements in the future

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
other disclosure items amounts identified by the auditors in the submitted financial statements were subsequently corrected, which resulted in the financial statements receiving an unqualified audit opinion	
Compliance with legislation	
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by Section 62(1)(d) of the MFMA.	All transactions to go through a checklist to verify compliance with SCM processes before payment to prevent unauthorised, irregular and fruitless and wasteful expenditure
Money owed by the municipality was not always paid within 30 days, as required by Section 65(2)(e) of the MFMA.	Management will design controls, whereby all expenditure payments are monitored to be paid within the legislative deadline to ensure compliance with the relevant laws and eliminate any possible fruitless and wasteful expenditure. All invoices will be date stamped when they are received and prioritizing them electronically in a register for payments according to their days' due
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM Regulation 17(a) and (c).	Quotations will be obtained if the proper channels are followed through the SCM chain. If transaction is not initiated through the SCM chain, then non-compliance will re-occur. If transaction is initiated through SCM chain, then compliance can be tracked and ensured
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM Regulation 16(b) and 17(b).	All suppliers screened and verified for registration on the Centralised Supplier and Western Cape Suppliers database. If supplier not registered 7 days will be given whereby payment will be withheld until requirement is met
Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM Regulation 19(a).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM Regulation 27(2)(a).	User departments will be required to submit draft specifications as per the procurement plan. Tender processes won't be initiated unless the signed specifications have been submitted to SCM
Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
	depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM Regulation 28(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM Regulation 29(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by Section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM Regulation 28(1)(a).	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its Regulations.	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of Section 2(1)(f) of PPPFA.	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).	All suppliers will be required to submit declaration of interest prior to any award for goods of services

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
The performance of contractors or providers was not monitored on a monthly basis, as required by Section 116(2)(b) of the MFMA	Contract management remains one of SCM's biggest challenge and contract performance will be monitored where possible
The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by Section 116(2)(c) of the MFMA.	Contract management remains one of SCM's biggest challenge and contract performance will be monitored where possible
Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43.	Suppliers will be required to submit tax clearance certificates prior to any award made to them. This will happen depending on the threshold of the transaction

Table 181: AG Report 2015/16

ABBREVIATIONS

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
FET	Further Education and Training
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
GDPR	Gross Domestic Product of Region
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LADAAG	Laingsburg Anti-Drug and Alcohol Action Group
LASBA	Laingsburg Small Business Association
LED	Local Economic Development
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000

ABBREVIATIONS

MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PACA	Participatory Appraisal Competitive Advantage
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
VCP	Vehicle Check Point

ANNEXURE A:
AUDITED
FINANCIAL
STATEMENTS



Laingsburg Local Municipality
Annual Financial Statements
for the year ended 30 June 2016

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Local Municipality
Demarcation code	WC051
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community, excluding the following; Housing Services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste Management Services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water Services - Supplying water to the public.
Mayoral committee	
Executive Mayor	Hon. Theron W Du P
Deputy Executive Mayor	Cllr. Van As BJ
Speaker	Hon. Horn HG
Councillors	Cllr. Bobbejee M Cllr. Botes P Cllr. Botha J Cllr. Gouws M
Grading of local authority	Grade 1
Capacity of local authority	Medium
Accounting Officer	Mr. Williams PA
Chief Financial Officer (CFO)	Ms. Groenewald A
Registered office	2 Van Riebeeck Street Laingsburg 6900
Business address	2 Van Riebeeck Street Laingsburg 6900
Postal address	Private Bag X4 Laingsburg 6900
Bankers	ABSA Bank Standard Bank
Auditors	Auditor General of South Africa
Attorneys	Blyth & Coetzee Attorneys Davids Attorneys De Vries, De Wet & Krouwkam Attorneys

Annual Financial Statements for the year ended 30 June 2016

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

MEC Member of the Executive Council

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

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

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 in accordance with section 122(3) of the Municipal Finance Management Act.

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

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

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

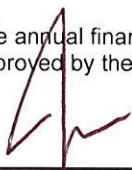
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable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

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2016.



Accounting Officer
PA Williams

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Report of the Auditor-General

1.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	9 964 156	14 758 371
Receivables from exchange transactions	4	1 497 018	1 439 214
Receivables from non-exchange transactions	5	4 708 217	5 344 368
VAT receivable	6	3 740 187	2 042 719
Operating lease asset	7	2 697	6 676
Inventories	8	1 596 543	6 424 666
Current portion of long term receivables from exchange transactions	9	349	281
		21 509 167	30 016 295
Non-Current Assets			
Operating lease asset	7	-	2 697
Investment property	10	4 391 868	4 511 190
Property, plant and equipment	11	156 873 163	159 633 878
Intangible assets	12	639 982	765 499
Heritage assets	13	43 354	43 354
		161 948 367	164 956 618
Total Assets		183 457 534	194 972 913
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	4 406 421	6 312 604
Consumer deposits	15	437 071	406 255
Unspent conditional grants and receipts	16	9 678 448	5 803 511
Provisions	17	402 181	291 081
Employee benefit obligation	18	212 452	218 452
		15 136 573	13 031 903
Non-Current Liabilities			
Provisions	17	2 854 413	4 173 379
Employee benefit obligation	18	3 343 175	3 959 463
		6 197 588	8 132 842
Total Liabilities		21 334 161	21 164 745
Net Assets		162 123 373	173 808 168
Accumulated surplus	43	162 123 373	173 808 168

* See Note 47

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	15 257 889	13 901 025
Interest on bank accounts	20	1 270 010	876 912
Interest on outstanding debtors		159 379	244 891
Rental income	21	1 107 697	1 274 595
Licences and permits		196 698	176 204
Agency services		142 351	83 646
Other income	22	397 317	620 235
Total revenue from exchange transactions		18 531 341	17 177 508
Revenue from non-exchange transactions			
Property rates	23	2 934 403	2 794 213
Property rates - penalties imposed	23	194 929	245 547
Transfer revenue			
Government grants and subsidies	24	47 686 584	40 048 864
Fines, penalties and forfeits	25	19 962 610	28 432 776
Total revenue from non-exchange transactions		70 778 526	71 521 400
Total revenue		89 309 867	88 698 908
Expenditure			
Employee related costs	26	(15 022 407)	(12 896 630)
Remuneration of councillors	27	(2 518 027)	(2 335 138)
Debt impairment	28	(14 310 946)	(19 976 306)
Depreciation and amortisation	29	(7 335 164)	(7 604 968)
Impairment loss / Reversal of impairment loss	30	171 617	(26 713)
Finance costs	31	(164 314)	(225 211)
Bulk purchases	32	(7 487 051)	(6 573 271)
Contracted services	33	(9 590)	(45 871)
Grants and subsidies	34	(32 405 414)	(2 771 931)
Repairs and maintenance		(2 487 729)	(2 666 122)
General expenses	35	(19 084 661)	(16 616 874)
Library lease		(75 240)	(76 980)
Collection costs		(258 800)	(187 844)
Total expenditure		(100 987 726)	(72 003 859)
Operating (deficit) surplus		(11 677 859)	16 695 049
Loss on disposal of assets and liabilities		(6 936)	(19 165)
(Deficit) surplus for the year		(11 684 795)	16 675 884

* See Note 47

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	157 249 316	157 249 316
Adjustments		
Correction of errors (note 47)	(117 032)	(117 032)
Balance at 01 July 2014 as restated*	157 132 284	157 132 284
Changes in net assets		
Surplus for the year	16 675 884	16 675 884
Total changes	16 675 884	16 675 884
Restated* Balance at 01 July 2015	173 808 168	173 808 168
Changes in net assets		
Deficit for the year	(11 684 795)	(11 684 795)
Total changes	(11 684 795)	(11 684 795)
Balance at 30 June 2016	162 123 373	162 123 373
Note(s)		

* See Note 47

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		24 366 510	22 806 626
Grants		24 318 358	40 040 905
Interest income		1 429 389	1 121 804
Other receipts		397 316	537 538
		<u>50 511 573</u>	<u>64 506 873</u>
Payments			
Cash paid to employees		(18 162 722)	(14 954 853)
Cash paid to suppliers		(30 827 058)	(23 749 912)
Finance costs		(164 314)	(225 211)
		<u>(49 154 094)</u>	<u>(38 929 976)</u>
Net cash flows from operating activities	37	<u>1 357 479</u>	<u>25 576 897</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(5 985 258)	(18 503 555)
Purchase of other intangible assets	12	(166 368)	(624 490)
Long term receivables		(68)	(7 652)
Net cash flows from investing activities		<u>(6 151 694)</u>	<u>(19 135 697)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4 794 215)</u>	<u>6 441 200</u>
Cash and cash equivalents at the beginning of the year		14 758 371	8 317 171
Cash and cash equivalents at the end of the year	3	<u>9 964 156</u>	<u>14 758 371</u>

* See Note 47

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	17 826 100	(2 847 700)	14 978 400	15 257 889	279 489	
Interest received - investment	651 800	198 200	850 000	1 270 010	420 010	
Interest received - trading	175 200	24 800	200 000	159 379	(40 621)	1.1
Rental income	886 700	(1 700)	885 000	1 107 697	222 697	1.2
Licences and permits	252 100	3 900	256 000	196 698	(59 302)	1.3
Agency services	105 100	(5 100)	100 000	142 351	42 351	1.4
Other income - (rollup)	708 900	(70 225)	638 675	397 317	(241 358)	1.5
Total revenue from exchange transactions	20 605 900	(2 697 825)	17 908 075	18 531 341	623 266	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	2 874 500	755 800	3 630 300	2 934 403	(695 897)	1.6
Property rates - penalties imposed	125 800	-	125 800	194 929	69 129	1.7
Transfer revenue						
Government grants and subsidies	43 922 900	9 192 424	53 115 324	47 686 584	(5 428 740)	1.8
Fines, penalties and forfeits	27 530 200	(4 289 763)	23 240 437	19 962 610	(3 277 827)	1.9
Total revenue from non-exchange transactions	74 453 400	5 658 461	80 111 861	70 778 526	(9 333 335)	
Total revenue	95 059 300	2 960 636	98 019 936	89 309 867	(8 710 069)	
Expenditure						
Employee related costs	(17 096 300)	(471 430)	(17 567 730)	(15 022 407)	2 545 323	1.10
Remuneration of councillors	(2 453 200)	-	(2 453 200)	(2 518 027)	(64 827)	
Debt impairment	(21 681 600)	-	(21 681 600)	(14 310 946)	7 370 654	1.11
Depreciation and amortisation	(9 668 500)	(10 900)	(9 679 400)	(7 335 164)	2 344 236	1.12
Impairment loss/ Reversal of impairments	-	-	-	171 617	171 617	1.13
Finance costs	-	-	-	(164 314)	(164 314)	1.13
Lease rentals on operating lease	-	-	-	(75 240)	(75 240)	1.14
Collection costs	(3 600)	-	(3 600)	(258 800)	(255 200)	1.15
Repairs and maintenance	(2 404 600)	(783 350)	(3 187 950)	(2 487 729)	700 221	1.16
Bulk purchases	(6 522 800)	(1 477 200)	(8 000 000)	(7 487 051)	512 949	
Contracted services	(2 975 700)	(1 345 500)	(4 321 200)	(9 590)	4 311 610	1.17
Grants and subsidies paid	(4 231 400)	(2 021 024)	(6 252 424)	(32 405 414)	(26 152 990)	1.18
General expenses	(10 498 200)	(2 248 220)	(12 746 420)	(19 084 661)	(6 338 241)	1.17 & 1.19
Total expenditure	(77 535 900)	(8 357 624)	(85 893 524)	(100 987 726)	(15 094 202)	
Operating deficit	17 523 400	(5 396 988)	12 126 412	(11 677 859)	(23 804 271)	
Loss on disposal of assets and liabilities	-	-	-	(6 936)	(6 936)	

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Figures in Rand						
Deficit before taxation	17 523 400	(5 396 988)	12 126 412	(11 684 795)	(23 811 207)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	17 523 400	(5 396 988)	12 126 412	(11 684 795)	(23 811 207)	

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1 999 984	-	1 999 984	1 596 543	(403 441)	1.20
Operating lease asset	-	-	-	2 697	2 697	
Receivables from non-exchange transactions	1 815 729	-	1 815 729	4 708 217	2 892 488	1.21
VAT receivable	-	-	-	3 740 187	3 740 187	1.22
Receivables from exchange transactions	1 671 660	-	1 671 660	1 497 018	(174 642)	1.23
Current portion of long term receivables from exchange transactions	-	-	-	349	349	
Cash and cash equivalents	17 559 570	-	17 559 570	9 964 156	(7 595 414)	1.24
	23 046 943	-	23 046 943	21 509 167	(1 537 776)	
Non-Current Assets						
Investment property	7 563 880	-	7 563 880	4 391 868	(3 172 012)	1.25
Property, plant and equipment	163 540 255	-	163 540 255	156 873 163	(6 667 092)	1.25
Intangible assets	534 296	-	534 296	639 982	105 686	1.26
Heritage assets	43 354	-	43 354	43 354	-	
	171 681 785	-	171 681 785	161 948 367	(9 733 418)	
Total Assets	194 728 728	-	194 728 728	183 457 534	(11 271 194)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	7 529 824	-	7 529 824	4 406 421	(3 123 403)	1.27
Consumer deposits	317 338	-	317 338	437 071	119 733	1.28
Employee benefit obligation	-	-	-	212 452	212 452	1.29
Unspent conditional grants and receipts	-	-	-	9 678 448	9 678 448	1.30
Provisions	372 314	-	372 314	402 181	29 867	1.29
	8 219 476	-	8 219 476	15 136 573	6 917 097	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	3 343 175	3 343 175	1.29
Provisions	8 321 881	-	8 321 881	2 854 413	(5 467 468)	1.29
	8 321 881	-	8 321 881	6 197 588	(2 124 293)	
Total Liabilities	16 541 357	-	16 541 357	21 334 161	4 792 804	
Net Assets	178 187 371	-	178 187 371	162 123 373	(16 063 998)	
Net Assets						
Reserves						
Accumulated surplus	178 187 371	-	178 187 371	162 123 373	(16 063 998)	

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	2 650 450	-	2 650 450	3 129 332	478 882	1.6&1.7
Service charges	15 001 519	-	15 001 519	15 462 703	461 184	
Other revenue	5 240 599	-	5 240 599	6 171 792	931 193	
Grants	27 549 100	-	27 549 100	51 561 521	24 012 421	1.18
Interest income	659 800	-	659 800	1 429 389	769 589	
	51 101 468	-	51 101 468	77 754 737	26 653 269	

Payments

Suppliers and employees	(37 625 100)	-	(37 625 100)	(49 154 094)	(11 528 994)	1.10-1.19
Transfers and grants	(527 700)	-	(527 700)	(27 243 163)	(26 715 463)	1.18
	(38 152 800)	-	(38 152 800)	(76 397 257)	(38 244 457)	

Net cash flows from operating activities	12 948 668	-	12 948 668	1 357 480	(11 591 188)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(11 618 800)	-	(11 618 800)	(6 157 968)	5 460 832	1.25
Long term receivable	-	-	-	(68)	(68)	

Net cash flows from investing activities	(11 618 800)	-	(11 618 800)	(6 158 036)	5 460 764	
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Net increase/(decrease) in cash and cash equivalents	1 329 868	-	1 329 868	(4 800 556)	(6 130 424)	
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Cash and cash equivalents at the beginning of the year	14 758 371	-	14 758 371	14 758 371	-	
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Cash and cash equivalents at the end of the year	16 088 239	-	16 088 239	9 957 815	(6 130 424)	
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Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Receivables

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

The impairment for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

Value in use of cash generating assets:

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

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

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

Useful lives of property, plant and equipment and other assets

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

Post retirement benefits and other long-term benefits

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

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

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 18.

Effective interest rate

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

Allowance for impairment

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

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1.2 Investment property

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

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

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

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

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

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

Cost model

Investment property is, subsequent to initial measurement, carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value, on a straight line basis over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	20-30 years
Property - land	indefinite

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

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

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

1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially recognised at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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1.3 Property, plant and equipment (continued)

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 is not measured at fair value, its cost is measured at the carrying amount of the asset(s) given up.

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

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

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

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

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

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

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Average useful life
Land	Indefinite
Buildings	7 - 100 years
Furniture and fixtures	1 - 20 years
Motor vehicles	1 - 6 years
Community assets	15- 100 years
Housing schemes	1 - 10 years
Refuse site	30 years
Infrastructure	
• Electricity supply	45 - 60 years
• Roads	7 - 100 years
• Sanitation and refuse	5 - 80 years
• Water supply	5 - 80 years
• Storm water	5 - 50 years

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

Reviewing the useful life of an asset on an annual basis does not require the 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 surplus or deficit; unless it is included in the carrying amount of another asset.

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1.3 Property, plant and equipment (continued)

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment:

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located;
- changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and
- the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

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

1.5 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

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

Intangible assets are initially measured at cost.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

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

Item	Useful life
Computer software	3 - 5 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the asset is derecognised.

1.6 Heritage assets

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

Recognition

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

Where the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 13 Heritage assets.

Initial measurement

Heritage assets are initially recognised cost.

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

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1.6 Heritage assets (continued)

Subsequent measurement

Subsequent to initial measurement classes of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

1.7 Financial instruments

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of financial assets or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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1.7 Financial instruments (continued)

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 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 building elements, the municipality assesses the classification of each element separately.

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1.8 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

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

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

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1.11 Impairment of cash-generating assets

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

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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1.11 Impairment of cash-generating assets (continued)

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

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

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

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

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1.12 Impairment of non-cash-generating assets (continued)

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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1.13 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the standard of GRAP on statutory receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality measures a statutory receivable initially at its transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment loss; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

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1.13 Statutory receivables (continued)

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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1.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality 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.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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Accounting Policies

1.14 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

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Accounting Policies

1.14 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

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

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

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

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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1.15 Provisions and contingencies (continued)

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when the municipality:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

A contingent liability is a:

- possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- present obligation that arises from past events but is not recognised because:
 - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised.

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Accounting Policies

1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

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

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

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

1.16 Revenue from exchange transactions

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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1.16 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.17 Revenue from non-exchange transactions

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Measurement

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

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

Property rates

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

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

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

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

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fines will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue, is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exists in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.18 Investment income

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

1.19 Borrowing costs

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

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

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Accounting Policies

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.25 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which are disclosed in note 38.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.26 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.

1.27 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.28 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.28 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets and cash-generating unit;
- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

Improvements to the standards of GRAP (2013)

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Amendments were made to the following standards of GRAP:

- GRAP 1 - Presentation of Financial Statements;
- GRAP 2 - Cash Flow Statements;
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors;
- GRAP 7 - Investments in Associates;
- GRAP 10 - Financial Reporting in Hyperinflationary Economies;
- GRAP 11 - Construction Contracts;
- GRAP 13 - Leases;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;
- GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note);
- GRAP 24 - Presentation of Budget Information in Financial Statements;
- GRAP 25 - Employee Benefits;
- GRAP 26 - Impairment of Cash-generating Assets (refer to separate note);
- GRAP 31 - Intangible Assets;
- GRAP 103 - Heritage Assets; and
- GRAP 104 - Financial Instruments

The amendments relate mainly due to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complex examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

GRAP 23 (as amended 2015): Revenue from non-exchange transactions

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard;
- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;
- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 18: Segment Reporting

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A municipality that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the reporting entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

Public Private Partnership agreements that are governed and regulated in terms of the MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard..

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but the effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 16 (as amended 2015): Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time the Minister set the effective date for the standard.

The impact of this standard is currently being assessed.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 051	2 050
Bank balances	1 342 657	6 595 766
Short-term deposits	8 619 448	8 160 555
	9 964 156	14 758 371

For the purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand.

Call deposits are investments with a maturity period of less than three months and earn interest at rates varying from 4-6 % per annum. Deposits of R 1 770 303 (2015: R 2 255 048) are ring fenced and attributable to the Capital Replacement Reserve. (Note 44)

The municipality has an ABSA account for fine receipts which are swepted daily and transferred to the current account. The ABSA bank account number is 4074336029 and has a zero balance per the cash book and the bank account.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Laingsburg - Current Account - 25040140874	1 416 546	6 744 322	576 646	1 342 657	6 595 766	543 889
ABSA Laingsburg - Call Account - 5064314329	3 566 402	3 395 627	3 248 935	3 566 402	3 395 626	3 248 935
Standard Bank - Money Market - 288704800	5 053 046	4 764 928	4 522 297	5 053 046	4 764 929	4 522 297
Total	10 035 994	14 904 877	8 347 878	9 962 105	14 756 321	8 315 121

4. Receivables from exchange transactions

Gross balances

Electricity	948 908	993 089
Water	559 994	1 045 678
Sewerage	613 562	1 075 466
Refuse	294 369	681 681
Housing rental	461 823	365 298
	2 878 656	4 161 212

Less: Allowance for impairment

Electricity	(200 673)	(318 117)
Water	(321 731)	(815 762)
Sewerage	(388 709)	(841 063)
Refuse	(122 143)	(498 587)
Housing rental	(348 382)	(248 469)
	(1 381 638)	(2 721 998)

Net balance

Electricity	748 235	674 972
Water	238 263	229 917
Sewerage	224 853	234 403
Refuse	172 226	183 094
Housing rental	113 441	116 828
	1 497 018	1 439 214

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4. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	590 086	582 216
31 - 60 days	114 568	41 994
61 - 90 days	16 877	18 111
91 - 120 days	21 149	24 443
>120 days	206 228	326 325
Less: Allowance for impairment	(200 673)	(318 117)
	748 235	674 972
Water		
Current (0 -30 days)	108 570	97 570
31 - 60 days	21 150	37 011
61 - 90 days	37 111	34 573
91 - 120 days	29 244	32 959
>120 days	363 919	843 566
Less: Allowance for impairment	(321 731)	(815 762)
	238 263	229 917
Sewerage		
Current (0 -30 days)	105 022	102 823
31 - 60 days	23 185	36 087
61 - 90 days	40 054	34 186
91 - 120 days	23 247	33 308
>120 days	422 054	869 062
Less: Allowance for impairment	(388 709)	(841 063)
	224 853	234 403
Refuse		
Current (0 -30 days)	92 280	88 582
31 - 60 days	18 444	27 693
61 - 90 days	21 454	26 910
91 - 120 days	18 241	25 242
>120 days	143 950	513 254
Less: Allowance for impairment	(122 143)	(498 587)
	172 226	183 094
Housing rental		
Current (0 -30 days)	46 144	48 570
31 - 60 days	13 438	13 158
61 - 90 days	14 686	11 895
91 - 120 days	20 178	22 938
>120 days	367 376	268 736
Less: Allowance for impairment	(348 381)	(248 469)
	113 441	116 828

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4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	366 926	350 699
31 - 60 days	56 960	105 467
61 - 90 days	81 563	99 049
91 - 120 days	74 720	106 040
>120 days	1 153 580	2 419 733
Less: Allowance for impairment	(945 708)	(2 356 444)
	788 041	724 544
Businesses		
Current (0 -30 days)	453 402	442 888
31 - 60 days	7 148	5 789
61 - 90 days	24 798	12 812
91 - 120 days	11 462	14 508
>120 days	9 281	54 848
Less: Allowance for impairment	(8 369)	(42 498)
	497 722	488 347
Industry		
Current (0 -30 days)	2 652	1 662
31 - 60 days	-	-
	2 652	1 662
Municipal		
Current (0 -30 days)	1 425	1 200
31 - 60 days	424	-
61 - 90 days	205	-
91 - 120 days	200	-
>120 days	144	144
Less: Allowance for impairment	(544)	(144)
	1 854	1 200
Government		
Current (0 -30 days)	26 738	46 737
31 - 60 days	115 907	28 348
61 - 90 days	19 954	12 202
91 - 120 days	23 589	16 468
>120 days	265 274	304 707
Less: Allowance for impairment	(241 225)	(282 925)
	210 237	125 537
Institutions		
Current (0 -30 days)	77 583	60 639
31 - 60 days	1 089	11 794
61 - 90 days	-	89
91 - 120 days	1 089	89
>120 days	8 612	7 455
Less: Allowance for impairment	(8 558)	(6 277)
	79 815	73 789

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4. Receivables from exchange transactions (continued)		
Churches		
Current (0 -30 days)	10 473	8 771
31 - 60 days	-	1 318
61 - 90 days	-	1 318
91 - 120 days	-	1 318
>120 days	39 423	28 477
Less: Allowance for impairment	(41 195)	(25 842)
	8 701	15 360
Municipal Officials		
Current (0 -30 days)	932	386
31 - 60 days	311	109
61 - 90 days	621	421
91 - 120 days	311	421
>120 days	2 300	4 885
Less: Allowance for impairment	(1 173)	(4 238)
	3 302	1 984
Councillors		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	1 124
>120 days	2 747	2 517
Less: Allowance for impairment	(2 747)	(3 641)
	-	-
Vacant Land		
Current (0 -30 days)	1 969	426
Less: Allowance for impairment	-	-
	1 969	426
Reconciliation of allowance for impairment		
Balance at beginning of the year	(2 721 997)	(2 173 962)
Contributions to allowance	-	(548 035)
Debt impairment written off against allowance	1 058 265	-
Reversal of allowance	282 093	-
	(1 381 639)	(2 721 997)

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

As at 30 June 2016, receivables from exchange transactions of R 37 973 (2015: R 541 842) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	11 965	136 340
2 months past due	12 075	106 426
3 months past due	13 933	299 076

Receivables from exchange transactions impaired

As at 30 June 2016, receivables from exchange transactions were impaired by R1 381 639 as of 30 June 2016 (2015: R2 721 998).

The ageing of these receivables is as follows:

0 to 3 months	41 674	60 032
3 to 6 months	15 343	60 066
Over 6 months	1 324 622	2 601 900

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5. Receivables from non-exchange transactions		
Assessment rates	3 059 304	2 743 242
Consumer debtors	-	115
Fines	36 028 492	35 759 747
Prepaid expense	68 570	-
Sundry deposits	37 920	45 385
Sundry receivables	14 133	191 627
Less: Allowance for impairment	(34 500 202)	(33 395 748)
	4 708 217	5 344 368
Assessment rates: Gross balance		
Current	-	88 089
31 - 60 days	24 816	29 088
61 - 90 days	23 305	34 035
91 - 120 days	22 504	25 812
> 120 days	2 988 679	2 566 218
	3 059 304	2 743 242
Assessment rates: Allowance for impairment		
Current	-	(9 210)
31 - 60 days	(4 829)	(4 672)
61 - 90 days	(4 545)	(4 417)
91 - 120 days	(3 911)	(4 052)
.	(2 957 806)	(2 525 585)
	(2 971 091)	(2 547 936)
Assessment rates: Net balance		
Current	-	78 879
31 - 60 days	19 987	24 416
61 - 90 days	18 761	29 618
91 - 120 days	18 592	21 760
> 120 days	30 873	40 633
	88 213	195 306
Fines: Gross balance		
Total fine debtors	36 028 492	35 759 747
Fines: Allowance for impairment		
Total allowance for impairment of fines	(31 529 110)	(30 847 811)
Fines: Net balance		
Total net fine debtors	4 499 382	4 911 935

Impairment of fines

Impairment of fines is based on a percentage of the amounts that were recovered in the prior financial year in relation to the fines that were issued.

Fines are written off after a 24 month period after summons was issued.

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5. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired: Assessment rates

At 30 June 2016, receivables from non-exchange transactions amounting to R 25 800 (2015: R 13 039) were past due but not considered to be impaired.

The ageing of amounts past due but not impaired are as follows:

1 month past due	7 298	3 276
2 months past due	6 410	8 053
3 months past due	12 092	1 710
	25 800	13 039

Receivables from non-exchange transactions impaired: Assessment rates

The amount of the allowance for impairment was R 2 971 091 as of 30 June 2016 (2015: R 2 547 936).

The ageing of these receivables are as follows:

0 to 3 months	13 285	22 351
3 to 6 months	23 817	31 716
Over 6 months	2 933 989	2 493 869
	2 971 091	2 547 936

Reconciliation of allowance for impairment

Opening balance	(33 395 748)	(13 879 386)
Contribution to assessment rates	(423 155)	(16 839)
Contribution to other debtors	(49 270)	-
Contribution to fines	(12 029 587)	(19 499 523)
Reversal of impairment on fines	11 348 288	-
	(34 549 472)	(33 395 748)

6. VAT receivable

VAT	3 740 187	2 042 719
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The municipality is registered for VAT on the payments basis.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
7. Operating lease asset		
Opening balance	9 373	11 874
Operating lease receipts effected	(6 676)	(2 501)
	2 697	9 373
Operating lease as lessor		
Minimum lease payments receivable		
within one year	92 065	87 681
in second to fifth year inclusive	31 183	29 698
	123 248	117 379
Non-current assets	-	2 697
Current assets	2 697	6 676
	2 697	9 373

The operating lease on the Soutkloof farm was extended on for one year from 1 November 2016 to 31 October 2017.

The rent escalates with 5% per annum on 1 November.

The rent is receivable in advance each year on 1 November for the following 12 months.

8. Inventories

Building materials	160 176	124 308
Electric cable	273 946	223 399
Consumable stock	667 706	454 411
Pre-paid electricity meters	18 743	66 402
Pre-paid water meters	60 943	316 142
Water	9 357	13 723
RDP houses	332 748	5 162 251
VIP toilets	72 924	64 030
	1 596 543	6 424 666

Inventory pledged as security

No inventory was pledged as security.

9. Long-term receivables from exchange transactions

Housing - Self build

Housing - Self build	12 260	11 871
Less: Allowance for impairment		
Less: Allowance for impairment	(11 911)	(11 590)
Net balance		
Current portion transferred to current liabilities	349	281

As from 1 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

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Figures in Rand	2016	2015 Restated*
9. Long-term receivables from exchange transactions (continued)		
Housing - Self build: Gross balance		
Current	276	276
31 - 60 days	79	79
61 - 90 days	219	79
91 - 120 days	79	219
> 120 days	11 607	11 218
	12 260	11 871
Housing - Self build: Allowance for impairment		
Current	(135)	(135)
31 - 60 days	(79)	(79)
61 - 90 days	(79)	(79)
91 - 120 days	(79)	(79)
> 120 days	(11 539)	(11 218)
	(11 911)	(11 590)
Housing - Self build: Net balances		
Current	140	140
91 - 120 days	140	141
> 120 days	69	-
	349	281
Reconciliation of allowance for impairment		
Opening balance	(11 591)	(118 825)
Impairment - current year	(320)	-
Written off during year	-	107 234
	(11 911)	(11 591)

10. Investment property

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9 403 401	(5 011 533)	4 391 868	9 403 401	(4 892 211)	4 511 190

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	4 511 190	(119 322)	4 391 868

Reconciliation of investment property - 2015

	Opening balance	Additions	Transfers	Depreciation	Total
Investment property	4 440 413	210 821	(17 959)	(122 085)	4 511 190

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Figures in Rand	2016	2015 Restated*
10. Investment property (continued)		
Details of investment property		
None of the above investment property have been pledged as security.		
- Land	4 033 901	4 033 901
- Buildings	5 369 500	5 369 500
- Accumulated depreciation on buildings	(5 011 533)	(4 892 211)
Other disclosures		
Investment property rental		
Rental revenue from investment property	840 252	964 214
Direct operating expenses - incurred to generate rental revenue	(314 910)	(197 505)
	<u>525 342</u>	<u>766 709</u>

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11. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	37 843 716	-	37 843 716	37 843 716	-	37 843 716
Buildings	9 547 883	(7 093 178)	2 454 705	9 513 275	(6 862 366)	2 650 909
Furniture and equipment	5 561 849	(3 543 109)	2 018 740	5 459 266	(3 061 360)	2 397 906
Motor vehicles	4 184 792	(2 856 037)	1 328 755	3 672 907	(2 761 503)	911 404
Infrastructure	175 089 215	(99 772 769)	75 316 446	174 835 921	(94 744 703)	80 091 218
Community	21 988 431	(13 272 372)	8 716 059	21 968 090	(12 654 395)	9 313 695
Refuse site	3 882 304	(1 167 472)	2 714 832	5 184 068	(962 342)	4 221 726
Assets under construction	25 888 810	-	25 888 810	21 464 429	-	21 464 429
Housing schemes	2 955 500	(2 364 400)	591 100	2 955 500	(2 216 625)	738 875
Total	286 942 500	(130 069 337)	156 873 163	282 897 172	(123 263 294)	159 633 878

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Written off	Transfers	Change in restoration cost	Depreciation	Total
Land	37 843 716	-	-	-	-	-	37 843 716
Buildings	2 650 909	34 608	-	-	-	(230 812)	2 454 705
Furniture and equipment	2 397 906	102 583	-	-	-	(481 749)	2 018 740
Motor vehicles	911 404	636 735	(6 936)	-	-	(212 448)	1 328 755
Infrastructure	80 091 218	253 294	-	-	-	(5 028 066)	75 316 446
Community	9 313 695	20 341	-	-	-	(617 977)	8 716 059
Refuse site	4 221 726	-	-	-	(1 301 764)	(205 130)	2 714 832
Assets under construction	21 464 429	12 302 981	-	(7 878 600)	-	-	25 888 810
Housing schemes	738 875	-	-	-	-	(147 775)	591 100
	159 633 878	13 350 542	(6 936)	(7 878 600)	(1 301 764)	(6 923 957)	156 873 163

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Change in restoration cost	Total
Land	37 702 716	141 000	-	-	-	-	-	37 843 716
Buildings	2 857 830	186 500	-	(168 541)	(224 880)	-	-	2 650 909
Furniture and equipment	2 472 612	349 234	(5 635)	-	(416 990)	(1 315)	-	2 397 906
Motor vehicles	1 357 902	-	(9 438)	-	(437 060)	-	-	911 404
Infrastructure	84 877 400	442 607	-	55 230	(5 258 621)	(25 398)	-	80 091 218
Community	7 410 251	-	-	2 493 521	(590 077)	-	-	9 313 695
Refuse site	3 239 870	-	-	-	(205 130)	-	1 186 986	4 221 726
Assets under construction	6 949 219	17 136 946	-	(2 621 736)	-	-	-	21 464 429
Housing schemes	886 650	-	-	-	(147 775)	-	-	738 875
	147 754 450	18 256 287	(15 073)	(241 526)	(7 280 533)	(26 713)	1 186 986	159 633 878

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11. Property, plant and equipment (continued)		
Pledged as security		
None of the above property, plant and equipment have been pledged as security.		
Details on other movements		
Change in environmental rehabilitation provision asset	(1 653 949)	1 090 000
Other information		
Property, plant and equipment fully depreciated and still in use (Gross carrying amount)		
Buildings	20 800	20 800
Furniture and equipment	1 505 281	1 505 281
Motor vehicles	39 834	30 334
Infrastructure	1 864 753	1 864 753
Community	146 082	146 082
	3 576 750	3 567 250

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

12. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 686 053	(1 046 071)	639 982	1 519 685	(754 185)	765 499

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	765 499	166 368	(291 885)	639 982

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	343 357	624 490	(202 348)	765 499

Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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13. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Public statues	43 354	-	43 354	43 354	-	43 354

Reconciliation of heritage assets 2016

	Opening balance	Total
Public statues	43 354	43 354

Reconciliation of heritage assets 2015

	Opening balance	Total
Public statues	43 354	43 354

Pledged as security

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

14. Payables from exchange transactions

Accrued leave pay	1 046 110	849 567
Deposits received	67 103	74 538
Payments received in advance	29 699	320 311
Receivables in credit	358 211	415 661
Retention	-	222 315
Salary related amounts accrued	26 920	791 645
Thirteenth cheque	462 042	327 839
Trade payables	2 414 549	3 310 277
Unpaid wages	1 787	451
	4 406 421	6 312 604

15. Consumer deposits

Electricity	239 716	174 450
Water	197 355	231 805
	437 071	406 255

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.

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16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Department Environmental Affairs and Tourism	82 106	82 106
Department of Water Affairs (DWA)	575 883	575 883
Energy efficiency and demand side support grant	1 746 695	-
Flood damage	3 923 164	3 786 731
Human settlements acceleration grant	600 000	600 000
Integrated national electrification programme (Municipal Grant)	-	463 859
Local Government: Local Municipalities	112 140	112 140
Provincial: Financial Management Support Grant	1 047 124	182 792
Municipal Infrastructure Grant (MIG)	1 591 336	-
	9 678 448	5 803 511
Movement during the year		
Balance at the beginning of the year	5 803 511	3 039 540
Additions during the year	51 561 521	42 812 835
Income recognised during the year	(47 686 584)	(40 048 864)
	9 678 448	5 803 511

See note 24 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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17. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation - landfill sites	4 173 379	180 568	154 415	(1 653 949)	2 854 413
Insurance Workman's Compensation Act	291 081	111 100	-	-	402 181
	4 464 460	291 668	154 415	(1 653 949)	3 256 594

Reconciliation of provisions - 2015

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation - landfill sites	2 762 621	96 986	1 090 000	223 772	4 173 379
Insurance Workman's Compensation Act	194 631	96 450	-	-	291 081
	2 957 252	193 436	1 090 000	223 772	4 464 460

Non-current liabilities	2 854 413	4 173 379
Current liabilities	402 181	291 081
	3 256 594	4 464 460

Environmental rehabilitation provision - Landfill sites

At 30 June 2016 the municipality will incur estimated rehabilitation costs of R 2 854 413 (2015: R 4 173 379) to restore the landfill site at the end of its useful life, estimated to be 17 years. The amount of rehabilitation is dependent on future costs, technology, inflation and site consumption. The discount rate of the provision was 6.8% (2015: 3.7%).

The financial implications of rehabilitating the landfill site was determined by the independent valuator, Ekolaw Consulting.

Insurance Workman's Compensation Act

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17. Provisions (continued)

The provision for WCA insurance is made in terms of the Workman's Compensation Act. The amount is payable upon and based on assessment by the Workman's Compensation Commissioner.

The provision is based on the Compensation Commissioner returns.

18. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by ZAQEN Actuaries (Pty) Ltd. 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 funding method.

The plan is post employment medical benefit plan.

Long service awards

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a retirement gift is payable on retirement to employees with service of 10 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management's estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(3 029 000)	(3 877 000)
Long service awards	(526 627)	(300 914)
	(3 555 627)	(4 177 914)
Non-current liabilities	(3 343 175)	(3 959 463)
Current liabilities	(212 452)	(218 452)
	(3 555 627)	(4 177 915)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 877 000	3 901 000
Net expense recognised in the statement of financial performance	(848 000)	(24 000)
	3 029 000	3 877 000

Net expense of the defined benefit obligation recognised in the statement of financial performance

Current service cost	383 000	329 000
Interest cost	368 000	360 000
Actuarial (gains) losses	(1 546 446)	(661 357)
Benefits paid	(52 554)	(51 643)
	(848 000)	(24 000)

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18. Employee benefit obligations (continued)

Key assumptions used

The municipality made use of an independent firm to perform the post retirement medical aid benefit plan. The key assumptions used by the experts are listed below for the last valuation on 30 June 2016:

Expected retirement age	63	63
Discount rates used	Yield curve	Yield curve
Expected increase in salaries	6,00 %	8,60 %
Health care cost inflation rate	Difference between nominal and yield curves	Difference between nominal and yield curves
	CPI + 1%	CPI + 1%
Consumer price inflation	Yield curve	Yield curve
Net effective discount rate		

In the valuation the nominal and real zero curves as at 30 June 2016 supplied by the JSE to determined the discount rates and CPI assumptions at each relevant time period were used.

The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	22 000	(27 000)
Effect on defined benefit obligation	158 000	(186 000)

Amounts for the current and previous four years are as follows:

	2016	2015	2014	2013	2012
Defined benefit obligation	3 029 000	3 877 000	3 901 000	5 212 000	4 402 000

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19. Service charges		
Sale of electricity	11 107 580	9 470 672
Sale of water	2 303 829	2 360 934
Sewerage and sanitation charges	1 999 915	1 901 711
Refuse removal	1 732 803	1 728 902
Revenue foregone	(1 932 936)	(1 614 023)
Cemetery and encroachment fees	46 698	52 829
	15 257 889	13 901 025
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.		
Water Losses		
Laingsburg Municipality experiences major problems with water losses which originated from the floods in 1981. Laingsburg experienced an average water loss of R 1 028 937 (50.74%) for the 2015/2016 financial period (2015: R 1 216 975 (51.54%)). An investigation was done to try to find the cause of these water losses. The investigation could not identify the cause of the losses. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and more funds were allocated for further studies in the 2010/2011 financial year as well as the 2011/2012 financial year. The municipality is in the process of installing water meters to accurately calculate water losses. Potential losses could not be calculated.		
During the 2013/2014 financial year a main water supply pipe was damaged in the flooding of the Buffels-, Wilgerhout-, and Baviaans Rivers on 8 January 2014, contributing to the water losses for the year. Further investigations commenced in the 2015/16 financial year by MISA (Municipal Infrastructure Support Agent) from National Government.		
Electricity losses		
Laingsburg experienced a below average electricity loss of R91 977 (2.7%) for the 2015/2016 financial period (2015: R 849 610 (8.39%)). The loss can be ascribed to the fact that street lights, municipal offices and some outer municipal electricity users are not metered. This will be investigated and corrected as soon as possible.		
20. Interest on bank accounts		
Current investment deposits	462 449	390 394
Current account	807 561	486 518
	1 270 010	876 912
21. Rental income		
Premises		
Operating lease rental revenue Soutkloof	81 005	81 005
Rental revenue from buildings	912 604	961 714
Rental revenue from land	1 386	2 500
	994 995	1 045 219
Facilities and equipment		
Rental revenue from cutlery	926	625
Rental revenue from machinery and equipment	20 560	107 474
Rental revenue from houses	17 445	30 535
Rental revenue from hawkers	8 756	12 965
Rental revenue sundry	65 015	77 778
	112 702	229 377
	1 107 697	1 274 596

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21. Rental income (continued)		
Rental revenue earned on facilities and equipment is in respect of non-financial assets rented out.		
Sundry rental revenue consists of the following:		
- Rental received from the IEC for the rental of the voting offices;		
- Rental received from Allpay for the rental of the Matjiesfontein hall for the purposes of paying out social pension;		
- Rental received from Provincial Western Cape for the rental of the Thusong Centre.		
The operating lease of the Soutkloof farm is between the municipality and the Van Der Vyver Trust. The lease agreement is for the period from 1 November 2011 to 31 October 2016. The operating lease rental revenue on the Soutkloof farm is straight-lined over the period of the lease. For operating lease asset disclosure refer to note 7.		
22. Other income		
Advertisement cost recovered	-	1 694
Application fees	4 500	-
Building plan and rezoning application fees	66 486	6 200
Donations	216 275	128 124
Inventory donated to the municipality	9 706	-
Gym fees	2 030	2 367
Investment property donated to the municipality	-	351 821
Pest control	1 084	611
Sales - Sand and stone	19 552	19 457
Sundry income	59 493	103 694
Tender fees	9 350	-
Valuation certification	8 841	6 267
	397 317	620 235
23. Property rates		
Rates revenue		
Laingsburg	2 426 800	2 455 081
Agriculture	5 305 025	4 826 700
Less: Revenue forgone	(4 797 422)	(4 487 568)
	2 934 403	2 794 213
Property rates - penalties imposed	194 929	245 547
	3 129 332	3 039 760
Valuations		
Laingsburg	267 657 500	267 657 500
Agriculture	621 373 400	621 373 400
	889 030 900	889 030 900

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24. Government grants and subsidies		
Equitable share	11 480 859	10 908 000
Financial Management Grant (FMG)	1 700 000	1 700 000
Municipal Systems Improvement Grant (MSIG)	930 000	934 000
Expanded Public Works Programme	1 000 000	1 013 000
Department of Sport & Recreation ("Kick-about")	-	1 152 198
Human Settlements Development Grant	18 315 741	8 323 459
Community Workers Development	72 000	69 952
Provincial: Library Services	962 000	907 000
Provincial: Financial Management Support Grant	1 606 892	374 744
Provincial: Municipal Finance Improvement Program	-	896 437
Maintenance of Proclaimed Roads	30 000	9 768
Integrated national electrification programme (Municipal Grant)	3 000 000	2 536 141
Provincial: Department of Transport	-	190 588
Flood Damage Grant	270 357	1 396 270
Matjiesfontein UISP	-	574 848
Energy efficiency and demand side management grant	1 253 305	-
Management Support Grant	-	500 000
Provincial: Sub-Seta	31 557	39 459
Municipal infrastructure support grant	470 000	-
Municipal Infrastructure Grant (MIG)	6 563 873	8 523 000
	47 686 584	40 048 864

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing, towards the consumer account. The subsidy is determined annually by Council. All consumers also receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

Human settlements acceleration grant

Balance unspent at beginning of year	600 000	-
Current - year receipts	-	600 000
	600 000	600 000

Conditions still to be met - remain liabilities (see note 16).

The acceleration of housing delivery grant's strategic goal is to create sustainable human settlements that enables an improved quality of household life.

Financial Management Grant (FMG)

Current - year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue: operating expenditure	(1 700 000)	(1 700 000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA) 2003. The Financial Management Grant also pays for the cost of the Financial Management Internship Program (e.g. salary costs of the Financial Management Interns).

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24. Government grants and subsidies (continued)

Municipal Systems Improvement Grant

Current - year receipts	930 000	934 000
Conditions met - transferred to revenue: operating expenditure	(930 000)	(884 938)
Conditions met - transferred to revenue: capital expenditure	-	(49 062)
	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant (MSIG) is allocated to assist municipalities to build in-house capacity to perform their functions and stabilise institutional governance systems as required in the Municipal Systems Act (MSA) and related legislation, policies and the local government turnaround strategy.

Expanded Public Works Programme

Current - year receipts	1 000 000	1 013 000
Conditions met - transferred to revenue: operating expenditure	(1 000 000)	(1 006 991)
Conditions met - transferred to revenue: capital expenditure	-	(6 009)
	<u>-</u>	<u>-</u>

The Expended Public Works Programme (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- Road maintenance and the maintenance of buildings;
- Low traffic volume roads and rural roads;
- Basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure); and
- Other economic and social infrastructure.

Department of Sport and Recreation ("Kick-about")

Current - year receipts	-	1 152 198
Conditions met - transferred to revenue: operating expenditure	-	(1 152 198)
	<u>-</u>	<u>-</u>

The "kick-about" is part of the youth development against violence through sport programme with the purpose of using sport, specifically football, as a catalyst for transmitting life skills to children and youth in order to reduce violence and social skills.

The project is for the construction of a kick-about facility as well as to provide basic football equipment to children in poor rural areas.

Human Settlements Development Grant

Current - year receipts	18 315 741	8 323 459
Conditions met - transferred to revenue: operating expenditure	(18 315 741)	(8 323 459)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

The creation of sustainable human settlements that enables an improved quality of household life..

The facilitation and provision of basic infrastructure, top structure and basic social and economic amenities that contribute to the establishment of sustainable human settlements.

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24. Government grants and subsidies (continued)

Community Workers Development

Current - year receipts	72 000	69 952
Conditions met - transferred to revenue: operating expenditure	(72 000)	(69 952)
	<u>-</u>	<u>-</u>

This grant is received to provide financial assistance to municipalities to cover the operational costs pertaining to the line functions of the community development workers including regional coordinators..

Provincial Library Services

Current - year receipts	962 000	907 000
Conditions met - transferred to revenue: operating expenditure	(935 483)	(871 680)
Conditions met - transferred to revenue: capital expenditure	(26 517)	(35 320)
	<u>-</u>	<u>-</u>

This grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised program at provincial level in support of local government and national initiatives.

Provincial: Financial Management Support Grant

Balance unspent at beginning of year	182 792	207 536
Current - year receipts	2 471 224	350 000
Conditions met - transferred to revenue: operating expenditure	(1 606 892)	(374 744)
	<u>1 047 124</u>	<u>182 792</u>

Conditions still to be met - remain liabilities (see note 16).

This grant is received to provide financial assistance to Municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

Municipal Finance Improvement Program

Balance unspent at beginning of year	-	796 437
Current - year receipts	-	100 000
Conditions met - transferred to revenue: operating expenditure	-	(896 437)
	<u>-</u>	<u>-</u>

This grant is for implementation of Financial Management systems that can assist in producing legislated reports, multi-year budgets, in-year reports, SDBIP, annual reports and automation of financial management practices.

Maintenance of proclaimed roads

Current - year receipts	30 000	9 768
Conditions met - transferred to revenue: operating expenditure	(30 000)	(9 768)
	<u>-</u>	<u>-</u>

This grant was received for maintenance of Provincial roads.

Integrated national electrification programme (INEP)

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24. Government grants and subsidies (continued)		
Balance unspent at beginning of year	463 859	-
Current - year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue: capital expenditure	(3 000 000)	(2 536 141)
Recovered from equitable share	(463 859)	-
	<u>-</u>	<u>463 859</u>

The purpose of this grant is to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Provincial: Department of Transport

Balance unspent at beginning of year	-	190 588
Conditions met - transferred to revenue: operating expenditure	-	(190 588)
	<u>-</u>	<u>-</u>

The grant was received for the construction of a long distance taxi zone area.

Flood Damage Grant

Balance unspent at beginning of year	3 786 731	-
Current - year receipts	-	5 183 000
Conditions met - transferred to revenue: operating expenditure	(270 357)	(1 396 269)
Transfer from MIG	406 790	-
	<u>3 923 164</u>	<u>3 786 731</u>

Conditions still to be met - remain liabilities (see note 16).

This grant was received to prepare flood damage that occurred in January 2014.

Matjiesfontein UISP

Balance unspent at beginning of year	-	574 848
Conditions met - transferred to revenue: operating expenditure	-	(574 848)
	<u>-</u>	<u>-</u>

This grant was received for the development of houses as set out in the Turnkey Contracting Strategy as set out in the National Housing Code, within the boundaries of the municipality.

Energy efficiency and demand side management grant

Current - year receipts	3 000 000	-
Conditions met - transferred to revenue: capital expenditure	(1 253 305)	-
	<u>1 746 695</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to reduce electricity consumption and improve electricity efficiency within municipal infrastructure.

Management Support Grant

Current - year receipts	-	500 000
Conditions met - transferred to revenue: operating expenditure	-	(328 599)
Conditions met - transferred to revenue: capital expenditure	-	(171 401)
	<u>-</u>	<u>-</u>

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24. Government grants and subsidies (continued)		
	-	-
This grant was received to provide financial assistance to Municipalities to improve overall governance systems and structures.		
Department Environmental Affairs and Tourism		
Balance unspent at beginning of year	82 106	82 106
Conditions still to be met - remain liabilities (see note 16).		
This grant was received to develop a spatial development plan.		
Department of Water Affairs (DWA)		
Balance unspent at beginning of year	575 883	575 883
Conditions still to be met - remain liabilities (see note 16).		
This grant is used for water supply at Matjiesfontein, ground water investigation and the draw up of a water master plan. The water master plan needs to be drafted and submitted and the water meters need to be installed.		
Local Government: Local Municipalities		
Balance unspent at beginning of year	112 140	112 140
Conditions still to be met - remain liabilities (see note 16).		
This grant is used for the compiling of a sewerage master plan and investigation of electricity tariffs.		
Provincial: Sub Seta		
Current-year receipts	31 556	39 459
Conditions met - transferred to revenue: operating expenditure	(31 556)	(39 459)
	-	-
This grant was received for long term monitoring and construction of water infrastructure.		
Municipal infrastructure support grant		
Current-year receipts	470 000	-
Conditions met - transferred to revenue: operating expenditure	(470 000)	-
	-	-
The outcome of this grant is improved functioning of municipal infrastructure and access to basic services for citizens.		
Municipal infrastructure grant (MIG)		
Current-year receipts	8 562 000	8 523 000
Conditions met - transferred to revenue: capital expenditure	(6 563 874)	(8 523 000)
Transfer to flood damage grant	(406 790)	-
	1 591 336	-
Conditions still to be met - remain liabilities (see note 16).		

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24. Government grants and subsidies (continued)		
This grant is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.		
Analysis of operating expenditure amounts transferred to revenue		
Included in general expenses as grant expenditure	1 655 791	3 547 905
Included in cleaning expenses	1 221 817	2 000 000
Included in community development and training	72 000	84 325
Included in spatial planning	-	35 104
Included in other general expenses	1 144 285	1 583 853
Included in employee related costs	669 317	420 122
Included in contracted services	-	67 254
Included in general expenses as consulting and professional fees	1 667 846	1 100 000
Included in general expenses as training expenses	147 353	28 754
Included in repairs and maintenance	4 865	56 142
	6 583 274	8 923 459
25. Fines, penalties and forfeits		
Traffic fines	19 961 948	28 431 546
Library fines	524	1 122
Dog tax	138	108
	19 962 610	28 432 776
26. Employee related costs		
Basic	10 770 740	9 141 336
Employee related costs - contributions	2 063 603	1 454 210
Unemployment Insurance Fund (UIF)	90 757	79 051
Workmans Compensation Act (WCA)	111 100	96 450
Skills Development Levy (SDL)	135 671	104 883
Leave pay	211 232	239 114
Bargaining council levy	5 380	3 422
Net expense: defined benefit plan	(848 000)	(24 000)
Travel, motor car, accommodation, subsistence and other allowances	810 490	690 526
Overtime payments	365 198	482 028
Long-service awards	324 411	32 288
Thirteenth cheque	894 670	574 808
Housing benefits and allowances	87 156	22 515
	15 022 408	12 896 631
Remuneration of Williams PA - Municipal Manager		
Annual remuneration	1 281 935	1 198 071
Contributions to UIF, medical and pension funds	14 745	7 969
	1 296 680	1 206 040

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26. Employee related costs (continued)		
Remuneration of Groenewald A - Chief Finance Officer		
Annual remuneration	567 388	467 184
Acting allowance	151 759	109 081
Contributions to UIF, medical and pension funds	130 691	101 995
Travel, motor car, accommodation, subsistence and other allowances	163 599	141 927
Long service bonus	90 901	-
Service bonus	45 764	37 987
Honorarium	-	3 000
	1 150 102	861 174

27. Remuneration of councillors

Remuneration	2 407 714	2 219 642
Allowances	110 314	115 496
	2 518 028	2 335 138

The mayor may utilise official Council transportation when engaged in official duties.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2016	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Major	519 989	168 191	26 925	7 265	722 370
Van As BJ - Deputy Executive Mayor	229 412	74 004	20 868	9 182	333 466
Horn H - Speaker	415 992	134 552	26 925	4 675	582 144
Bobbejee M - Councillor	156 418	50 457	3 600	4 239	214 714
Botes PJ - Councillor	156 417	50 457	24 468	4 238	235 580
Botha J - Councillor	156 417	50 457	3 600	4 239	214 713
Gouws M - Councillor	156 418	50 457	3 927	4 239	215 041
	1 791 063	578 575	110 313	38 077	2 518 028

2015	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Major	476 320	164 709	28 680	2 215	671 924
Van As BJ - Deputy Executive Mayor	211 539	70 513	20 868	2 215	305 135
Horn H - Speaker	384 618	128 205	28 680	4 028	545 531
Bobbejee M - Councillor	144 232	48 077	3 600	1 511	197 420
Botes PJ - Councillor	144 232	48 077	24 468	1 511	218 288
Botha J - Councillor	144 232	48 077	3 600	1 511	197 420
Gouws M - Councillor	144 232	48 077	5 600	1 511	199 420
	1 649 405	555 735	115 496	14 502	2 335 138

28. Debt impairment

Bad debts written off	3 148 972	33 193
Sundry receivables impaired	49 270	(14 048)
Contributions to allowance for impairment	11 112 704	19 957 161
	14 310 946	19 976 306

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29. Depreciation and amortisation		
Property, plant and equipment	6 923 957	7 280 536
Investment property	119 322	122 085
Intangible assets	291 885	202 347
	7 335 164	7 604 968
30. Impairment loss / Reversal of impairment loss		
Impairments		
Property, plant and equipment	-	26 713
The refuse site was revalued during the year. The amount impaired exceeded the carrying value of the asset and therefore the additional portion was recognised through profit and loss.		
Reversal of impairments		
Property, plant and equipment	(171 617)	-
The landfill site was revalued at year end. This resulted in a decrease in the provision. Due to the decrease exceeding the carrying value of the asset, the excess portion is recognised in profit and loss.		
31. Finance costs		
Payables from exchange transactions	896	140
SARS: interest on late payment of VAT	9 002	1 299
Finance costs - landfill site rehabilitation provision	154 415	223 772
	164 313	225 211
32. Bulk purchases		
Electricity	7 487 051	6 573 271
Electricity 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.		
Water There was no bulk purchases for water during the year. This is as a result of the municipality being supplied with water from the river as well as from a municipal farm with a natural water resources.		
33. Contracted services		
Municipal Finance Improvement Program expense	-	(8 793)
Town planning	9 590	54 664
	9 590	45 871

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34. Grants and subsidies		
Other subsidies		
Acacia Primary School	5 000	1 400
Aids program and Cancer awareness	599	17 773
Area committee	37 885	-
Christmas for children	4 603	6 729
Donald Duck Pre-Primary	16 937	16 588
Equitable share households	1 072 720	773 071
Housing transfers	30 989 236	1 526 153
LaDaag	-	10 620
Laingsburg High School	3 000	12 300
Mandela Day	7 758	-
Municipal sport	47 065	25 316
Other grants and subsidies paid	8 354	6 760
SMME development	-	14 660
Soup kitchen	-	150 196
Tourism grant	129 164	190 070
VIP toilets	59 979	-
Youth week	23 116	20 297
	32 405 416	2 771 933

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Figures in Rand	2016	2015 Restated*
35. General expenses		
Administration costs	934 061	513 147
Advertising	104 621	54 727
Auditors remuneration	2 564 518	1 801 443
Bank charges	274 816	257 246
Book detection system	7 250	-
Chemicals	-	3 963
Cleaning	916 147	1 198 847
Commission for collection of traffic fines	3 063 739	3 034 097
Commission paid	115 489	114 328
Community development and training	72 827	69 952
Consulting and professional fees	1 613 821	1 263 336
Consumables	329 191	437 325
Crime prevention	313 240	139 716
Delegation costs	-	24 161
Donations	-	350
Electricity	494 977	396 871
Expense: SARS (VAT)	-	918 001
Flowers	255	-
Fuel and oil	554 611	524 323
Insurance	147 023	115 550
Levy: District Municipality (Health Services)	1 109	16 711
Licence fees	145 713	-
Magazines, books and periodicals	7 675	1 375
Management fees - Water catchment area	21 650	89 820
Marketing	364 907	371 328
Office and general expenses	1 465 946	816 086
Office expenses	1 597	31 203
Pauper burials	5 761	7 237
Pest control	11 501	8 612
Postage	5 001	4 342
Printing and stationery	314 020	246 121
Project maintenance costs	-	(297 761)
Public entertainment	150 416	114 451
Quality control	167 971	225 406
Security services	1 089 526	624 159
Signs	3 384	1 371
Software expenses	70 705	166 101
Subscriptions and membership fees	1 120 294	135 202
Telephone and fax	977 835	721 582
Tools and equipment	87 232	258 493
Training	368 707	897 888
Transport and freight	-	9 768
Travel - local	1 028 196	1 158 943
Uniforms and protective clothing	68 778	39 151
Valuation costs	35 983	35 904
Vehicle licences	64 169	66 001
	19 084 662	16 616 877

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36. Financial instruments disclosure		
Categories of financial instruments		
2016		
Financial assets		
	At amortised cost	Total
Cash and cash equivalents	9 964 156	9 964 156
Receivables from exchange transactions	1 497 018	1 497 018
Receivables from non-exchange transactions	4 708 217	4 708 217
Current portion of long term receivables from exchange transactions	349	349
	16 169 740	16 169 740
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	4 406 421	4 406 421
Consumer deposits	437 071	437 071
	4 843 492	4 843 492
2015		
Financial assets		
	At amortised cost	Total
Cash and cash equivalents	14 758 371	14 758 371
Receivables from exchange transactions	1 439 214	1 439 214
Receivables from non-exchange transactions	5 344 368	5 344 368
Current portion of long term receivables from exchange transactions	281	281
	21 542 234	21 542 234
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	6 312 604	6 312 604
Consumer deposits	406 255	406 255
	6 718 859	6 718 859
Financial instruments in statement of financial performance		
2016		
	At amortised cost	Total
Interest received (calculated using effective interest method) for financial instruments at amortised cost	1 429 389	1 429 389
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(164 314)	(164 314)
Impairment loss	171 617	171 617

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Figures in Rand	2016	2015 Restated*
Financial instruments disclosure (continued)	1 436 692	1 436 692
2015		
	At amortised cost	Total
Interest received (calculated using effective interest method) for financial instruments at amortised cost	1 121 803	1 121 803
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(225 211)	(225 211)
Impairment loss	(26 713)	(26 713)
	869 879	869 879
37. Cash generated from operations		
(Deficit) surplus	(11 684 796)	16 675 884
Adjustments for:		
Depreciation and amortisation	7 335 164	7 604 968
Loss on sale of assets and liabilities	6 936	19 165
Inventory losses	1 904	-
Inventory transferred	5 162 251	-
Impairment loss	(171 617)	26 713
Debt impairment	14 310 946	19 976 305
Movements in operating lease assets and accruals	6 676	2 501
Movements in retirement benefit assets and liabilities	(622 288)	276 915
Movements in provisions	(1 207 866)	1 207 799
Change in rehabilitation asset	1 653 949	(1 090 000)
Assets received as donations	-	128 124
Donations: Investment property	-	(210 821)
Changes in working capital:		
Inventories	(3 284)	(671 461)
Receivables from exchange transactions	204 814	(624 544)
Receivables from non-exchange transactions	(13 937 413)	(21 787 541)
Payables from exchange transactions	(1 906 183)	2 957 463
VAT	(1 697 467)	(1 689 295)
Unspent conditional grants and receipts	3 874 937	2 763 972
Consumer deposits	30 816	10 750
	1 357 479	25 576 897

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
38. Commitments		
Capital commitments		
Already contracted for but not provided for		
• Property, plant and equipment	10 437 430	30 233 046
Total capital commitments		
Already contracted for but not provided for	10 437 430	30 233 046
Total commitments		
Total commitments		
Authorised capital expenditure	10 437 430	30 233 046
This committed expenditure relates to infrastructure assets and will be financed through grants.		
Open purchase orders		
Items ordered before year-end, but not delivered after year-end	147	716

39. Related parties

For names of Councillors as well as disclosures of remuneration to Councillors: Refer to note 27

For disclosures of remuneration to management: Refer to note 26

Related party transactions

The municipality provided municipal services to all councillors, management and their family members residing within the municipal area. The municipality also charges property rates to all councillors, management and their family members who are property owners within the municipal area. These transactions were concluded on normal operating terms and are included in the "service charges" and "property rates" on the statement of financial performance. Any balances due to the municipality on the reporting date are included in receivables from exchange transactions (relating to service charges) and receivables from non-exchange transactions (relating to property rates) on the statement of financial position.

Mrs. Annalie Theron provided accommodation for guests for the Annual Karoo Marathon event and is the wife of the Mayor, councillor W. Theron. The total cost of these services provided amounted to R2 250.

40. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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Figures in Rand	2016	2015 Restated*
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40. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	4 881 080	-	-	-
Consumer deposits	437 071	-	-	-
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	6 613 518	-	-	-
Consumer deposits	406 205	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Cash and cash equivalents	9 964 156	14 758 371
Receivables from exchange transactions	1 497 018	1 439 214
Receivables from non-exchange transactions	6 736 091	5 344 368
Current portion of long-term receivables from exchange transactions	349	281

41. Going concern

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

42. Events after the reporting date

The accounting officer is not aware of any matters or events arising between the end of the reporting period and the date of these financial statements, which will significantly affect the financial position and results of the municipality's operations.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
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43. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2016

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	2 255 048	32 994 672	1 680 451	36 930 171
Transfer to capital replacement reserve	420 010	-	-	420 010
Capital grants used to purchase property, plant and equipment	(904 755)	-	-	(904 755)
	1 770 303	32 994 672	1 680 451	36 445 426

Ring-fenced internal funds and reserves within accumulated surplus - 2015

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	2 261 681	32 994 672	1 680 451	36 936 804
Property, plant and equipment purchases	(6 633)	-	-	(6 633)
	2 255 048	32 994 672	1 680 451	36 930 171

44. Reserves

Capital Replacement Reserve

This reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instruments. The Capital Replacement Reserve is included in accumulated surplus as required by GRAP 1.89.

Donations and Public Contributions Reserve

This reserve is a reserve to finance only certain approved future expenditure and is fully invested in ring-fenced financial instruments. The Donations and Public Contributions Reserve is included in accumulated surplus as required by GRAP 1.89.

Capital replacement reserve	1 770 303	2 255 048
Donations and public contributions	32 994 720	32 994 672
	34 765 023	35 249 720

45. Housing development fund

Loans extinguished by Government on 1 April 1998	1 680 451	1 680 451
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The housing development fund is represented by the following assets and liabilities

Revaluation of assets	1 680 451	1 680 451
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The Housing Development Fund has its origin from loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the housing development fund are used only for the funding of housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

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46. Fruitless and wasteful expenditure		
Interest on late payment of suppliers	11 049	2 101
Penalties paid to SARS (VAT)	-	39 481
Interest paid to SARS (VAT)	-	15 085
Overpayment of cell phone allowance to councillors	-	8 242
	11 049	64 909

Interest on late payment of suppliers was written-off by Council.

Penalties and interest paid to SARS relates to the VAT review performed by SARS during the 2013/2014 financial year.

47. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

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Notes to the Annual Financial Statements

Figures in Rand

2016

2015
Restated*

47. Prior period errors (continued)

Statement of Financial Performance for the year ended 30 June 2015

Revenue

	Balance as previously reported	Prior period error	Reclassified	Restated balance
Service charges	13 902 626	-	(1 601)	13 901 025
Interest on bank accounts	855 862	21 050	-	876 912
Interest on outstanding debtors	244 891	-	-	244 891
Rental income	1 274 595	-	-	1 274 595
Licences and permits	176 204	-	-	176 204
Agency services	83 646	-	-	83 646
Other income	618 541	-	1 694	620 235
Property rates	2 794 213	-	-	2 794 213
Property rates - penalties imposed	245 547	-	-	245 547
Government grants and subsidies	39 494 478	554 386	-	40 048 864
Fines, penalties and forfeits	28 432 776	-	-	28 432 776
Total revenue	88 123 379	575 436	93	88 698 908

Expenditure

Employee related costs	(12 861 255)	(36 475)	1 100	(12 896 630)
Remuneration of councillors	(2 412 029)	76 891	-	(2 335 138)
Debt impairment	(19 976 306)	-	-	(19 976 306)
Depreciation and amortisation	(7 746 012)	141 044	-	(7 604 968)
Impairment loss	(26 713)	-	-	(26 713)
Finance costs	(225 211)	-	-	(225 211)
Bulk purchases	(6 573 271)	-	-	(6 573 271)
Contracted services	(45 871)	-	-	(45 871)
Grants and subsidies paid	(1 245 778)	(1 526 153)	-	(2 771 931)
Repairs and maintenance	(1 638 813)	(64 777)	(962 532)	(2 666 122)
General expenses	(17 875 975)	297 761	961 340	(16 616 874)
Library lease	(76 980)	-	-	(76 980)
Collection costs	(187 844)	-	-	(187 844)
Loss on disposal of assets	(19 165)	-	-	(19 165)
Total expenditure	(70 911 223)	(1 111 709)	(92)	(72 023 024)

Operating surplus / (deficit)	17 221 594	(935 344)	-	16 286 250
Surplus / (deficit) for the year	17 221 594	(935 344)	-	16 286 250

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*	
47. Prior period errors (continued)			
Statement of Financial Position as at 30 June 2015	Balance as previously reported	Prior period error / Reclassified	Restated balance
Assets			
Current Assets			
Cash and cash equivalents	14 758 371	-	14 758 371
Receivables from exchange transactions	1 432 861	6 353	1 439 214
Receivables from non-exchange transactions	5 323 318	21 050	5 344 368
VAT receivable	2 333 395	(290 675)	2 042 720
Operating lease asset	6 676	-	6 676
Inventories	5 312 811	1 111 855	6 424 666
Other asset	281	-	281
Total current assets	29 167 713	848 583	30 016 296
Non-current Assets			
Operating lease asset	2 697	-	2 697
Investment property	4 511 190	-	4 511 190
Property, plant and equipment	161 434 891	(1 801 013)	159 633 878
Intangible assets	669 220	96 279	765 499
Heritage assets	43 354	-	43 354
Total non-current assets	166 661 352	(1 704 734)	164 956 618
Liabilities			
Current Liabilities			
Payables from exchange transactions	5 951 626	360 978	6 312 604
Consumer deposits	406 255	-	406 255
Unspent conditional grants and receipts	6 357 897	(554 386)	5 803 511
Employee benefit obligation	92 000	126 452	218 452
Provisions	417 533	(126 452)	291 081
Total current liabilities	13 225 311	(193 408)	13 031 903
Non-current Liabilities			
Employee benefit obligation	3 785 000	174 463	3 959 463
Provisions	4 347 842	(174 463)	4 173 379
Total non-current liabilities	8 132 842	-	8 132 842
Net Assets			
Accumulated surplus - Opening balance	157 249 316	(117 032)	157 132 284
Surplus / (deficit) for the year	17 221 594	(545 710)	16 675 884
Total net assets	174 470 910	(662 742)	173 808 168

Detailed breakdown

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
47. Prior period errors (continued)		
1. Interest on bank accounts		
Balance previously reported	-	855 862
Amount accrued in 2013/14 reversed	-	(24 898)
Recognition of interest accrued	-	45 948
	<u>-</u>	<u>876 912</u>

1. Interest on bank accounts

Interest accrued in June 2014 was recognised in the 2013/14 financial year. Therefore the above reflects the reversal of the interest recognised and recognition of the interest accrued in June 2015 year. Interest on ABSA bank accounts is capitalised on the first of the next month which results in interest accrued at year end but not yet reflected in the bank accounts. The above is to take into account the interest accrued in the correct financial period.

2. Government grants and subsidies

Balance previously reported	-	39 494 478
Department of Sport and Recreation ("Kick-about")	-	297 761
Human settlements grant	-	256 625
	<u>-</u>	<u>40 048 864</u>

2. Government grants and subsidies

The grant received from the Department of Sport and Recreation was completed in December 2014. The above recognises the expenditure that was transferred to revenue for conditions being met.

The grant on human settlements were fully utilised in the prior year and therefore the full amount was to be recognised in as revenue as all the conditions were met in the prior year.

3. Remuneration of councillors

Balance previously reported	-	2 412 029
Double journal entry	-	(76 891)
	<u>-</u>	<u>2 335 138</u>

3. Remuneration of councillors

An incorrect journal was posted in the prior year which lead to a double entry.

4. Depreciation and amortisation

Balance previously reported	-	7 746 012
Depreciation on intangible assets	-	3 320
Depreciation on furniture and equipment	-	168 144
Depreciation on infrastructure	-	15 314
Depreciation on community assets	-	63 440
Reversal of depreciation charge on PPE	-	(1 627)
Re-asses useful lives of PPE	-	(389 635)
	<u>-</u>	<u>7 604 968</u>

4. Depreciation and amortisation

For detail on errors refer to property, plant and equipment and intangible asset errors.

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Figures in Rand	2016	2015 Restated*
47. Prior period errors (continued)		
5. Repairs and maintenance		
Balance previously reported	-	1 638 813
Rehabilitate water monitoring system	-	27 445
Refuse dump	-	37 332
Reclassification (general expenses)	-	962 532
	<u>-</u>	<u>2 666 122</u>
5. Repairs and maintenance		
Repairs to the water monitoring system and refuse dump expenditure was incorrectly classified as an asset under property, plant and equipment in the prior year.		
6. General expenditure		
Balance previously reported	-	17 875 975
Reclassification: service charges	-	(1 601)
Reclassification: other income	-	1 694
Reclassification: employee related cost	-	1 100
Reclassification: repairs and maintenance	-	(962 533)
Department of Sport and Recreation ("Kick-about") expenditure	-	(297 761)
	<u>-</u>	<u>16 616 874</u>
6. General expenditure		
In the prior year, crime prevention expenditure and administration cost was incorrectly mapped.		
Refer to government grants and subsidies revenue for detail on "Kick-about" expenditure.		
7. Grants and subsidies paid		
Balance previously reported	-	1 245 778
Matjiesfontein UISP	-	1 526 153
	<u>-</u>	<u>2 771 931</u>
7. Grants and subsidies paid		
The Matjiesfontein UISP project was completed in the previous year. This improvement was done on properties that is owned by the community and was therefore transferred from assets under construction to transfers and subsidies.		
8. Receivables from exchange transactions		
Balance previously reported	-	1 432 861
Deposit received	-	6 353
	<u>-</u>	<u>1 439 214</u>
8. Receivables from exchange transactions		
A deposit received in the prior year was incorrectly recognised as receivables from exchange transactions.		
9. Receivables from non-exchange transactions		
Balance previously reported	-	5 323 318
Interest on bank accounts	-	21 050
	<u>-</u>	<u>5 344 368</u>

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
47. Prior period errors (continued)		
9. Receivables from non-exchange transaction		
Interest accrued for 2013/14 financial year was reversed and interest accrued for the 2014/15 was recognised. Consequently the debtor raised in 2013/14 was reversed and the debtor for 2014/15 on interest accrued was recognised.		
10. Inventories		
Balance previously reported	-	5 312 811
RDP houses	-	1 047 825
VIP toilets	-	64 030
	-	6 424 666
10. Inventories		
A portion of RDP houses capital expenditure was incorrectly not transferred to inventories from property, plant and equipment.		
VIP toilets are bought and kept by the municipality for the use of farmers in the community. These portable toilets are kept as inventory and then distributed to the community when needed. This was incorrectly treated as property, plant and equipment in the prior year.		
11. VAT receivable		
Balance previously reported	-	2 333 395
Matjiesfontein RDP houses (inventory)	-	(102 770)
Goldnerville RDP houses (assets under construction)	-	(187 905)
	-	2 042 720
11. VAT receivable		
VAT on RDP housing projects was incorrectly claimed in the prior year. This capital expenditure with regard to housing projects is exempt in terms of VAT regulations.		
12. Property, plant and equipment		
Balance as previously reported	-	161 434 891
Goldnerville RDP houses (assets under construction)	-	187 908
Matjiesfontein RDP houses	-	(945 055)
VIP toilets	-	(64 030)
Kambroo Street addition	-	(4 161)
Matjiesfontein sanitation	-	203 728
Rehabilitation of water monitoring system	-	(336 288)
Matjiesfontein UISP	-	(1 526 153)
Repairs and maintenance	-	(64 778)
Kick-about	-	234 321
Motor vehicles	-	(7 812)
Re-asses useful lives of PPE	-	521 307
	-	159 633 878

12. Property, plant and equipment

VAT was incorrectly claimed in the prior year on the RDP houses expenditure.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
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47. Prior period errors (continued)

A portion of the Matjiesfontein RDP housing project was not transferred to inventory in the prior year. This amount reflects the amount transferred including the VAT that was incorrectly claimed.

VIP toilets was transferred from property, plant and equipment to inventories.

Construction on the Kambroo Street project was completed in March 2015 but incorrectly not transferred from assets under construction to property, plant and equipment. The amount above reflects the accumulated depreciation portion.

A retention payment was made in the current year with regard to the Matjiesfontein sewer project completed in 2013/14 financial year. No retention creditor was recognised. This amount was therefore incorrectly not capitalised against the asset. The amount reflects the nett amount of retention and accumulated depreciation.

The water monitoring system was in use from the 2013/14 financial year but not transferred from assets under construction to property, plant and equipment. The amount reflects the accumulated depreciation charge for 2013/14 and 2014/15 financial years.

The Matjiesfontein UISP project was completed in the previous year. This improvement was done on properties that is owned by the community and was therefore transferred from assets under construction to transfers and subsidies.

Repairs and maintenance expenditure on the sewerage dam flow meter, water monitoring system and the package plant was incorrectly classified under assets under construction in the prior year and therefore corrected.

The remaining portion of the Kick-about project was not transferred to property, plant and equipment with a resulting accumulated depreciation error.

A motor vehicle was scrapped in March 2015 but not removed from the register.

The useful lives of property, plant and equipment were revised for assets still in use. The effect of depreciation decrease or (increase) per asset classification are as follows: buildings R16 133, furniture and equipment R31 268, infrastructure assets R472 023 and community assets with R1 882. The effect of the 2013/14 financial year reflects under the change in accumulated surplus opening balance.

13. Intangible assets

Balance previously reported	-	669 220
Computer software (IDI System)	-	96 279
	-	765 499

13. Intangible assets

The IDI System (Internal audit support system) was purchased in the prior year. The full amount was however only paid in the current year. Therefore the full amount was not capitalised at year end and depreciation was incorrectly calculated.

14. Payables from exchange transactions

Balance previously reported	-	5 951 626
Intangible asset	-	99 600
Remuneration of councillors	-	(76 892)
Deposit received	-	6 353
Retention	-	222 315
Salary related amounts accrued	-	109 602
	-	6 312 604

14. Payables from exchange transactions

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
47. Prior period errors (continued)		
The portion of the IDI System not paid at year end was not recognised as a receivable.		
An incorrect journal was posted in the prior year which lead to a double entry with regard to remuneration of councillors.		
A deposit received in the prior year was incorrectly recognised as receivables from exchange transactions.		
A retention payment was made in the current year with regard to the Matjiesfontein sewer project completed in 2013/14 financial year. No retention creditor was recognised.		
Employee cost expenditure was allocated to salary related amount accrued but not transferred to the applicable expense account in the 2013/14 and 2014/15 financial years.		
15. Unspent conditional grants		
Balance previously reported	-	6 357 897
Government grants and subsidies	-	(554 386)
	<u>-</u>	<u>5 803 511</u>
15. Unspent conditional grants		
Refer to detail under government grants and subsidies revenue.		
16. Employee related cost		
Balance previously reported	-	12 861 255
Reclassification (general expenses)	-	(1 101)
Payables from exchange transactions	-	36 476
	<u>-</u>	<u>12 896 630</u>
16. Employee related cost		
Employee cost expenditure was allocated to salary related amount accrued but not transferred to the applicable expense accounts.		
17. Employee benefit obligation		
Balance previously reported	-	3 877 000
Reclassification of long service awards	-	300 914
	<u>-</u>	<u>4 177 914</u>
17. Employee benefit obligation		
Long service awards was reclassified from provisions to employee benefits.		
18. Accumulated surplus		
Opening balance previously reported	-	157 249 316
Rehabilitation of water monitoring system - depreciation	-	(168 145)
Matjiesfontein sanitation	-	(7 435)
Salary related amounts accrued	-	(73 125)
Re-asses useful lives of PPE	-	131 673
	<u>-</u>	<u>157 132 284</u>

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015 Restated*
47. Prior period errors (continued)		
18. Accumulated surplus opening balance		
The water monitoring system was in use from the 2013/14 financial year but not transferred from assets under construction to property, plant and equipment. The amount reflects the depreciation charge for 2013/14 financial year.		
A retention payment was made in the current year with regard to the Matjiesfontein sewer project completed in 2013/14 financial year. The amount is the depreciation charge for the 2013/14 financial year.		
Employee cost expenditure was allocated to salary related amount accrued but not transferred to the applicable expense account in the 2013/14 financial year.		
The useful lives of property, plant and equipment were revised for assets still in use. Depreciation charge of infrastructure assets decreased with the amount reflected above.		
48. Change in estimate		
Property, plant and equipment		
The useful life of certain items of property, plant and equipment were changed due to a change in management's estimate of the remaining useful life during the 2015/16 financial year. This also had an impact on the 2013/14 and the 2014/15 financial years. For the impact of this please refer to note 47 on prior period errors.		
The effect of the revision has decreased the depreciation charges for the current period as follows:		
- Buildings R5 319		
- Furniture and equipment R27 465		
- Motor vehicles R266 520		
- Infrastructure R128 310		
- Community R11 134		
49. Irregular expenditure		
Opening balance	17 671 663	17 671 663
Add: Irregular expenditure - current year	27 481 939	31 025 463
Less: Amounts written off	(4 718 818)	(31 025 463)
	40 434 784	17 671 663
Analysis of expenditure awaiting condonation per age classification		
Current year	22 763 121	-
Prior years	17 671 663	17 671 663
	40 434 784	17 671 663
50. Unauthorised expenditure		
Unauthorised expenditure	15 094 202	23 675 097

No disciplinary steps have been followed to date as the Municipality was of the opinion that the unauthorised expenditure was incurred due to overspending of votes or main divisions within votes.

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Figures in Rand	2016	2015 Restated*
50. Unauthorised expenditure (continued)		
All unauthorised expenditure was written-off by Council.		
51. Deviations from Supply Chain Management regulations		
Deviations		
In any other exceptional case where it is impractical or impossible to follow the official procurement processes: (Policy reference 36(1)(a)(v))	35 662	984 774
If such goods or services are produced or available from a single provider only: (Policy reference 36(a)(ii))	1 072 445	235 638
In an emergency: (Policy reference 36(a)(i))	-	4 080
	1 108 107	1 224 492
52. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government - SALGA		
Opening balance	675 000	500 000
Current year subscription / fee	482 500	500 000
Amount paid - current year	(1 100 000)	(750 000)
	57 500	250 000
Audit fees		
Current year subscription / fee	2 519 266	1 801 443
Amount paid - current year	(2 519 266)	(1 801 443)
	-	-
PAYE and UIF		
Opening balance	597 906	55 151
Current year subscription / fee	1 732 761	2 042 618
Amount paid - current year	(2 208 381)	(1 499 863)
	122 286	597 906
Pension and medical aid deductions		
Opening balance	115 304	115 304
Current year subscription / fee	3 180 061	2 366 399
Amount paid - current year	(3 370 760)	(2 366 399)
	(75 395)	115 304
Councillors' arrear consumer accounts		

One councillor Botha J, had arrear accounts outstanding for more than 90 days of R2 747 at 30 June 2016.

Appendix A

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016											
Financial Performance											
Property rates	3 000 300	755 800	3 756 100	-		3 756 100	3 129 333		(626 767)	83 %	104 %
Service charges	17 826 100	(2 847 700)	14 978 400	-		14 978 400	15 257 889		279 489	102 %	86 %
Investment revenue	651 800	198 200	850 000	-		850 000	1 270 010		420 010	149 %	195 %
Transfers recognised - operational	43 922 900	9 192 424	53 115 324	-		53 115 324	47 686 584		(5 428 740)	90 %	109 %
Other own revenue	29 658 200	(4 338 088)	25 320 112	-		25 320 112	21 966 052		(3 354 060)	87 %	74 %
Total revenue (excluding capital transfers and contributions)	95 059 300	2 960 636	98 019 936	-		98 019 936	89 309 868		(8 710 068)	91 %	94 %
Employee costs	(17 096 300)	(471 430)	(17 567 730)	-	-	(17 567 730)	(15 022 407)	-	2 545 323	86 %	88 %
Remuneration of councillors	(2 453 200)	-	(2 453 200)	-	-	(2 453 200)	(2 518 027)	-	(64 827)	103 %	103 %
Debt impairment	(21 681 600)	-	(21 681 600)			(21 681 600)	(14 310 946)	-	7 370 654	66 %	66 %
Depreciation and asset impairment	(9 668 500)	(10 900)	(9 679 400)			(9 679 400)	(7 163 548)	-	2 515 852	74 %	74 %
Finance charges	-	-	-	-	-	-	(164 314)	-	(164 314)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(6 522 800)	(1 477 200)	(8 000 000)	-	-	(8 000 000)	(7 487 051)	-	512 949	94 %	115 %
Transfers and grants	(4 231 400)	(2 021 024)	(6 252 424)	-	-	(6 252 424)	(32 405 414)	-	(26 152 990)	518 %	766 %
Other expenditure	(15 882 100)	(4 377 070)	(20 259 170)	-	-	(20 259 170)	(21 922 956)	-	(1 663 786)	108 %	138 %
Total expenditure	(77 535 900)	(8 357 624)	(85 893 524)	-	-	(85 893 524)	(100 994 663)	-	(15 101 139)	118 %	130 %
Surplus/(Deficit)	17 523 400	(5 396 988)	12 126 412	-		12 126 412	(11 684 795)		(23 811 207)	(96)%	(67)%
Surplus/(Deficit) for the year	17 523 400	(5 396 988)	12 126 412	-		12 126 412	(11 684 795)		(23 811 207)	(96)%	(67)%

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital Expenditure and Funds Sources											
Total capital expenditure	28 748 000	7 776 000	36 524 000	-		36 524 000	32 131 939		(4 392 061)	88 %	112 %
Sources of capital funds											
Transfers recognised - capital	27 082 000	7 776 000	34 858 000	-		34 858 000	31 227 184		(3 630 816)	90 %	115 %
Internally generated funds	1 666 000	-	1 666 000	-		1 666 000	904 755		(761 245)	54 %	54 %
Total sources of capital funds	28 748 000	7 776 000	36 524 000	-		36 524 000	32 131 939		(4 392 061)	88 %	112 %
Cash Flows											
Net cash from (used) operating	12 949 000	-	12 949 000	-		12 949 000	1 357 479		(11 591 521)	10 %	10 %
Net cash from (used) investing	(11 619 000)	-	(11 619 000)	-		(11 619 000)	(6 151 694)		5 467 306	53 %	53 %
Net increase/(decrease) in cash and cash equivalents	1 330 000	-	1 330 000	-		1 330 000	(4 794 215)		(6 124 215)	(360)%	(360)%
Cash and cash equivalents at the beginning of the year	14 758 000	-	14 758 000	-		14 758 000	14 758 371		371	100 %	100 %
Cash and cash equivalents at year end	16 088 000	-	16 088 000	-		16 088 000	9 964 156		6 123 844	62 %	62 %

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2015				
Financial Performance				
Property rates				3 039 760
Service charges				13 901 025
Investment revenue				876 912
Transfers recognised - operational				40 048 864
Other own revenue				30 832 346
Total revenue (excluding capital transfers and contributions)				88 698 907
Employee costs	855 932	-	855 932	(12 896 630)
Remuneration of councillors	103 871	-	103 871	(2 335 138)
Debt impairment	1 173 558	-	1 173 558	(19 976 306)
Depreciation and asset impairment	-	-	-	(7 631 681)
Finance charges	-	-	-	(225 211)
Materials and bulk purchases	26 629	-	26 629	(6 573 271)
Transfers and grants	1 194 122	-	1 194 122	(2 771 931)
Other expenditure	534 516	-	534 516	(19 612 856)
Total expenditure	3 888 628	-	3 888 628	(72 023 024)
Surplus/(Deficit)				16 675 883
Surplus/(Deficit) for the year				16 675 883

Capital Expenditure and Funds Sources

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash Flows				
Net cash from (used) operating				25 576 897
Net cash from (used) investing				(19 135 697)
Net increase/(decrease) in cash and cash equivalents				6 441 200
Cash and cash equivalents at the beginning of the year				8 317 171
Cash and cash equivalents at year end				14 758 371

LAINGSBURG MUNICIPALITY	APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT	30 Junie 2016

LAINGSBURG MUNICIPALITY	APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT	30 Junie 2016

30 Junie 2016

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APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERM OF SECTION 123 OF MFMA, 56 OF 2003

Name of grant	Name of organ of state	Quarterly income				Quarterly expenditure				Grants and subsidies delayed/withheld				Reason for delay / withholding of funds	Compliance to DoRA (Yes / No)	Reason for non-compliance
		Sep-15	Dec-15	Mar-16	Jun-16	Sep-15	Dec-15	Mar-16	Jun-16	Sep-15	Dec-15	Mar-16	Jun-16			
Equitable share	National Treasury	5 006 000	3 007 000	3 004 000	-	2 986 179	2 986 179	2 986 179	2 986 179	998 000	-	-	-	Roll over not approved	Yes	N/A
Municipal Infrastructure Grant	National Treasury	3 969 000	2 484 000	2 109 000	-	2 279 011	89 776	392 687	3 802 400	-	-	-	-	N/A	Yes	N/A
Financial Management Grant	National Treasury	1 700 000	-	-	-	138 144	162 239	728 856	670 760	-	-	-	-	N/A	Yes	N/A
Municipal Systems Improvement Grant	National Treasury	930 000	-	-	-	91 047	47 726	57 975	733 252	-	-	-	-	N/A	Yes	N/A
Expanded Public Works Programme	National Treasury	400 000	300 000	300 000	-	162 595	303 638	330 356	415 430	-	-	-	-	N/A	Yes	N/A
Energy Efficiency and Demand Side Management Grant	National Treasury	1 000 000	1 000 000	1 000 000	-	-	810 700	404 000	38 605	-	-	-	-	N/A	Yes	N/A
Integrated National Electrification Programme (Municipal Grant)	National Treasury	3 000 000	-	-	-	99 600	368 984	2 163 826	367 590	-	-	-	-	N/A	Yes	N/A
Disaster recovery (flood damage) grant	National Treasury	-	-	-	-	-	270 357	-	-	-	-	-	-	N/A	Yes	N/A
Provincial library services	Provincial Treasury	320 666	641 332	-	-	164 043	247 303	194 376	390 045	-	-	-	-	N/A	Yes	N/A
Provincial Financial Management Support Grant	Provincial Treasury	-	1 771 224	-	500 000	91 350	117 776	192 450	1 225 997	-	-	-	-	N/A	Yes	N/A
Municipal Infrastructure Support Grant	Provincial Treasury	-	-	470 000	-	-	-	-	478 462	-	-	-	-	N/A	Yes	N/A
Community Development Workers	Provincial Treasury	-	72 000	-	-	8 328	24 892	15 985	22 795	-	-	-	-	N/A	Yes	N/A
Financial Support for IDP related projects	Provincial Treasury	-	-	200 000	-	-	4 545 956	8 567 223	5 293 563	-	-	-	-	N/A	Yes	N/A
Human Settlement Development Grant	Provincial Treasury	-	4 454 956	13 821 785	39 000	-	-	-	-	-	-	-	-	N/A	Yes	N/A
Provincial Sub Setia	Provincial Treasury	6 120	11 770	8 793	4 874	91 265	24 579	22 483	9 208	-	-	-	-	N/A	Yes	N/A
Maintenance of proclaimed roads	Provincial Treasury	-	-	-	30 000	5 194	3 653	4 049	21 175	-	-	-	-	N/A	Yes	N/A

Appendix G

Material differences between budget and actual amounts

- 1.1 During the financial year debt outstanding from 30 June 2015 was written off. Therefore the interest received was below the budgeted figure.
- 1.2 Rental income from the Thusong offices are now levied at market related fees due improvement in their financial position.
- 1.3 Licences and permits issued or renewed was lower than originally budgeted. During the time of adjustment budget there was an increase in income but for the period afterwards the income decreased.
- 1.4 Agency services provided as at the time of the adjustment budget was expected to decrease but the result was an increase.
- 1.5 Salaries from the traffic department recovered was lower than budgeted for.
- 1.6 Old properties from the development board, transferred to the municipality were levied as private property and therefore calculated rates was lower than recovered.
- 1.7 A decrease in debt recovery resulted in more penalties imposed.
- 1.8 The housing grant was lower than expected due to less number of houses being built than planned.
- 1.9 Due to fluctuations in payments and issues the application of the reporting standard resulted in a lower calculated revenue amount.
- 1.10 The municipality organogram was restructured during the year. The planned expenditure took account of this for the whole financial year but was only implemented from September onward and no back pay amounts were paid as taken into account in the budget.
- 1.11 During the budget process it was not taken into account that fines older than 2 years will be written off at year end.
- 1.12 Depreciation was based on prior year information. Infrastructure additions were lower during the year and therefore resulted in less depreciation charges.
- 1.13 Valuation on refuse site information was only available at year end.
- 1.14 Was not separately included during the budget process.
- 1.15 Summonses were only issued after the budget process.
- 1.16 The repairs on streetlights planned was lower due to the implementation of the EEDSM project which included the electrification of street lights.
- 1.17 Contracted services portion in the budget for commission on traffic fines is under general expenses.
- 1.18 RDP houses were transferred to owners before year end. This took place earlier than expected in the budget process.
- 1.19 General expenditure on flood damage expenditure took place after the budget process.
- 1.20 Inventory purchases was lower than planned and the last number of RDP houses are still carried within inventory.
- 1.21 Final fines calculation resulted in a difference between budget and actual.
- 1.22 VAT receivable was not budgeted for.
- 1.23 Debtors were written off during the last portion of the year and therefore not budgeted for.
- 1.24 Cash and cash equivalents is lower than expected due to initial taking into account of the total amount of the housing grant to be received at year end.
- 1.25 Addition of assets were lower than budgeted for.
- 1.26 Purchase of Caseware asset was not taken into account during the budget due to approval only granted after the adjustment budget.
- 1.27 Most creditors that provided invoices before year end was paid which resulted in a lower payable amount.
- 1.28 Due to more disconnections more deposits were paid to the municipality.
- 1.29 Employee benefits and provisions were not taken into account during the budget process.
- 1.30 All grants were budgeted to be fully spent at year end but due to capital projects running over more than one year some portions were unspent.

ANNEXURE B:
AUDITOR GENERAL
REPORT

Report of the auditor-general to the Western Cape Provincial Parliament and the council on Laingsburg Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Laingsburg Municipality set out on pages 5 to 92, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Emphasis of matters

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

Material impairments

8. As disclosed in notes 4 to 5 to the financial statements, receivables have been significantly impaired. The impairment allowance amounts to R35,8 million (2014-15: R36,1 million) of which R1,38 million (2014-15: R2,7 million) relates to services debtors.

Material losses

9. As disclosed in note 19 to the financial statements, water losses of 50.74% amounting to R1 028 937 (2015-16: 51.54% amounting to R1 216 975) were incurred during the year.

Material underspending of the budget

10. As disclosed in the statement of comparison of budget and actual amounts, the municipality has underspent on its final approved capital budget to the amount of R9,7 million.

Restatement of corresponding figures

11. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2014-15 financial year in the financial statements of Laingsburg Municipality.

Additional matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 93 to 100 does also not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

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

Report on other legal and regulatory requirements

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

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objectives presented in the annual performance report of the Municipality for the year ended 30 June 2016:

- Strategic Objective A: Create an environment conducive for economic development pages 53 to 54
- Strategic Objective C: Effective maintenance of municipal assets and natural resources on pages 55 to 56
- Strategic Objective E: Provision of infrastructure to deliver improved services to all residents and business on pages 58 to 59
- Strategic Objective D: Improve standards of living of all people in Laingsburg on pages 56 to 57

17. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

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

19. I did not identify material findings on the usefulness and reliability of the reported performance information for the following selected strategic objective:

- Strategic Objective A: Create an environment conducive for economic development on pages 53 to 54
- Strategic Objective C: Effective maintenance of municipal assets and natural resources on pages 55 to 56
- Strategic Objective E: Provision of infrastructure to deliver improved services to all residents and business on pages 58 to 59

- Strategic Objective D: Improve standards of living of all people in Laingsburg on pages 56 to 57

Additional matters

20. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 53 to 59 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

22. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of create an environment conducive for economic development; effective maintenance of municipal assets and natural resources; provision of infrastructure to deliver improved services to all residents and business and Improve standards of living of all people in Laingsburg. As management subsequently corrected the misstatements, we did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

23. The supplementary information set out on pages 1 to 53 and 59 to 108 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion on them.

Compliance with legislation

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

Annual financial statements

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, which resulted in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

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

Procurement and contract management

28. I could not obtain sufficient appropriate audit evidence that goods and services with a transaction value of below R200 000 were procured using price quotations as required by SCM regulation 17(a) and (c).
29. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).
30. I could not obtain sufficient appropriate audit evidence that goods and services of a transaction value above R200 000 were procured by inviting competitive bids, as required by SCM regulations 19(a).
31. I could not obtain sufficient appropriate audit evidence that bid specifications unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM regulation 27(2)(a).
32. I could not obtain sufficient appropriate audit evidence that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
33. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).
34. I could not obtain sufficient appropriate audit evidence that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.
35. I could not obtain sufficient appropriate audit evidence that bid adjudication committees were always composed in accordance with SCM regulation 29(2).
36. I could not obtain sufficient appropriate audit evidence that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
37. I could not obtain sufficient appropriate audit evidence that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
38. I could not obtain sufficient appropriate audit evidence obtained that contracts were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.

39. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
40. I could not obtain sufficient appropriate audit evidence that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
41. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
42. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Internal control

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

Leadership

44. Leadership was not effective in ensuring that good governance is in place to protect and enhance the interests of the municipality, due to the lack of proper implementation of procedures and policies. Despite the recurring findings, leadership did not create a culture of good governance as evidenced by the lack of review of compliance with legislation. Leadership also has not acted on our audit recommendations made in the prior year and has not carried out the commitments made in previous audits.
45. Leadership did not provide sufficient oversight over the implementing and monitoring of controls to prevent non-compliance. This has resulted in a breakdown of controls. Furthermore, leadership did not provide adequate oversight over the preparation of the annual financial statements to ensure that they are free from material misstatements.
46. Despite a continuous shortage of skills, leadership has not implemented any policy or processes to ensure that staff is sufficiently and adequately trained and that the performance of staff is monitored, measured and evaluated. Leadership has also not implemented any policy or process to ensure the transfer of skills and knowledge from the consultants to the staff. Despite the challenges that the municipality face in attracting sufficiently skilled staff, leadership has not implemented any initiatives to address the shortage of skilled staff in the procurement and finance departments within the municipality.
47. Leadership did not have adequately documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the key legislation relating to the annual financial statements, procurement and contract management, expenditure management.
48. From the numerous instances of non-compliance with legislation and material misstatements identified in the financial statements, it can be concluded that the action plan developed to address the internal control deficiencies previously identified and communicated was not effective. Leadership did not ensure that management's action

plan to address the internal control deficiencies identified in the prior financial year were implemented as is evidenced by the extent of recurring audit findings in the current financial year. The action plan in place is not driven with vigour and intervention is urgently required to prevent the municipality from regressing.

Financial and performance management

49. Management did not ensure that information is timeously gathered and filed appropriately to support financial information reported in the financial statements and the annual performance report. Furthermore, the lack of contract management and maintaining proper contract registers hampered the disclosure of commitments in the financial statements and non-compliance with regard to procurement and contract management.
50. Management has not implemented adequate controls to ensure that there are monthly reconciliations performed of transactions to support valid, accurate and complete financial reporting. Furthermore, management did not ensure that certain information used to prepare the annual performance report is correct and the calculations using the information from these reports.
51. Management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
52. Despite the recurring findings, management has not ensured that the actions plans developed to address the recurring non-compliance findings were implemented and monitored. Management did not have adequate controls in place to effectively review and monitor compliance with all relevant legislation. Management has not carried out the commitments made of implementing monitoring processes to ensure compliance with legislation, specifically relating to procurement and contract management and key compliance focus areas. Vigorous monitoring of the action plan did not occur and responsibilities of those whom should action it is not clear.

Auditor - General

Cape Town

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

