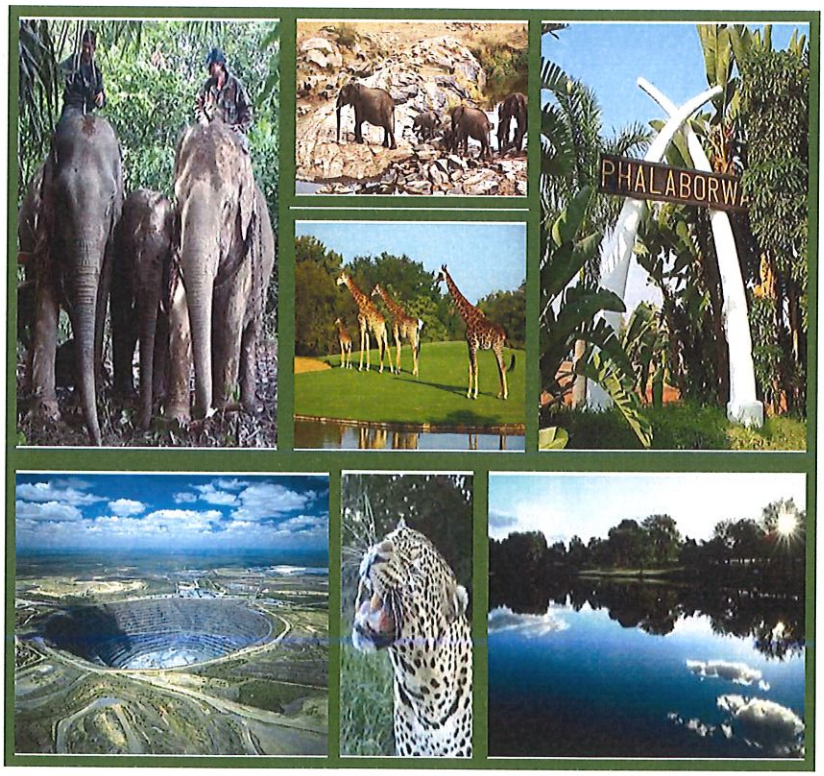
BA-PHALABORWA MUNICIPALITY

2019/20

DRAFT ANNUAL REPORT



THE HOME OF MARULA AND WILDLIFE TOURISM

CHAPTER 1: MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

MAYOR 'S FOREWORD

The 2019/20 financial year mark our fourth year in office. In presenting this Annual Report 2019/20, we contend that Ba-Phalaborwa Municipality continues to strive towards delivering services for all its communities. Our specific mandate as Ba-phalaborwa Municipality, is guided by our Integrated Development Plan.

The purpose of the annual report is to provide a record of the activities for 2019/20, to report on performance against the budget of the Ba-Phalaborwa Municipality, and to promote accountability to the local community for the decisions made throughout the year. The deployment of key strategies was aimed at tackling service delivery that is geared at the provision of refuse collection, electricity, access to roads, water etc. It is important to have a sustainable service delivery in order to attract tourists and to grow local economic development.

We have identified a number of projects aimed at local economic development, but due to budget constraints and the requirements of credible budgeting, these projects could not be budgeted for. Hence, we must continue our efforts to lobby the financial support of both National and Provincial Government in order for us to be able to review and implement our LED Strategy.

Municipality has 190 ward committees member made out of 19 wards. Ward committees together with ward councillors conducts public meetings in their respective wards and submit monthly reports to the Speaker. During the year under review 43 public meetings were held in different wards. Public participation process is used to inform communities about success and challenges that municipality encounter during service delivery. Some of the public participation meetings were not

held due to Lockdown regulations did not period permitted municipalities to convene any public meetings, including any IDP community and public consultation processes.

The COVID-19 pandemic is having a devastating impact on the economy of Ba-phalaborwa Municipality, and the health and livelihoods of its citizens. During this crisis, we still need to function and provide essential services such as water, sanitation, electricity and solid waste removal. The sharp economic downturn has affected municipality's revenue collection. A number of small businesses has closed down. Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of income losses.

With assistance from all stakeholders of Ba-Phalaborwa for example the mines, churches, traditional Leaders, local business and others, the municipality managed to provide expanded services required to deal with COVID-19 related challenges. The municipality managed to provide a temporary shelter at Impala Sport Stadium during lockdown, food parcels to needy constituents and provision additional staff to carry out expanded services.

Details about Local Economic Development and Service delivery are contained elsewhere in this report, but I would like to highlight the following:

- A total of **121** jobs Created through municipal initiatives (EPWP);
- **321** SMMEs supported through municipal Supply Chain Processes.
- **Local Economic Development Forums** are held quarterly (chaired by the Mayor)
- Upgraded **2.5** km of gravel streets to paving and tar (Tshelang Gape road);

It is worth to report that during the year under review Municipality managed to reduce unauthorised, irregular and fruitless expenditure which is a testimony for good governance in supply chain management as compared to the past financial years.
We thank the management for implementing the Audit Action Plan as advised by the Auditor General and we are confident that we shall achieve a Clean Audit.

Our vision requires total commitment to collaboration and partnership, and I am happy to say that the past year has been characterized by close working relationships and a mutual commitment from public and private stakeholders. Development, progress, and co-operation are not once-off occurrences, but rather a series of events which require multiple resources and effective leadership.

public and private stakeholders. Development, progress, and co-operation are not once-off occurrences, but rather a series of events which require multiple resources and effective leadership.

I want to express my sincere thanks to the Municipal Manager and personnel reporting to her for their dedication and hard work. My sincerest thanks to all councillors, ward committees for their unselfish service to the communities of Ba-Phalaborwa. I also want to express my sincere appreciation to our taxpayers and residents who consistently adhered to paying their dues to the municipality. Let us work together to truly make Ba-Phalaborwa a place of opportunity.
My most sincere gratitude is expressed towards our Business, Labour and all stakeholders for their continued support.

On behalf of the Council of Ba-Phalaborwa Municipality I present the 2019/20 Annual Report.

CLLR MM MALATJI
MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The Accounting Officer's Year End Institutional Performance Overview

The format and content of the Annual Report is largely prescribed by Section 46 of the Local Government: Municipal Systems Act (Act 32 of 2000) (MSA) and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA). The above legislation compels the Municipality to prepare an Annual Report for each financial year, and the Mayor to table such report in Council

This annual report reflects Ba-Phalaborwa Municipality's strategic focus and provides an overview on performance and Council's financial position for the 2019/2020 financial year. It outlines various programmes managed by the directorates of the municipality and how they have performed in achieving set targets, which are in line with the Integrated Development Plan (IDP), council's budget and long-term vision for Ba-Phalaborwa.

The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review.

THE YEAR UNDER REVIEW, HIGHLIGHTS AMONGST OTHERS THE FOLLOWING ACHIEVEMENTS AS PER THE TOP LAYER SDBIP AND 2019/20 ANNUAL PERFORMANCE REPORT:

Key Performance Area	2017/18 % Achievement	2018/19 % Achievement	2019/20 Total Number of Targets	2019/20 Target Achieved	2019/20 Target not Achieved	2019/20 Target not Performed	2019/20 % Achievement
Spatial Rationale	67%	67%	3	3	0	0	100%
Basic Services Delivery	80%	83%	12	10	2	0	83.3%
Municipal Financial Viability	86%	92%	13	12	1	0	92.3%
Local Economic Development	100%	83%	5	5	0	0	100%
Municipal Transformation and Institutional Development	91%	91%	9	5	4	0	55.5%
Good Governance and Public Participation	93%	95%	42	40	1	1	95%
Total	90%	91%	84	75	8	1	89.2%

The overall Municipal performance:

The municipality had 6 key performance areas with a total number of 84 key performance indicators for the 2019/20 financial year. The municipality managed to record good performance on 75 key performance indicators and 9 on under performance. The 2019/20 Annual Performance Report is attached as annexure for details.

Achievements:

- Upgraded **2.25** km of gravel streets to paving and tar;
- **3** projects implemented EPWP way, thus creating employment opportunities;
- Created **151** jobs through municipal initiatives (EPWP);
- Able to market the municipality through **3** tourism initiatives to grow the local economy;
- **321** SMMEs supported through municipal Supply Chain Processes

- **100%** MIG spent and received additional allocation

Challenges:

The key challenges for the 2019/20 financial year are amongst others the following:

- Low revenue collection
- High cost of repairs and Maintenance on the aged infrastructure for services delivery.
- High number of household debts belonging to non-existing tenants and the deceased in the systems.
- Keeping up with the changes and updates of laws and Regulation
- Provision of False information by the indigent's applicant.
- Illegal connection of water in the Villages and Township.
- Old water infrastructure led to poor service delivery.

CORRECTIVE MEASURES TO IMPROVE PERFORMANCE

Capital expenditure (own funding):

Implementation of own funded capital projects are delayed or not implemented on an annual basis due to low revenue collection and this is largely affected by the starting of the implementation process of projects towards the end of the financial year.

Noting this challenge, the municipality will start planning for implementation of capital projects in the first quarter of the financial year.

The municipality will furthermore intensify the implementation of the credit control policy.

Low revenue collection

During the period under review, the municipality did not perform well in terms of revenue collection, from households' customers, Government customers and Business customers. In order to address low revenue collection, the municipality will embark on the following

- Firstly, to fully implementation of credit control policy
- Secondly, continue to utilizes the service of a debt collector to assist the municipality in collecting the money owed by the customers,

AMONGST OTHERS THE FOLLOWING ARE ISSUES RAISED IN THE 2019/20 AUDITOR GENERAL'S REPORT:

The Municipality obtained a Qualified Audit Opinion with 9 qualification paragraphs. The following were findings raised as a basis for the qualification:

- Receivables (1 finding)
- Payables (1 finding)
- Irregular Expenditure (1 finding)
- PPE (4 findings)
- Cashflow (1 finding)
- UIF (1 finding)
- The user of the annual report may refer to the attached Report from the Auditor General to the Limpopo Provincial Legislature

I would like to extend warmest appreciation to our community, the Mayor, Councillors, ward committees, all stakeholders, as well as my management colleagues and their representative staff for their support during this reporting year. The future of this Municipality requires the collective effort of all.

M.I MOAKAMELA
MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Ba-Phalaborwa Municipality is a Category B municipality established in terms of Section 155 of the Constitution of the Republic of South and strives to achieve the following objects of local government (as enshrined in Section 152 of the Constitution):

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

The Municipality is situated in the North-Eastern part of South Africa in the Limpopo Province. It is one of the five local municipalities in the Mopani District family of municipalities. It has a geographical area of 7461.6 km^2 that constitutes more than 27% of the Mopani District. It serves as a convenient gateway to the Kruger National Park and the Greater Limpopo Transfrontier Park through the Mozambique Coast.

Key Challenges facing the Municipality

- Unfunded budget as per the assessment from Provincial Treasury
- Old infrastructure on electricity, Water and Sewerage

The municipality has developed the budget funding plan which was approved by council in order to deal with the issue of unfunded budget, and also has an existing Financial Recovery Plan and the Revenue enhancement strategy

The municipality is also allocating more money on repairs and maintenance of electricity infrastructure in town on a yearly basis and also continuously engaging Mopani district municipality to assist with the refurbishment of old infrastructure on water and sewerage as part of their responsibility.

Municipal Key Objectives for 2019-20

- Promotion of local economy;
- Provision of sustainable integrated infrastructure and services;
- Sustain the environmental;
- Improve financial viability;
- Good corporate governance and public participation; and
- Attract, develop and retain best human capital.

Population

The table below compares municipal demographics as presented by Statistics South Africa (STATS SA) in the 2001 Census, the 2011 Census and 2016 Community Survey

Municipal Demographics based on 2001 Census, 2011 Census and 2016 Community Survey

Census 2001		Census 2011		2016 Community Survey	
Population	**Households**	**Population**	**Households**	**Population**	**Households**
131 098	**33 529**	**150 637**	**41 115**	**168 937**	**49 100**

Population Details									
Age	2009/10 (1996)			2010/11 (2001)			2011/12 (2011)		
	Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
0-4	5 805	6 183	**11 988**	7 516	7 676	**15 192**	9 721	9 721	**19 433**
5-9	6 260	6 447	**12 707**	7 203	7 654	**14 857**	7 536	7 848	**15 384**
10-19	6 189	6 404	**12 593**	7 345	7 490	**14 835**	7 118	7 555	**14 674**
20-24	5 313	5 276	**10 589**	6 519	7 230	**13 749**	8 132	7 995	**16 127**
25-29	5 196	4 640	**9 836**	5 924	6 390	**12 314**	6 842	7 371	**14 195**
30-34	4 073	4 171	**8 244**	4 735	5 169	**9 904**	5 392	6 016	**11 407**
35-39	3 595	3 571	**7 166**	4 169	4 654	**8 823**	4 649	5 390	**10 039**
40-44	3 155	2 833	**5 988**	3 681	3 865	**7 546**	3 886	4 395	**8 282**
45-49	2 662	2 077	**4 739**	3 419	3 041	**6 460**	3 103	3 787	**6 890**
50-54	1 995	1 280	**3 275**	2 708	2 139	**4 847**	2 691	2 852	**5 542**
55-59	1 390	1 100	**2 490**	1 783	1 212	**2 995**	2 415	2 252	**4 667**
60-64	725	890	**1 615**	1 167	1 102	**2 269**	1 660	1 620	**3 280**
65-69	542	662	**1 204**	495	837	**1 332**	957	1 206	**2 163**
70-74	299	333	**632**	420	657	**1 077**	651	957	**1 608**
75-79	201	276	**477**	223	297	**520**	339	632	**972**
80-84	92	126	**218**	128	244	**372**	203	444	**647**
85+	91	137	**228**	69	139	**208**	118	321	**439**
Total	**53 198**	**52 089**	**105 287**	**64 356**	**67 180**	**131 536**	**72 923**	**77 572**	**150 529**
Source: Statistics SA 2011							T1.2.2		

Socio Economic Status						
Year	Housing	Unemployment	Proportion	Proportion of	HIV/AIDS	Illiterate people

	Backlog as proportion of current demand	rate	of households with no income	population in low-skilled employment	prevalence	older than 14 years
2017/18		**38.8%**	**11%**	**56%**	**25.2%**	**14.6%**
2018/19		**38.8%**	**11%**	**56%**	**25.2%**	**14.6%**
2019/20		**38.8%**	**11%**	**56%**	**25.2%**	**14.6%**
T1.2.4						

Overview of neighborhoods within `Name of Municipality`		
Settlements Type	Households	Population
Towns		
Phalaborwa	**3389**	**13976**
Sub-Total		
Townships		
Namakgale	**8398**	**25808**
Lulekani	**3843**	**20917**
Gravelotte	**757**	**1098**
Sub-total		
Rural Settlements		
Selwane	**2932**	**12326**
Makhushane	**3550**	**6608**
Maseke	**1985**	**7830**
Mashishimale	**3967**	**7002**
Majeje (incl Benfarm A, B, C, Humulani & Matikoxikaya)	**5315**	**29226**
Sub-total		
Informal Settlements		
Kurhula	**544**	
Sub-total		
Total	**34680**	**150637**
T1.2.6		

Source: Ba-Phalaborwa Municipality GPS 2012

	Natural Resources	
Major Natural Resource (Phalaborwa Area)	Major Natural Resource (Murchison area)	Relevance to Community
Magnetite	Mineral sand	Economic (mining)
Copper	Antimony	Economic (mining)
Vermiculite	Gold	Economic (mining)
Nickel	Zinc	Economic (mining)
Apatite	Mercury	Economic (mining)
Zirconium	Paving and clad stones	Economic (mining)
Titanium	Emeralds	Economic (mining)
Uranium	Ilmenite	Economic (mining)
	T1.2.7	

Ba-Phalaborwa has the highest concentration of minerals deposits in the Mopani District, hence, mining is the largest economic sector in the Municipality and is also the largest employer.

1.3 SERVICE DELIVERY OVERVIEW

INTRODUCTION TO SERVICE DELIVERY

There are lager portions of rural area in Ba-Phalaborwa where currently there is no constant supply of water. The 11% households which has infrastracture but not receiving adequate water supply is at rural area. The new extention next to townships and other rural areas fall under 7% households without infrastructure.

The water purification plant was assesed by Water service authority (Mopani District) together with water board (Lepelle) for upgrading in order to meet water demand.

Upgrading of purification plant is done in phases and also the bulk supply line will be upgraded so that we have enough capacity to supply the entire Ba-phalaborwa. In Selwane the purification plant has been upgraded from 1 ML to 4.7 ML.

Although in other areas there is no infrastructure the Municipality is able to supply water by water truck.

The water quality is gradually increasing in blue drop score year to year. The challenges is the aging infrastructure which increase the bill of water supply by water board. District ,water board and local municipality are busy with the strategy to address the water loss and improving on water quality.

Total Capital Expenditure 2018/19 – 2019/20						
Services	Households received services (2018/2019)	Total No of Households have access to basic services	Comment	Households received services (2019/2020)	Total No of Households have access to basic services	Comment
Water connected to yard	N/A	N/A	N/A	N/A	N/A	N/A
Electricity	944 connected to electricity	43260	156 connected	156 connected	5430 (Municipal Licensed area)	None
Roads	3.6km of road at Tshelang kgape to R71	127	Upgrading of 2.25km road at Tshelang Gape Phase 2. (Upgrading from gravel to tar).	2.25km		All phases (Phase1A, 1B and 2) of the project achieved completion
T1.3.1						

1.4 FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

Financial Overview – 2019/20				
Details	Actual 2018/19 (R'000)	Original Budget 2019/20 (R'000)	Adjustment Budget 2019/20 (R'000)	Actual 2019/20 (R'000)
Income	**394,139**	347 552	381 833	350 623
Grants	**184,634**	199 442	160 959	182 872
Sub Total	**578,773**	546 994	542 792	533 495
Less Expenditure	**556,689**	536 194	532 578	524 960
Net Total	**22,083**	**10 800**	**10 214**	**8 535**

Operating Ratios		
Detail	% 2018/19	% 2019/20
Employee Cost	93%	95%
Repairs & Maintenance	99%	75%
Finance Charges & Depreciation	100%	100%

Details	(R'000)	
	2018/19	2019/20
Original budget	39,917	48 225
Adjustment budget	61,111	51 289
Actual	50,270	28 619
T1.4.4		

COMMENTS ON CAPITAL EXPENDITURE

Water and Sanitation: Ba-Phalaborwa Municipality is a water service provider do not budget for capital assets as per the SLA.

Electricity: Capital expenditure on electricity projects were at **99%** excluding internally funded.

Roads: Capital expenditure on roads projects were at 100% including internally funded (Designs of storm water culverts).

MIG: The total MIG received for the year was not fully spent.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

Section 66 of the Local Government: Municipal Systems Act, 32 of 2000 makes provision for staff establishment. The staff establishment must be in line with the powers and functions of the municipality and must make provisions for job descriptions for each position. Ba-phalaborwa Municipality approved its Organizational Structure and the structure is aligned is with the IDP and the powers and functions to be conducted by the municipality. The organogram provides for a staff compliment of 694 with 405 of the positions filled, 289 positions vacant and 37 councillors. *(Refer to the attached Annexure 2: Organisational Structure)*

1.6 AUDITOR GENERAL REPORT

Legislation mandates that upon closure of the financial year the municipality must prepare Annual Performance Report and Annual Financial statements and submit to the Auditor General of South Africa for auditing. Due to the pandemic faced by the country, Auditor General is currently still auditing our financial statement submitted on the 31st of October 2020.

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
6	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	August
7	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	
8	Municipalities receive and start to address the Auditor General's comments	
9	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November
10	Audited Annual Report is made public and representation is invited	
11	Oversight Committee assesses Annual Report	
12	Council adopts Oversight report	March
13	Oversight report is made public	
14	Oversight report is submitted to relevant provincial councils	
T1.7.1		

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Local Government: Municipal Structures Act 117 of 1998, provides that a municipality must have a political and administrative component and as such, Ba-phalaborwa Municipality has an established political and administrative component. The political component comprises of the Speaker, Chief Whip, Executive Mayor and Councillors. Politically, the Mayor is the head of the

municipality. In managing the affairs of the municipality, the Mayor delegated some of the responsibilities to Members of the Executive Committee who lead different portfolio committees. The Heads of Portfolio committee account to the Mayor on the affairs of their respective directorates during the Executive Committee meetings, wherein, monthly reports of directorates are discussed. The Executive Committee do oversight on the portfolio committee reports and recommends to council for approval.

The Municipal Manager as the administrative head of the institution deals with the daily affairs of the municipality. All directors appointed and reporting to the Municipal Manager are responsible for the affairs of their respective departments, and on a monthly basis reports are presented to the municipal manager during senior management meetings. The recommendations of senior management are presented to their respective portfolio committees by the responsible directors in order for the portfolio committee chairpersons and members of the portfolio committees to do oversight and take ownership of the reports.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Mayor is the political head in the institution. The municipality has the political management team comprising of the Mayor, Speaker and Chief Whip which meets on a regular basis to discuss the affairs of the municipality in order to give political direction.

The municipality have established portfolio committees which are led by members of the Executive Committee. The portfolio committees do oversight on all the reports that are to be processed to the executive committee meetings. The municipality further established Municipal Public Accounts Committee which probes the financial reports of the municipality and provides some recommendations and advice for implementation by council. The Audit Committee also do oversight on performance information and provide some opinions and recommendations for implementation.

The annual report is tabled by the Mayor in council and thereafter referred to MPAC for probing. For purposes of transparency, the annual report is published in the municipal website and copies placed in all municipal buildings, to afford members of the public access and to forward their comments. The MPAC after probing, tables a report to Council for approval.

POLITICAL STRUCTURE		
Structure	Name of Public Representative	Function
MAYOR	Cllr MM Malatji	• Presides at meetings of the executive committee; and • Performs the duties, including ceremonial functions, and exercises the powers delegated to by the Council
SPEAKER	Cllr E Hlungwani	• The Speaker of Council – • Presides at meetings of Council; • Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Municipal Systems Act; • Must ensure that the Council meet at least quarterly; • Must maintain order during meetings; • Must ensure compliance in the Council and Council committees with the Code of Conduct set out in Schedule 1 of the Municipal Systems Act; and • Must ensure that Council meetings are conducted in accordance with the rules and orders of the Council.
CHIEF WHIP	Cllr D Rapatsa	• Responsible for political management of Council meetings and committee meetings. Maintains party relations and ensure that political decision-making takes place timeously and diligently.

COUNCILLORS

Ba-Phalaborwa Municipality have 37 Councillors of which 19 are Ward Councillors and 18 are Proportional Councillors.

T2.1.2

POLITICAL DECISION-TAKING

The municipality has developed the 2019/20 corporate calendar approved by council. The calendar directs all municipal activities including Portfolio Committee, EXCO and Council meetings. The portfolio committees which are led by members of EXCO do oversight on reports of different directorates and recommend their decisions to the Executive Committee Meeting which is chaired by the Mayor. The Executive Committee further plays oversight on the reports of portfolio committees and recommends to Council which take decisions by

taking Council Resolutions. The resolutions are decisions taken by politicians for administration to implement.

During 2019/20 financial year 552 Council resolutions were taken and all resolutions were implemented.

6 Ordinary and 12 Special Council meetings were held during the 2019/20 financial year.

10 Ordinary and 2 Special Executive Committee meetings were held during the 2019/20 financial year.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The administrative component of the municipality comprises of Six (6) directorates that is Office of Municipal Manager, Budget and Treasury Office, Planning and Development, Community and Social Services, Technical Services and Corporate Services. The Municipal Manager oversees all financial matters of the institution. The Municipal Manager further has approved delegations of powers wherein all senior managers are delegated responsibilities. The financial matters are delegated to the Chief Financial Officer, Administration and Human Resources matters are delegated to the Senior Manager: Corporate Services; planning and development issues are delegated to the Senior Manager: Planning & Development; service delivery matters are delegated to the Senior Manager: Technical Services and Community and Social Services.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE		
Structure	**Name of Official**	**Function**
Municipal Manager	Ms M I Moakamela	The head of administration and also the Accounting Officer for Ba-Phalaborwa Municipality. Provides guidance and advice on compliance financial and all legislation to the political structures, political office bearers and officials. ➢ Manages special programmes in relation to youth, gender;
Senior Manager Corporate Services	Mrs P F Nogilana-Raphela (resigned) Mrs S S Mokoena (Acting)	➢ Renders Human Resource Management Services by Skills Development and Training Services; ➢ Manages communication and information services to the municipality particularly IT utilization and support services; ➢ Provides secretarial services to the Council, the Executive Committee, Section 80 committee, section 79 committees; ➢ Provides legal advisory services with regard to policies, by-laws and labour relations as well as interpretation of legislation; and ➢ Provides administrative support to the department by rendering support to satellite offices and rendering messenger services and ancillary services.
Senior Manager Community and Social Services	Mr H Zungu	➢ Manages the parks and cemeteries; ➢ Manages the waste management; ➢ Attends to environmental management; ➢ Manages the library services; ➢ Lead and direct strategic objectives of the municipality in relation to health; ➢ Regulate and manage traffic, enforce by-laws and educate the public on road safety; and ➢ Oversee the management of licensing section and testing station.
Senior Manager Technical Services	Mr NOC Mdungazi	➢ Manages engineering services by designing civil engineering structures and rendering mechanical and electrical engineering services; ➢ Render project management

TOP ADMINISTRATIVE STRUCTURE		
Structure	**Name of Official**	**Function**
		services by administering contracts for all civil infrastructure projects and amongst others managing local capacity building; and ➢ Renders building control services by administering building plans, conducting building inspections and doing minor maintenance on council buildings.
Senior Manager Director Planning and Development	Mr Maluleke HP	➢ Renders spatial planning for land development; ➢ Manages land use on behalf of the municipality; ➢ Formulates, implements and maintains comprehensive local economic development plans; ➢ Promotes tourism, agriculture and alleviation of poverty; ➢ Promotes trade and industry; ➢ Manages the valuation roll of the municipality; ➢ Formulates and implementation of integrated development strategy planning; ➢ Manages the municipality's performance management system; and ➢ Approves rezoning application in respect of land within the area.
Chief Financial Officer	Mr T J Mogano	➢ Administratively in charge of the budget of the municipality and treasury office; ➢ Assist the Municipal Manager in the administration of the municipality's bank accounts and the preparation and implementation of the municipality's budget; ➢ Renders fleet management; ➢ Manages the revenue collection of the municipality; and ➢ Renders supply chain management.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO INTERGOVERNMENTAL RELATIONS

The municipality as the third sphere of government work in corporation with other spheres of government and their related government entities. In terms of provision of services, the municipality work hand in hand with other government institutions. With regard to provision of water, the Mopani District Municipality assist local municipality to be able to provide the service as they are the WSA. Provincial departments also support the municipality. The municipal manager oversees all financial matters of the institution and the municipality further approved delegations of powers wherein all senior managers are delegated responsibilities. The Department of Corporative Governance Human Settlements and Traditional Affairs support the municipality by RDP houses allocations in line with housing needs submitted by the municipality.

Treasury supports the municipality with the management of municipal financial affairs.

The following are intergovernmental relations forums that Ba-phalaborwa Municipality participate in:

District IGR

Based on Section 88 of the Local Government: Structures Act, 1998, calls for cooperation between district and local municipalities that; • A district municipality and local municipalities within the area of that district municipality must co-operate with one another by assisting and supporting each other; • A district municipality on request by a local municipality within its area may provide financial, technical and administrative support services to that local municipality to the extent that that district has the capacity to provide those support services; • A local municipality may provide financial, technical or administrative support services to another local municipality within the area of the same district 3 municipality to the extent that it has the capacity to provide those support services, if the district municipality or that local municipality so requests.

Therefore, Mopani District Municipality convened quarterly IGR that is attended by all Senior Manager . They deal with all issues pertaining to administration and compliance to all legislative frameworks.

Speakers Forum

To ensure effective oversight in the three spheres of government, the speakers forum was established. The Speaker of Limpopo Legislature convenes the Provincial Speaker's Forum to facilitate common understanding towards the speaker's role in the processes of enacting by-laws, review of legislation and other related policies.

The Forum seeks to make a meaningful contribution towards a government that is democratic, accountable and is always of service to its people while ensuring that there's improved institutional support to Municipal Councils.

The forum is composed of all speakers of municipalities in Limpopo including other stakeholders such as the South African Local Government Association (SALGA), Commission for Gender Equality (CGE), Independent Electoral Commission (IEC) and South African Human Rights Commission (SAHRC). The Provincial Speaker's Forum is usually held under a specific theme; hence 2018/19 theme has been: "Strengthening Legislative Support to Local Government.

Therefore, regular attendance to this forum has been supported consistently

Municipal Managers Forum

The Municipal Managers' Forum was created to provide a platform to discuss common issues, share learning and resolve challenges within Local Government to propel local government towards a sustainable future. The SALGA-initiated Municipal Managers' Forum (MMF) remained a democratic platform to spearhead continuous improvement within Local Government. Since its establishment in 2011 , the Forum has become an invaluable peer-learning vehicle that stimulates robust discussion and debate about important local government issues and creates opportunities for Municipal Managers to interact and engage collectively with key stakeholders.

Therefore, regular engagement between the South African Local Government Association (SALGA) and the administrative executives of municipalities country-wide was necessary. The engagement enabled and encouraged peer-learning through the sharing of knowledge, innovative thinking and public and private sector good practices.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality accounts to the public through various mechanisms as adopted by council. On a quarterly basis, the municipality conduct feedback sessions to community members through Mayoral Imbizos. Furthermore, Ward Councillors account to their respective constituencies through monthly ward committee meetings. On a quarterly basis, the municipality hold Council Meetings wherein, reports and affairs of the municipality are discussed and public members are invited to be part of the planned council meetings.

The municipality also utilizes its website to publish reports, documents etc. (As per the provision of Section 75 of the MFMA). During the probing of the annual report, the MPAC conducts public hearings and in these hearings members of the community are invited to observe the proceedings.

The municipality had an adopted process plan which guides all activities in terms of the preparation of the IDP, Budget and PMS. In line with the approved process plan by Council, the municipality conducts its quarterly Mayoral Imbizos, wherein progress in terms of the implementation of the approved IDP, Budget and PMS is given to the community and at the same time the municipality will do consultation with community members on the development and review of the IDP, Budget and PMS for the next financial year.

Through- out the financial year feedback sessions are conducted on a quarterly basis in order to account to the community on the progress made and furthermore planning for the next financial year as the processes run simultaneously.

The municipality's internal boundaries have 19 wards. Central to public participation is the Ward Councillor and Ward Committee. Ward Committee's term of office runs concurrently with the term of Council. All ward committees are effective and summit monthly reports to Office of the Speaker

T 2.4.0

2.3 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality has established a unit which deals with communication; the unit is also responsible for marketing the institution and communicating all activities of the municipality.

The municipality accounts to the public through various mechanisms as adopted by council. On a quarterly basis the municipality conduct feedback sessions to community members through Mayoral izimbizo. Furthermore, ward Councillors accounts to their respective constituencies through monthly ward committee meetings. On a quarterly basis the Municipality hold council meetings wherein reports and affairs of the Municipality are discussed and public members are invited in these council meetings.

The Municipality also utilizes its website to publish reports documents etc. (As per the provision of section 75 of the MFMA). During the probing of the annual report MPAC conducts public hearing and in these hearings members of the community are invited to observe the proceedings. Due to the state of the National Disaster which imposed lockdown Probing of the 2018/19 Draft Annual report by MPAC was affected. The oversight report on draft annual report was presented to council.

Furthermore, the Municipality puts complaints registers in strategic positions for members of the community and staff members to include their compliments and complaints. The Municipality further employs local Radio station and newspapers to communicate with our communities.

Due to the state of the National Disaster which imposed lockdown, the municipality was unable to conduct public participation meetings on the draft IDP, Budget, PMS and Tariff book. The following were implemented in order to get inputs and comments from the community and stakeholders:

1. A public notice was placed on the municipal website to invite community members and stakeholders to give inputs and comments. Due date for submission of inputs was the 30th of April 2020.
2. Announcements were made on radio stations (Thobela FM, Munghana Lonene FM and Capricorn FM) about approval and invitation for comments on the draft IDP, Budget and Tariffs. The announcement was also indicating who to consult for clarity seeking questions.

3. Copies of the draft documents were available on the municipal website, Traditional Authorities and Libraries.

WARD COMMITTEES

Key purpose of ward committees and major issues that the ward committee has dealt with during the year:

- They serve as an official's specialised participatory structure within the Municipality area of jurisdiction
- They assist the ward councillor in identifying conditions, challenges and needs of the residence within the ward
- They disseminate information in the ward concerning municipal affairs
- They receive queries and complaints from residence in the ward concerning municipal
- service delivery; communicate such queries and complaints to the municipality and advice the community on the municipality's responses
- They interact with other forums and organisations on matters and policies affecting the ward
- They also serve as a mobilising agent for community actions

2.4 IDP PARTICIPATION AND ALIGNMENT

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
IDP Rep Forum (Preparatory Phase)	25 July 2019	20	11	28	Meeting serves as consultative meeting and also presentation of the process plan
IDP Rep Forum (Strategies Phase)	25 November 2019	17	8	46	Meeting serves as consultative meeting and also presentation of the Analysis
IDP Rep Forum (Project Phase	16 March 2020	13	9	25	Meeting serves as consultative meeting and also presentation of the Strategies and projects
IDP Rep Forum (Approval Phase)	The meeting was not held due to covid 19 (lockdown)				

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
	T2.5.1

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral Imbizo	16/08/2019	16	15	538	Need for Apollo lights	No (registered with NERSA)	19/08/2019. Responded at the Imbizo
					Need for removal of hips of gravels which was left by Cryselda project in 2017	yes	19/08/2019. Responded at the Imbizo
					Municipality to intervene on illegal connection done only by those who can afford and that affect water pressure	yes	18/11/2020 (Mopani By-Laws PP)
					Need for a bridge to Mathibela school	No (included in 2019/20 budget)	19/08/2019. Responded at the Imbizo
					Need for culverts/small bridge on the stream to enable crossing by children during rainy days	No. Budgeted for 2019/20	19/08/2019. Responded at the Imbizo
					Need for fencing of old cemeteries in Matikoxikaya	No . Included in 2019/20 budget	19/08/2019. Responded at the Imbizo
					Need for rehabilitation of a post office to Majeje road	No	19/08/2019. Responded at the Imbizo
					Need for paving on roads to Matikoxikaya cemeteries	No (included in the 2019/20 IDP)	19/08/2019. Responded at the Imbizo
					Need for a tar road at Selwana	Yes (PMC Project)	19/08/2019. Responded at the Imbizo
					Need for installation of stand pipes at Nyakelang in	Yes. Cryselda project appointed to install stand pipes	19/08/2019. Responded at the Imbizo

					Selwana		
					Need for patching of potholes on Namakgale tar roads	Yes (through maintenance plan)	19/08/2019. Responded at the Imbizo
					Need a small bridge to access Matikoxikaya cemeteries during funerals	Yes (Contractor is appointed to do designs for a project to be registered with MIG)	19/08/2019. Responded at the Imbizo
					Need for opening of streets in ward 09	No	None
					There is a need for a tar road from Mapikiri to Lebeko school	No (for RAL)	08/11/2019 (Imbizo)
					Need for upgrading of Kheshitwe bridge	No	
					There is a need for toilets at Humulani Cemeteries	No (falls under traditional authority)	19/08/2019. Responded at the Imbizo
					Need for removal of alien plants in ward 02 streams to avoid big snakes	No	
Mayoral Imbizo	**08/11/2019**	**37**	**14**	**519**	**Reticulation available but no water**	**Yes (due to illegal connection)**	**08/11/2019.responded at the Imbizo**
					Need for Apollo lights	No (registered with NERSA)	08/11/2019.responded at the Imbizo
					Need tar from Monzweni to Lulekani Post office	No.(project registered in IDP)	08/11/2019.responded at the Imbizo
					Need for Boreholes on site that experience	Yes	08/11/2019.responded at the Imbizo

					water shortage		
					Municipality to install water meter to enable them pay their services.	No	18/11/2020 (Mopani By-Laws PP)
					Need for stand pipes where needed	yes	08/11/2019.responded at the Imbizo
Mayoral Imbizo	**14/02/2020**	**19**	**12**	**576**	**Quality for RDP houses which is compromised in ward 18 Gravelotte**	**Yes**	**14/02/2020.responded at the Imbizo**
					Need for crèche, school & Clinic in Gravelotte	Yes (in Stibium SLA)	14/02/2020.responded at the Imbizo
					Need for Culverts at Modikwe site in ward 10	Yes (in 2020/21 IDP)	14/02/2020.responded at the Imbizo
					Need for electrification of Sebera Ext	Yes. Reffered to Eskom	14/02/2020.responded at the Imbizo
					Need a progress report on Selwana Tar road	Yes. Contractors & Consultant appointed	14/02/2020.responded at the Imbizo
					Selwana Loud shading is not two hours as indicated but sometimes took more than three days and that affect their electric appliances and food	Yes. Task team form by BPM,GTM & Eskom established to make transfer from GTM back to Phalaborwa Eskom	14/02/2020.responded at the Imbizo

					There is a need for rehabilitation of Maseke Tar road	No. RAL project	14/02/2020.responded at the Imbizo
					Boreholes not in operation at ward 10	No. awaiting for Eskom to energised them	14/02/2020.responded at the Imbizo
					Shortage of water	Yes (provision of water tanker where there is a need)	14/02/2020.responded at the Imbizo

IDP/Budget PP

Due to the state of the National Disaster which imposed lockdown, the municipality was unable to conduct public participation meetings on the draft IDP, Budget, PMS and Tariff book. The following were implemented in order to get inputs and comments from the community and stakeholders:

1. A public notice was placed on the municipal website to invite community members and stakeholders to give inputs and comments. Due date for submission of inputs was the 30th of April 2020.
2. Announcements were made on radio stations (Thobela FM, Munghana Lonene FM and Capricorn FM) about approval and invitation for comments on the draft IDP, Budget and Tariffs. The announcement was also indicating who to consult for clarity seeking questions.
3. Copies of the draft documents were available on the municipal website, Traditional Authorities and Libraries.

The municipality received Government Gazette which is an amendment of directions issued in terms of section 27(2) of the Disaster Management Act, 2002 (Act no.57 of 2002) dated 07 May 2020.In responding to the gazette, the municipality implemented the following:

1. A second notice was issued inviting general public and other stakeholders to forward their written inputs and comments via emails and municipal Facebook, indicating their full names and ward.
2. The Mayor presented a summarized Draft IDP and Budget live on Municipal Facebook page, Thobela FM, Munghana Lonene FM and Capricorn FM

Issues raised

Municipal Facebook page

1. Phalaborwa Town needs face up lifting
2. There is a need for Sewage infrastructure maintenance
3. Namakgale Stadium must be demolished and the money used for something else
4. Phalaborwa is no longer considered as the Jewel of Limpopo, the municipality must do something
5. No basic services at Makhushane particularly during covid-19
6. Shortage of water at Makhushane

COMPONENT D: CORPORATE GOVERNANCE

2.5 RISK MANAGEMENT

Risk Management is one of Management's core responsibilities in terms of section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of a municipality.

Main Priorities:

Implement the risk management policy and risk management strategy to ensure that identified risks are managed to an acceptable level. Organizing and serving as the secretariat of the Risk Management Committee.

Major Achievements: Risk management

To promote good governance and ensure uniform process of managing Risk Management functions in the institution, the municipality has developed the following governing documents.

- Risk Management Policy
- Risk Management Strategy
- Risk Management Charter

The Risk Management Unit conducted Risk Assessments with all departments to identify any risks that might hamper the institution from achieving its planned objectives and came up with mitigations to manage the risks.

The following risk register were developed.

- Strategic Risks Register
- Fraud Risks Register
- Information Technology Risk Register
- Operational Risk Register
- Project Risk Register
- MSCOA Risk Register

The Risk Assessments were conducted to identify areas were fraud and corruption can occur, Fraud Risk Register *(which includes mitigations to address the risks)* was developed to manage the identified risks. Awareness campaigns were conducted to the employees to inform them about the dimensions of fraud and corruption. Fraud and Corruption brochures were distributed to the employees and the public.

Top Ten Risks: Ba-Phalaborwa Municipality

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
1	Information Technology	Non implementation of the disaster recovery plan (Lack of Disaster Recovery site).	Lack of funds (duplicate server).	25	Disaster Recovery Plan in place. Back-up tapes stored in a fire proof safe and fire suppression installed in the area.	22.5	1. Review the Disaster Recovery Plan (Deployment of Office 365. Sebata EMS etc.)	Manager: ICT	31 October 2019	The Disaster Recovery Plan has been reviewed and approved.
							2. Finalise the Phase 2 of Business Continuity Plan (BCP)	Manager: ICT	31 December 2019	Currently engaging DBSA to seek funding for the project.
							3. Enter into agreement with another municipality regarding cold	Manager: ICT	31 December 2019	BPM engaged Greater Giyani Municipality to cold host. Currently drafting the memorundum of understanding for the

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
							hosting of the Disaster Recovery Site			Hosting of the Disaster Recovery Site.
2	Strategic Risk	Low collection of revenue and low revenue streams.	1. Culture of non-payments by residents (mostly in the townships) 2. Lack of new township establishment. 3. Inadequate implementation of revenue enhancement strategy 4. Intergovernmental debt (Departmental debts)	25	1. Imbizo/Awareness conducted to the community. 2. Credit Control & Debt Collection Policy. 3. Financial recovery plan & Revenue enhancement Strategy in place. 4. Debt collectors appointed in townships. 5. Data cleansing. 6. Indigent register	20	1. Review the financial recovery and revenue enhancement strategy	Chief Financial Officer	01 July 2019	Strategy not yet reviewed however, debt collectors have been appointed and are assisting the municipality to collect long outstanding debt. The municipality perform disconnection and reconnection for the clients that default.

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
					maintained annually					
3	Record Management	Loss of documents (Disappearance of documents within the municipality).	1. Staff removing documents from files. 2. Staff using incorrect file numbers. 3. Misfiling of documents 4. Documents received in different offices	25	During request of documents copies are issued to prevent loss of documents. Verification of records sent to records section.	20	1. All documents should be handed in to records.	Manager: Admin	30 June 2020	Memorandum sent to all Directorates on a quarterly basis.
4	Human Resource	Lack of performance management system (employees from level 2 and	1. PMS not cascaded to lower levels (only Senior Managers are assessed)	25	1. PMS Policy in place. 3. Incentive and reward policy reviewed.	20	1. Cascade the Performance Management System to lower levels	Manager: Human Resource	30 June 2020	The policy has been drafted and approved. Cascading not yet started.

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
		below).								
5	Electrical Services	Electricity theft and vandalism of infrastructure. Theft of cables	1. Criminal behaviour 2. Poor security measures 3. Lack of awareness to the employees. 4. Economic climate 5. insufficient security at the electrical storeroom and stores	25	1. Security guards deployed at Selati Sub Station. 2. Monitoring of illegal connections. 3. As per Local energy forum decision, theft to be reported to the police and to the forum.	20	1. Report all illegal connection to BTO to impose penalties.	Chief Electrical Engineer	Monthly	Illegal connections identified are disconnected and penalties imposed.
							2. Staff will be trained as per skills audit.	Chief Electrical Engineer	Continuous	Staff were sent to undergo "sky-jacking" courses
6	Roads & Storm Water	Difficulty in maintenance of roads	1. Lack of equipment and machinery. 2. Ageing infrastructure 3. High temperatures 4. Rainy seasons and flooding	25	1. Utilizing the current staff to the maximum. 2. Regular site visit and inspection 3. Use of EPWP	16.25	1. Training of staff on the maintenance of roads.	Manager: Civil Engineering	30 June 2020	Technician and Manager Civil Engineering attended roads maintenance workshop.
							2. Budget for a dedicated vehicle for the	Manager: Civil Engineering	30 June 2020	Additional vehicles not procured.

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
			5. Delay in the procurement of material. Lack of dedicated vehicle for the section		workers		section.			
							3. Motivate for the appointment of small machinery operators.	Manager: Civil Engineering	30 June 2020	Motivation was done but the organogram wasn't changed.
							4. Unblocking and repairing of catch pits.	Manager: Civil Engineering	Ongoing	The section is currently unblocking and fixing the catch pits as part of the routine road maintenance.
							5. Implementation of the procurement plan.	Manager: Civil Engineering	30 June 2020	The procurement plan is implemented.
7	Information Technology	Inadequate implementation of patch management	The WSUS system is not functional.	25	Manual updates are done	16.25	1. Implementation of the System	Manager: ICT	30 November 2019	The Installation of the System Centre was done.

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
		procedures.	Patches not adequately tested and deployed on the machines/servers. Monitoring not performed for security patches that are being applied manually.				centre so that the patch management processes can be centrally administered.			
8	Strategic Risk	Inability to provide electricity services and road maintenance	1. Poor maintenance of electricity and roads infrastructure. 2. Outdates electricity and road master plan including integrated transport plan.	25	1) Maintenance plans reviewed annually and approved by council.	16.25	1. Develop the 2019/20 maintenance plans for approval by council.	SM: Technical Services	30 June 2019	Maintenance plans were developed and approved by council
							2. Reviewal of the master	SM: Technical Services	30 June 2020	Not yet reviewed due to funding. Currently

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
							plans .			engaging DBSA to assist with the funding.
9	Strategic Risk	Unfavourable audit outcome	1. Inaccurate opening balances. 2. Loss of supporting documents/Limitation of scope 3. Unauthorised, Irregular, Fruitless, and Wasteful expenditure. 4. Misstatements of Financial Statement 5. Inaccurate asset register due to land issues.	25	1. Standard Operating procedure (Revenue & Expenditure) 2. Monthly Audit Steering Committee Meetings. (Exco/ Management) 3 Supply Chain Management Policy 4. AG Action plan.	16.25	1. Develop and implement a clean audit strategy led by the CFO	All Senior Managers	01 December 2019	The strategy was not developed however, Management and Executive Audit Steering meetings are held weekly to discuss audit issues.
10	Strategic Risk	Unsustainability of LED initiatives	Outdated LED strategy	20	1. Approved LED strategy to be	16	1. Review the LED strategy.	Senior Manager:	31 December 2019	The tender was advertised but appointments and as

No	Focus Area	Risk Name	Root Cause of the Risk	Inherent Risk	Current Controls	Residual Risk	Mitigations	Action Owner	Time Scale	Progress as at 30 June 2020
					(Needs reviewed). 2. LED Forum established. 3. Implementation of Social Labour Plans by mining houses in partnership with the Municipality.			Planning and Development		at 30 June 2020 appointment was not yet made.
							2. Attending of district and provincial LED forums.	Senior Manager: Planning and Development	Quarterly	Two district meetings attended and one provincial meeting attended.

Below please find a comparative summary of the municipality risk registers *(number of risks identified)*.

No.	Description	2018/19	2019/20
1.	Strategic Risk	8	9
2.	Fraud Risk Register	6	8
3.	Operational Risk Register	26	24
4.	Project Risk Register	3	4
5.	MSCOA Risk Register	5	3
6.	Information Technology Risk Register	3	4

2.6 ANTI-CORRUPTION AND FRAUD

Main Priorities

Implement the Anti-fraud and corruption strategy to ensure that measures are put in place to curb fraud and corruption. Create educational awareness to employees and the public on fraud and corruption.

Major Achievements: Anti-Fraud and Corruption

To promote good governance and ensure continuous commitment to the fight against fraud and corruption the Risk Management Unit has developed the below mentioned governance documents;

The following governing documents relating to fraud and corruption were developed.

- Anti-Fraud and Corruption Strategy
- Fraud Prevention Plan
- Investigation Policy
- Donation policy
- Whistle blowing policy
- Access Control Policy
- Loss Control Policy

The Risk Assessments were conducted to identify areas were fraud and corruption can occur, Fraud Risk Register *(which includes mitigations to address the risks)* was developed to manage the identified risks. Awareness campaigns were conducted to the employees to inform them about the dimensions of fraud and corruption. Fraud and Corruption brochures were distributed to the employees and the public.

The municipality is conducting the screening of companies before appointment; this ensures that only legitimate companies or services providers are offered an opportunity. Shortlisted candidates are also vetted before appointment.

2.7 INTERNAL AUDIT

Main Purpose:

The main purpose of the Internal Audit Activity is to help the Municipality achieve its set objectives by providing an independent objective assurance and consulting services to improve risk management, controls and governance processes using a systematic disciplined approach.

Main Priorities:

The following were the main priorities for the Internal Audit Activity for the 2019/2020 financial year:

a) Development, approval and implementation of the Annual Internal Audit Plan that is risk-based and aimed at adding value to the Municipality's objectives and aligned to the Municipality's risk registers.
b) To ensure that the Internal Audit Activity is independent in providing its services to the Municipality by complying with the approve internal audit Charter which is consistent with the Institute of Internal Auditors Standards, Code of Ethics and Section 165 of the Municipal Finance Management Plan.
c) To provide support to the Audit Committee and Audit Steering Committees with the aim of ensuring improved audit opinion

Major Achievements:

The Internal Audit Plan developed prior the beginning of the financial year under review and was 100% completed by year-end. The Internal Audit Charter was developed and implemented. The Chief Audit Executive confirms that the Internal Audit Activity was

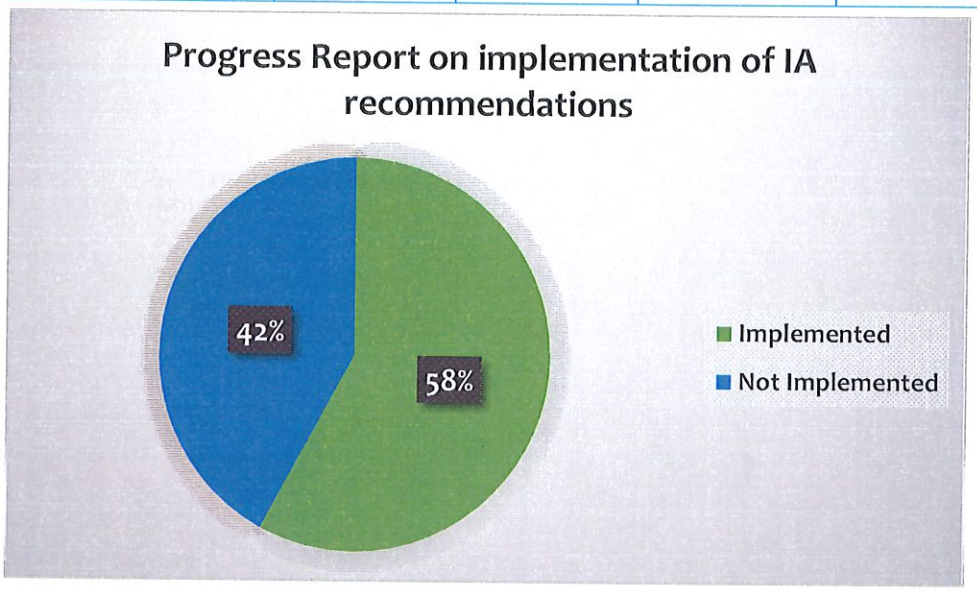
independent in the year under review. The EXCO Audit Steering Committee, Management Audit Steering Committee and the Technical Audit Steering Committees were established and meetings held throughout the whole financial year to address issues raised by the Auditor General, Internal Audit and Audit Committee and this brought about the improvement of the audit opinion.

Below is the summary of the progress by year-end

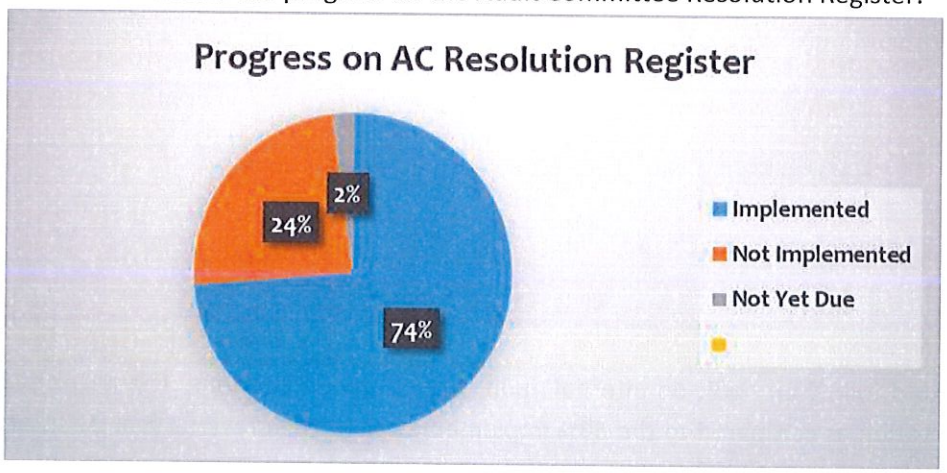
Audit Type	Planned Audits for the year	Completed Audits	Completed Description	4th Quarter Planned	Completed	4th Quarter Progress
Compliance Audits	8	8	Review of Senior Management Individual Assessments completed, Review of Draft Annual Performance Report and 4th Quarter Institutional Performance Report completed and reported on the 25th August 2019. Review of Mid-Year Report done. 2nd Quarter AOPO	1	1	SDBIP Audit issued.
Risk Based Audits	3	3	Fraud and Corruption Review completed, Risk Management Review and Loss Control completed.	0	0	No audits for the 4th quarter
Finance Report	3	4	SCM and Expenditure review completed and AFS review completed. MMB Contract Review completed and Inventory Completed	1	1	MMB Contract Review completed and Inventory Completed There is a delay by management to provide IAA with comments.
IT Audits	3	2	MSCOA and Data Migration Review completed and awaiting management comments. Still awaiting management comments	2	2	MSCOA and Data Migration Review completed and awaiting management comments.
Follow-up Audits	6	6	Follow-up review conducted on IA and ICT findings	2	2	IA and AG follow-ups done
Ad hock Audits	3	4	Review of FMCMM for Mid-Year completed which is similar to 3rd quarter. 4th Quarter FMCMM Completed. Overtime Audit completed. Due Diligence Completed	2	2	4th Quarter FMCMM Completed. Overtime Audit completed. Due Diligence Completed
Total	26	27		8	8	

Internal Audit conducted follow-up audit on internal audit reports issued previous. The Municipality was at **58%** implementation as compared to the **66%** implementation in the previous year on Internal Audit recommendations by 30 June 2020.

Department	Implemented	% Progress Implemented	Not Implemented	% Progress Not Implemented
Office of the MM	3	100%	0	0%
Budget & Treasury	12	70%	5	30%
Planning and Development	4	100%	0	0%
Corporate Services	3	43%	4	57%
Technical Services	0	0%	7	100%
Institutional Progress	22	58%	16	42%



The Internal Audit Activity was independent during the 2019/2020 financial and operated with an approved Internal Audit Charter which is consistent with the IIA Standards and Code of Ethics. The Internal Audit Activity operated with and Approved Annual Audit Plan, Continuous Development and Internal Audit Methodology. The Internal Audit Activity was able to support the Audit Committee and Audit Steering Committee in the year under review. The Internal Audit Activity was the Secretariat for the Audit. Below is the progress on the Audit Committee Resolution Register:



2.8 SUPPLY CHAIN MANAGEMENT

Overview of Supply Chain Management

Section 217 of the Constitution of the Republic of South Africa requires that when an organ of State contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective. The Supply Chain Management Policy of the Municipality has been drawn up to give effect to these principles and the Preferential Procurement Legislation, and furthermore to comply with the provisions of the Local Government: Municipal Finance Management Act and its Regulations promulgated in terms thereof. The SCM policy has recently been reviewed and approved by Council to ensure that controls are tightened to combat fraud and corruption in procurement processes.

Supply Chain Management Unit

Chapter 11 of the MFMA compels the municipalities to establish Supply Chain Management Units and implement the SCM Policy, which gives effect to all SCM functional areas. The Supply Chain Management Unit has been established and operates under a direct supervision of the Chief Financial Officer.

2.9 BY-LAWS

Newly Developed	Public Participation conducted prior to adoption of By-Laws (Yes/no)	By-Laws gazette (yes/no)	Date of Publication
Credit control & Debt Collection by-law	Yes	Yes	26 June 2019
Electricity Supply by-law	Yes	Yes	26 June 2019
Hiring of community	Yes	Yes	26 June 2019

halls, buildings & other facilities by-law			
Impoundment of animals by-law	Yes	Yes	26 June 2019
Indigent subsidy by-law	Yes	Yes	26 June 2019
Property Rates by-law	Yes	Yes	26 June 2019
Tariff By-law 2019/20	Yes	Yes	26 June 2019
Waste Management by-law	Yes	Yes	26 June 2019

COMMENT ON BY-LAWS:

All By-laws public participated and approved by council during 2019/20 were gazetted.

T2.9.1.1

2.10 WEBSITES

Municipal website: content and currency of material		
Documents published on the municipality`s /entity`s website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	No date available
All current budget related policies	Yes	No date available
The previous annual report (2018/19)	Yes	24 February 2020
The annual report (2018/19)published / to be published	Yes	No date available
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	No date available
All service delivery agreements (2019/20)	No	
All long term borrowing contracts (2019/20)	No	
All supply chain management contracts above a prescribed value (give value) for (2019/20)	No	
An information statement containin a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during (2019/20)	No	

Contracts agreed in (2019/20)to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
PPP agreements referred to in section 120 made in (2019/20)	No	
All quartely reports tabled in the council in terms of section 52 (d) during (2018/19)	Yes	No date available
Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged touse their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments T2.10.1		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS: The Municipal Website serves as dynamic interaction with the Community and public, whilst as Municipality we desired to adhere to Government regulations and legilslation, thus Section 75 of MFMA and 8 Batho Pele Principles just to name few , the Municiaplity has established a website for the municipality that is www.Ba-Phalaborwa.gov.za and www.Phalaborwa.gov.za both re-root the request to same URL which is our Home Page. The Municipality comply to the 8 Batho Pele Principles specifiacly Access and Openess and Transperancy , Information to assit the Community and the Public , hence our content include Municipal Leadership , Financial Reports , Annual Reports , Perfomance Contract for Section 56/57 , our address and contact , etc . The Municipal Websites is available at all times

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The Municipality conducted the 2019/20 community satisfaction survey during the month of August 2019. The survey was conducted in-house. The municipality used the ward committees as field workers to conduct and gather data. A combination of both qualitative and quantitative research methodologies were used. Questionnaires were used as a tool to gather data. The sampling size was 450 questionnaires (25 questionnaires per Ward) .

52% of the respondent are satisfied with the services and 48% are not satisfied with the services that municipality is providing.

T2.11.1

RATING SCALE	2018	2019	2020
Highly Satisfied	21%	25%	18%
Satisfied	31%	27%	34%
Highly dissatisfied	23%	21%	22%
Dissatisfied	25%	27%	26%

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

COMPONENT A: BASIC SERVICES

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

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Ba-Phalaborwa local Municipality is Water Service Provider. The Municipality is responsible to do the repairs and maintenance of the infrastructure throughout Ba-Phalaborwa jurisdiction. Mopani District Municipality is the water service Auothority. Lepelle Northern Water Board supply bulk water to the reservoirs.

T3.1.1

Households					
Description	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level) *Piped water inside dwelling*	12251	12251	12251	12251	12251
Piped water inside yard (but not dwelling)	17216	17216	17216	17216	17216
Using public tap (stand pipes) *Other water supply (within 200m)* *Minimum service level and above sub-total*	3803	3803	3803	3803	3803
Minimum service level and above percentage	33270	33280	33270	33270	33270
	77%	80%	77%	80%	80%
Water; (below min level) Using public tap (more than 200m from dwelling) Other water supply (more than 200m from dwelling) No water supply	413	413	413	413	413
Below minimum service level sub-total	235	235	235	235	235
Below minimum service level percentage	9144	10123	10123	7845	7845
	21.2%	22.3%	22.3%	19.1%	19.1%
Total number of households*	43062	33880	33880	41115	41115
To include informal settlements **T3.1.3**					

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

Households – water service delivery levels below the minimum Households					
Description	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	**43062**	**43062**	**43062**	**41115**	**41115**
Households below minimum service level	**9144**	**9144**	**9144**	**7845**	**7845**
Proportion of households below minimum service level					
T3.1.4					

Water service policy objectives taken from IDP												
Service Objectives / Service indicators (i)	Outline service targets (ii)	2016/17		2017/18			2018/19			2019/20		
		Target	Actual	Target		Actual	Target			Target		
		*previous year (v)	*current year (vi)	(vii)	*current year (viii)	*current Year (ix)	*following year (x)			*current year	*current year	
Service objectives xxx												
HH without minimum water supply	Additional households provided with minimum water supply during the year (No. of HH) without supply at year end)	1500	1750	MDM	1500	1750	MDM			MDM		

Note; This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii) must be incorporated in the indicator set for each municipality to which they apply. These are universal municipal indicators. Previous year refers to the targets that were set in the 2011/12Budget/IDP round. Current year refers to the targets set in the 2012/13 Budget/IDP round. Following year refers to the targets set in the 2013/14 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of IDPs and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a role. T3.1.6

	Employees; Water Services					
Job Level	2017/18	2019/20				
	Employees No.	Employees No.	Post No.	Employees No.	Vacancies fulltime equivalence) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	1	o	0

4-6	7	4	5	4	1	20%
7-9	18	13	9	7	2	22%
10-12	13	6	21	6	15	71%
13-14	19	8	25	8	17	68%
Total	58	32	61	26	35	57%

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

Financial performance 2019/20; Water Services R`000							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue (excluding tariffs)	126,827	128,196	138 968	128 251	128 251	150 315	17%
Expenditure							
Employees	9,870	10,669	11 807	14 994	14 994	14 053	-6%
Repairs and Maintenance	2,644	1,814	6 116	9 795	9 795	9 448	-4%
Other	1,543	1,690	2 912	393	393	395	0.05%
Total Operational Expenditure	14,057	14,174	20 835	25 182	25 182	25 644	1%
Net Operational (service) expenditure	112,770	114,022	-118133	103 069	103 069	124 671	21%

Net expenditure to be consistent with summary table T5.1.2 in chapter5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.1.8

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

Ba-Phalaborwa water supply overall performance is at 80% satisfactory. We have a challenge on the ageing of infrastructure and also low water pressure where infrastructure is in place. Mopani District Municipality will be implementing water reticulation projects for entire area.

T3.1. 10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Mopani District Municipality as water authority implement the sanitation projects. For 2019/2020 financial year no Sanitation projects was executed by District Municipality. The challenges is ageing infrastructure for sewer main line and reticulation. The existing sewer network is unable to accommodate the current demand from the households.

Sanitation Service Delivery Levels Households				
Description	2016/17 Outcome No.	2017/18 Outcome No.	2018/19 Actual No.	2019/20 Actual No.
Sanitation/sewerage; (above minimum level)				
Flush toilet (connected to sewerage)	**14070**	**14070**	**14070**	**14070**
Flush toilet (with septic tank)	**1090**	**1090**	**1090**	**1090**
Chemical toilet	**208**	**208**	**208**	**208**
Pit toilet (ventilated)	**10368**	**10368**	**10368**	**10368**
Other toilet provisions (above min. service level)	**8070**	**8070**	**8070**	**9756**
Minimum service level and above sub-total	**33792**	**33792**	**33806**	**35492**
Minimum service level and above percentage	**82%**	**82%**	**82%**	**86%**
Sanitation/sewerage; (below minimum level)				
Bucket toilet	**10290**	**10290**	**7309**	**5623**
Other toilet provisions (below min service level)				
No toilet provisions				
Below Minimum service level sub-total	**10290**	**10290**	**7309**	**5623**
Below Minimum service level percentage	**23.3%**	**23.3%**	**17.8%**	**13.7%**
Total Households	**44082**	**44082**	**41115**	**41115**
***total number of households including informal settlements**				**41115**
T3.2.3				

Households; Sanitation service delivery levels below the minimum Households							
Description	2015/16	2016/17	2017/18	2018/19	2019/20		
	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Households Households below minimum service level Proportion of households below minimum Service level	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Informal Settlements	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Households Households below minimum service level Proportion of households below Minimum service level	N/A	N/A	N/A	N/A	N/A	N/A	N/A
							T3.2.4

Employees: Sanitation Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts) %
0-3	0	1	1	0	0
4-6	3	3	3	3	0
7-9	9	9	7	3	33%
10-12	22	22	16	6	27%
13-15	25	24	14	10	40%
Total		50	41	23	46%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.2.7

Financial performance 2019/20; Sanitation Services R`000							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue (excluding tariffs)	19,921	19,868	21 564	22 146	22 146	26 630	20%
Expenditure							
Employees	2,066	3,048	3 365	3 818	3 818	4 331	13%
Repairs and Maintenance	1,677	2,485	3 290	3 859	3 859	3 767	-2%
Other	321	135	1,077	877	877	452	-48%
Total Operational Expenditure	4.064	5,669	7 732	8 554	8 554	8 550	-0.05%
Net Operational (service) expenditure	15,857	14,199	13,832	13 862	13 862	18 080	30%
Net expenditure to be consistent with summary table T5.1.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.2.8							

Capital Expenditure 2019/20 Sanitation Services R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Project A	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
The projects are budgeted for by Mopani District Municipality. T3.2.9					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

No projects implemented for sanitation as per SLA .

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Ba-Phalaborwa Municipality distribute electricity to Phalaborwa town, while the rest of the Municipal area is under license from Eskom, and a small part under Greater Tzaneen Municipality.

T3.3.1

Electricity Service Delivery Levels Households				
Description	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				45955
Electricity (at least min. service level)	42316	45051	45955	
Electricity – prepaid (min. service level)	42316	43622	44566	44566
Minimum service level and above sub- total				
Minimum service level and above percentage				
Energy: (below minimum level)	746	0		0
Electricity (< min. service level)				
Electricity – prepaid (<min. service level)				
Other energy sources				
Below minimum service level sub-total	746	0		0
Below minimum service level percentage	1.7%	0		0
Total number of households	43062	43622	44566	45955
T3.3.3				

Households – Electricity service delivery levels below the minimum Households					
	2017/18	2018/19	2019/20		
	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal settlements					
Total households	42316	944	0	0	0
Households below minimum service level	0				
Proportion of households below minimum service level					
Informal settlements	N/A	N/A	N/A	N/A	N/A
Total households	N/A	0	0	0	0
Households below minimum service level					
Proportion of households below minimum service level					
T3.3.4					

Employees; Electricity Services							
Job Level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	**1**	1	0	**0**
4-6	4	4	2	**3**	1	1	**33%**
7-10	9	12	13	**8**	8	0	**0**
11-12	10	11	8	**10**	9	1	**33%**
13-14	5	5	18	**14**	11	3	**21%**
Total	33	33	42	**36**	30	5	**14%**

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.3.6

Financial performance 2019/20; Electricity Services R'000							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue (excluding tariffs)	**99,995**	**113,929**	**95 540**	**151 719**	**151 719**	**101 081**	**-33%**
Expenditure							
Employees	9,993	8,950	9 239	11 292	11 292	9 740	-14%
Repairs and Maintenance	2,454	6,143	2 926	7 536	7 536	1 423	-81%
Other	86,544	79,612	77,607	109 187	109 187	81 680	**-25%**
Total Operational Expenditure	**98,991**	**94,706**	**89 772**	**128 015**	**128 015**	**92 843**	**-27%**
Net Operational (service) expenditure	**1,004**	**19,223**	**14,957**	**23 704**	**23 704**	**8 238**	

Net expenditure to be consistent with summary table T5.1.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.3.7

Capital Expenditure 2019/20; Electricity Services R`000						
Capital Projects	2018/19	2019/20				
		Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All	10,694	12 000	12 000	8 792	-27%	12 000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.3.8						

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Performance was not satisfactorory, due to the issues associated with Covid 19. All projects were dealayd

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

INTRODUCTION TO WASTE MANAGEMENT

Waste management is one of the key thrust that promote sustainable development. The municipality is currently collecting refuses from residential units all urban areas townships, Businesses, Schools, industrial and part of the rural areas (Mashishimale R1, R2, R3 as well as some parts of Makhushane) as a pilot project. The municipality currently has one licensed landfill site which is in operation and an approved license to develop new one. The municipality has an Integrated Waste Management Plan which is due for review.

T3.4.1

Sanitation Service Delivery Levels Households					
Description	2015/16	2016/17	2017/18	2018/19	2019/20
	Outcome No.	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage; (above minimum level)</u>					
Flush toilet (connected to sewerage)	14070	14070	14070	14070	14070
Flush toilet (with septic tank)	1090	1090	1090	1090	1090
Chemical toilet	208	208	208	208	208
Pit toilet (ventilated)	10368	10368	10368	10368	10368
Other toilet provisions (above min. service level)	8070	8070	8070	8070	9756
	33792	33792	33792	33806	35492
Minimum service level and above sub-total Minimum service level and above percentage	82%	82%	82%	82%	86%

Sanitation/sewerage; (below minimum level)					
Bucket toilet					
Other toilet provisions (below min service level)	9270	10290	10290	7309	5623
No toilet provisions	9270	10290	10290	10290	10290
	21.5%	23.3%	23.3%	17.8%	13.6%
Below Minimum service level sub-total	43062	44082	44082	41115	41115
Below Minimum service level percentage					
Total Households					
***total number of households including informal settlements**					**T3.2.3**

Solid waste service delivery levels households					
Description	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Solid waste removal: (minimum level)	1	1	1		
Removed at least once a week	22 941	22 941	22 941	22 941	358881
Minimum service level and above sub-total	55,79%	55,79%	55,79%	55,79%	55,79%
Minimum service level and above percentage	18174	18174	18174	18174	18174
	44,21%	44,21%	44,21%	44,21%	44,21%
Solid waste removal: (below minimum level)					
Removed less frequently than once a week					
Using communal refuse dump					
Using own refuse dump					
Other rubbish disposal					
No rubbish disposal					
Below minimum service level sub-total					
Below minimum service level percentage					
Total number of households	**41115**	**41115**	**41115**	**41115**	**44082**
T3.4.2					

Households: solid waste service delivery levels below the minimum Households							
Description	2015/16	2016/17	2017/18	2018/19	2019/20		
	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal settlements	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total households	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Households below minimum service level							
Proportion of household below minimum service level							
Informal settlements	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total households	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Households below minimum service							

level Proportion of household below minimum service level							
T3.4.3							

Employees: Waste Disposal and Other Services							
Job Level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) %	Vacancies (as a % of total posts)
0 - 3	1	1	0	**1**	1	0	0
4 - 6	4	3	2	**6**	5	1	17%
7 - 9	0	0	0	**13**	7	6	46%
10 - 12	10	1	7	**2**	2	0	0
13 - 14	54	47	40	**54**	47	7	13
TOTAL	69	0	49	**76**	62	14	18%

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

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Waste Management Service has improved on refuse removal to the community though there is a challenge of aging fleet with constant breakdown of old waste compactor trucks. There here is a need to replace the current obsolete refuse removal vehicles. Improved service delivery can be accomplished if more compactor type of refuse removal vehicles are acquired because by compacting the waste, they can carry more loads to the landfill site with minimal trips as well.

The municipality has been issued with the license to operate and rehabilitate the existing landfill site in Phalaborwa as well as a license to establish a new landfill site. The municipality is issued a license to close and rehabilitate Namakgale and Gravellotte landfill site.

The compulsory quarterly reports on the operation of the existing landfill are sent to the Department of Environmental Affairs (DEA)

The compulsory quarterly reports on the operation of the existing landfill are sent to the South African Waste Information Centre (SAWIC) .

Illegal dumping is a scourge, which costs the municipality a lot of money to maintain and control. Aging fleet and lack of internal capacity review our Integrated Waste Management Plan also affect waste management service delivery. There is also a challenge of disparities in access to waste collection between rural and urban whereby waste is collected fully in urban areas and only about forty percent receive waste collection. The contribute to the increase in cases of illegal dumping.

There are efforts to do recycling to reduce the volume of waste to the landfill site

The process of establishing a new landfill site is underway and the first phase of constructing a perimeter fence and the access controlled entrance is in progress.

T3.4.10

3. 5. HOUSING

INTRODUCTION TO HOUSING

Ba-Phalaborwa Municipality is not a housing authority. Housing function in the municipality is the competency of the Provincial Department of Cooperative Governance, Human Settlements and Traditional Affairs. Ba-Phalaborwa Municipality assists the provincial Department of CoGHSTA with the facilitation of provision of housing to promote sustainable human settlements within the municipal area. The municipality thus relies on housing allocations by CoGHSTA as the competent housing authority to initiate, plan and implement programmes and projects aimed at addressing housing backlogs within the municipal area. CoGHSTA allocated 180 Houses to Ba-Phalaborwa Municipality for 2019/20 financial year.

T3.5.1

Employees; Housing services							
Job level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as % of total posts) %
0-3	1	0	0	0	0	0	0
4-6	3	5	3	8	5	4	50
7-9	3	3	2	6	2	4	66

Total	7	8	5	14	7	8	57%

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

Financial performance 2019/20; Housing services							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original Budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Repairs & Maintenance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total operational expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net operational (service) expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by actual T3.5.5

Capital expenditure; 2019/20; Housing services R`000					
Capital projects	2019/20				
	Budget	Adjustment budget	Actual expenditure	Variance from original budget	Total project value
Total All	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	N/A	N/A	N/A

Total project value represents the estimated cost of the project on approval by council (including past and future

expenditure	as	appropriate)
T3.5.6		

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Since the municipality is not a housing authority, there were no human settlements projects implemented by the municipality during the 2019/20 financial year. CoGHSTA allocated 180 Houses to Ba-phalaborwa Municipality for 2019/20 financial year

T3.5.7

3.6 FREE BASIC SERVICES

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has an approved indigent policy that guides activities to be followed when registering households. Indigent registration is performed yearly and assessment is conducted throughout to review and check changes in customer income.

The policy outlines categories of indigent qualification. The qualification process is done through ward councillors with all 19 wards covered.

All qualifying indigents are then captured on the municipal financial management system for benefits allocations on a monthly basis. There are challenges experienced whereby indigent's consumption exceeds the allocated services levels, due to the fact that the municipality has no system in place to disconnect when the free basic service consumption levels are exhausted. Furthermore, consumers are not collecting their municipal paid-up (free) electricity tokens from Eskom, leading to unnecessary wasteful expenditures.

T3.6.1

Free basic services to low income households										
	Number of households									
	Total	Households earnings less than R1.100 per month								
			Free basic water		Free basic sanitation		Free basic electricity		Free basic refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2015/16	41115	41115	1119				3529		3529	
2016/17			3489		3489		3489		3489	
2017/18			3489		3489		3489		3489	
2018/19			1670		1670		1670		1670	
2019/20			1659		1659		1659		1659	

T3.6.3

Financial performance 2019/20; cost to municipality of free basic services delivered							
Services delivered	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Budget	Adjustment budget	Actual	Variance to budget
Water	**786 226.20**	**520 212..75**	N/A	N/A	N/A	N/A	The water function is the function of Mopani District Municipality
Waste water (sanitation)	**356 949.60**	**910 120.58**	N/A	N/A	N/A	N/A	The water function is the function of Mopani District Municipality
Electricity	2 703 107.60	54 274.75	N/A	N/A	N/A	N/A	
Waste Management (solid waste)	307 011.60	842 529.92	N/A	N/A	N/A	N/A	
Total							
T3.6.4							

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

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

INTRODUCTION TO ROAD TRANSPORT

The municipality has a total of 802.1 road network. The backlog is estimated at 559.1 roads including storm water drainage. The municipality does have an approved Road Master Plan but the municipality is unable to implement the plan due to financial constraints.

Gravel road infrastructure Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/16	562.7	N/A	7.8km	816
2016/17		N/A	3.2km	733.1
2017/18	551.6	N/A	1.7km	493.7
2018/19	550.1	N/A	3.6km	996
2019/20	547.9	N/A	2.25km	335.9
T3.7.2				

Asphalted Road Infrastructure					
	Total Asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2015/16	235.3	7.8	N/A	N/A	1.4
2016/17	238.5	3.2	N/A	N/A	1.8
2017/18	241.7	1.7	N/A	N/A	N/A
2018/19	240.2	1.5	N/A	N/A	N/A
2019/20	243.8	2.25	N/A	N/A	N/A
T3.7.3					

Cost of construction/maintenance R`000						
	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2015/16	R 1m/km	R 6m	R 0.5m/km	R 6m/km	R 4.5m/km	R3.5/km
2016/17	R1.5m/km	R6.5m	R0.75m/km	R6.5m/km	R5m/km	R4m/km
2017/18	R1.5m/km	R6.5m	N/A	R6.5m/km	N/A	N/A
2018/19	R1.5m/km	R6.5m	N/A	R6.5m/km	N/A	N/A
2019/20	R1.5m/km	R6.5m	N/A	R6.5m/km	N/A	N/A
T3.7.4						

Employees: roads services							
Job level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	1	1	0	0
4-6	2	0	2	2	2	0	0
7-9	3	3	3	6	3	3	50%
10-12	6	8	4	4	2	2	50%
13-14	10	8	16	29	19	5	17%
Total	22		26	42	29	10	23%
Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that							

total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7

Financial performance 2018/19; Roads and Transport R'000							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual		Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	31,017	47,184	43 557	3 683	34 107	25 967	-24%
Expenditure:							
Employees	5,023	16,309	21,267	6 524	6 524	7 345	13%
Repairs & Maintenance	2,947	5,059	11,927	5 759	5 759	5 163	-10%
Other	28,419	1,099	114 132	47 666	47 666	23 044	-52%
Total operational expenditure	36,389	22,467	147 326	59 949	59 949	35 552	-41%
Net operational (service) expenditure	-5,372	-24,716	-103 769	-56 266	-25 842	-9 585	
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.7.8							

Capital expenditure 2019/20: Road Services R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all	8 501	19 731	12 618	-36%	12 618
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.7.9					

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The overall performance of the roads section is not satisfactory as far as routine road maintenance of existing network infrastructure is concerned, but however the main roads in Ba-Phalaborwa includes the R71, R40 whereby SANRAL is busy with the routine road maintenance. The R40 road has been recently been Rehabilitated and R71 is also being maintained as and when required by SANRAL. Due to the challenges on old infrastructure and financial constraints, the road and storm water Masterplan of Ba-Phalaborwa Municipality is outdated, and the section is performing the tasks as best as possible within the limitations. The roads and storm water section is attending to patchwork, sealing and unblocking of storm water drainages and catch pits. Most of our roads are experiencing aggregate loss, which gives the

surfaces of our roads a rough texture, The Municipality will then need to make sure that slurry is applied on our roads before most of the roads loses most of the surface or the good texture of the road. In addition, a programme for grading of all main and internal roads is done on daily basis but not effective due to the continuous breakdowns of the graders. Patching sealing and storm water control is an ongoing process, and a schedule is drafted for that and open to be amended as and when required. The municipality is currently busy with upgrading of roads from gravel to tar.

The upgrading of 2.25km's from gravel to tar of Tshelang Gape road to R71 was successfully upgraded in ward 02 and 19 through MIG grants.

Development of municipal roads as required	km of municipal roads developed
2015/16	7.8 km
2016/17	3.2km
2017/18	1.7km
2018/19	3.6km
2019/20	2.25km
T3.7.10	

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Public transport within the Ba-Phalaborwa area of responsibility is shared as follows:

- Two short haul bus companies transporting within and between the urban zones:
  - Great North Transport
  - Sokisi Transport
- There is also a few long distance hauliers operating between Phalaborwa and Gauteng:
  - City to City
  - Translux
  - Citi Liner
- An application has also been received for bus services from Ba-Phalaborwa to Zimbabwe

and return.

- Taxi services are provided by the following taxi associations:
  - Phalaborwa Taxi Association
  - Namakgale Taxi Association
  - Lulekani Taxi Association
  - Namakgale Long Distance Taxi Association.

The above mentioned transport service providers are part of the Phalaborwa Transport Forum chaired by the Portfolio Committee Chairperson r his/ her delegate and Senior Manager Community and Social Services is the Secretariat. Meetings are held on a quarterly basis, with representatives also expected to attend the Mopani District Transport Forums. These meetings are not well attended at all and a concerted effort is in progress to increase participation.

All busses and Taxis are subjected to Stand Licences and Ranking facilities and are checked on a continuous basis for compliance and roadworthiness.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water drainage forms an important component of roads infrastructure where is designed to drain excess rain and ground water from impervious surfaces such as paved streets, parking lots, car parks, foot paths and sidewalks. The roads and storm water section staff has developed a systematic inspection process as well as unscheduled inspections in response to the community's advice. It is either conducted routinely after heavy or consistent rains, on call from public emergency inspection. The section is reporting any risks or any maintenance issues they may observe as they move around the Municipality in the course of their duties.

T3.9.1

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Ba-Phalaborwa Municipality has a Spatial Development Framework that is supported by the Land Use Management System and aligned to the IDP. There is also the SPLUMA which is the National Act and it has been supported by Municipal Council Resolutions. There are major unplanned developments taking place along the R71 road which is the main activity corridor that serves as a strategic access route to the nodal points Namakgale, Lulekani and Phalaborwa Town.

According to Statistics SA, Census 2011, the rural population of Mukhushane, Selwane, Mashishimale, Majeje and Maseke constitutes 65.5% of the total population within Ba-Phalaborwa Municipality. It must also be noted that a community Survey was conducted in 2011 and the process concluded that the population of Ba-phalaborwa stands at 168 937. The result and the implication of the statistics is the potential for high demand of basic services, and the need for the provision of socio-economic services and facilities in the rural areas.

In order to complement the mission of the municipality, particularly on managing the environment for future sustainable economic growth, and supporting the values of the municipality, the Planning and Development Department embarked on an intense process of research and stakeholder engagement to address land development challenges faced by the municipality in relation to property vesting, land tenure upgrading and law enforcement.

Ba-Phalaborwa Municipality promotes local economic empowerment through the implementation of the Expanded Public Works Program (EPWP) and the Community Works Programme (CWP) which is intended to create short term employment and alleviate poverty. The Municipality did exceptionally well with regard to SMME support, empowerment and job creation through the municipal Supply Chain Management policy amongst other Key Performance Indicators.

T3.10.0

Capital expenditure 2019/20: Planning Services R`000						
Capital Projects	2019/20					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value	
Total all	N/A	N/A	N/A	N/A	N/A	

3.10 PLANNING

Employees: Planning Services							
Job level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	2	1	4	3	1	25%
4-6	1	1	3	12	8	4	33%
7-9	0	1	1	2	2	0	0
13-14		0	0	1	1	0	0
Total		4	5	19	14	5	26%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.10.4

Project A	N/A	N/A	N/A	N/A	N/A	
Project B	N/A	N/A	N/A	N/A	N/A	
Project C	N/A	N/A	N/A	N/A	N/A	
Project D	N/A	N/A	N/A	N/A	N/A	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.10.6						

Financial performance 2019/20: Planning services (R'000)							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	1,491	1,703	319	69	69	504	630%
Expenditure:							
Employees	6,403	6,203	6 981	11 286	11 286	10 677	-5.4%
Repairs & Maintenance	_			0	0	0	
Other	1,015	1,722	4,158	11 022	11 022	3 125	-72%
Total operational expenditure	7,418	7,926	11,139	22 308	22 308	13 802	-38%
Net operational (service) expenditure	-5,927	6,223	-10 820	-22 239	-22 239	-13 298	
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.10.5							

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The Planning and Human Settlements section manages and controls the use of land within the municipal area. The biggest challenge faced by the municipality in relation to physical planning is illegal developments and land invasions. The municipality has embarked on a law enforcement process by issuing out notices to illegal developers and land invaders as per Section 30, of the Land Use Management Scheme.T3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Local Economic Development Unit is charged with the responsibility to maximise the economic potential of municipality and enhance the resilience of micro-economic growth

through creating an enabling environment for increased local economic growth, employment creation and development initiatives within the context of sustainable development.

It is responsible for the consolidation of the local economic trends and tourism development initiatives in the municipal area, and most of the service delivery recommendations are reported under Technical and Community Services such as: the provision of water, roads, electricity and waste management

Despite being a gateway to one of South Africa and the region's tourist destination, the Kruger National Park and the Great Limpopo Transfrontier Park and home to most of SA's copper and phosphate supplies (Palaborwa Copper & Foskor), the competitive strengths are yet to contribute to the upliftment of the poverty in the area particularly from the previously disadvantaged communities.

It is a fact that wildlife and scenic beauty is number one tourist activity out of the best ten activities in South Africa as it is rated by South African Tourism 2016. And is alluded that if you're looking for a Big Five safari experience in South Africa you can go to almost any province in South Africa, but the Kruger National Park remains an iconic tourism draw card. Game view is rated number one tourist activity in South Africa.

It is important to highlight that BPM is fast becoming a contender in the MICE (meetings, incentives, conferences and events) industry, given an increase in annual calendar events Marula festivities, Spring Festival, Phangweni Vibes Summer Festival and F21 Half marathon.

Economic Employment by Sector Jobs					
Sector	2015/16	2016/17	2017/18	2018/19	2019/20

	No				
Agric, forestry and fishing	144	144	158	141	142
Mining and quarrying	80	101	88	86	76
Manufacturing	76	106	80	81	65
Wholesale and retail trade	281	295	354	355	231
Finance, property, etc.	103	103	120	112	93
Govt, community and social services	316	318	120	352	296
Infrastructure services	167	131	163	128	96
T3.11.3					

Source: Stats SA, Quarterly Labour Force Survey, 2nd Quarter 2019

COMMENT ON LOCAL JOB OPPORTUNITIES:

COMMENT ON LOCAL JOB OPPORTUNITIES:

Ba-Phalaborwa Local Municipality has always strived to create an enabling environment in its main economic sectors (tourism, mining, agriculture and manufacturing).

BPM has managed to created 1477 temporary jobs through the municipality's in-house poverty alleviation and employment programmes, which are EPWP (76), CWP (1035) and Capital projects (45).

T3.11.4

Job Creation through EPWP* Projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2015/16	N/A	218
2016/2017	8	185
2017/18	N/A	1012
2018/19	4	1195
2019/20		76
*-Extended Public Works Programme		T3.11.6

Employees: Local Economic Development Services							
Job level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	1	1	0	0
4-6	0	0	2	2	2	0	0
7-9	0	0	0	1	0	1	100%
Total	1	1	3	4	3	1	25%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.11.8

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The department consists of the following divisions:

- Environmental Health
- Parks and Cemeteries
- Library Services
- Traffic and Licensing

T3.52.0

3.12 LIBRARIES.

INTRODUCTION TO LIBRARIES.

Library Services consist of five (5) fully established libraries as well as two school/community libraries based at Lebeko High School at Mashishimale as well as Prieska Combined School at Prieska village. The services rendered include: free membership, print and electronic information resources, audio-visuals, free public internet services, inter-library loans, and free access to computers and tablets for personal use, printing and photocopying services, scanning of documents, user education on library services and library outreach programmes.

Key library services priorities include improving access to library services, bridging the digital divide, enhancing collection development and management strategies, improving training and development of library staff, as well as improving and sustaining stakeholder relations. Provision of computers and user education in all the five fully established libraries; enhance stakeholder participation to increase funding, as well as improving the municipal library outreach services will help achieve these goals. The municipality has to find alternative funding mechanism for new libraries needed by the various communities.

With regard to the archives the municipality's priorities include: enhancing space capacity of the current archives to improve compliance to record keeping legislative requirements.

The archives at Lulekani has been completed. The fire detection and suppression system has been installed and some shelves.

The Licensing Section has moved some of its documents to the archives facility with the expectation of acquiring the Zippel files to complete their relocation of their documentsT3.52.1

Financial performance 2019/20: Libraries. (R'000)							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	116	142	171	156	156	132	-15%
Expenditure:							
Employees	2,388	2,851	3 118	3 356	3 356	2 250	-33%
Repairs & Maintenance	_			-	-	-	
Other	234	277	86	557	557	148	-73%
Total operational expenditure	2,622	3,129	3 204	3 913	3 913	2 398	-39%
Net operational (service) expenditure	-2,506	2,986	3 032	-3 757	-3 757	- 2 266	
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.52.5							

Capital expenditure 2019/20: Libraries. R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Project A	N/A	N/A	N/A	N/A	N/A
Project B	N/A	N/A	N/A	N/A	N/A
Project C	N/A	N/A	N/A	N/A	N/A
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.52.6					

COMMENT ON THE PERFORMANCE OF LIBRARIES OVERALL

The Library Services section functions very well. There are employees who have been seconded to the Municipality by the Provincial Department of Arts and Culture. The Ba-

Phalaborwa Municipality has a relationship with the Palabora Foundation with regard to strategic support to our Library Services. The Library Services Development Plan has been development, submitted to management and also approved by Council. A Library Committee has been established to enhance public participation.

T3.52.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The Municipality have four fully established cemeteries in Gravellotte, Phalaborwa, Namakgale and Lulekani. Gravellotte and Phalaborwa cemeteries are nearing their full capacity. A process is in place to identify new land to develop a new cemetery for Gravellotte and there is a need to look at a viable alternative for Phalaborwa cemetery. There are no crematoriums for in Phalaborwa, however there is provision to store the ashes at Phalaborwa cemetery.

Lulekani cemetery fence need to be extended to cover the entire land allocated by the Tribal Authority to ensure long term use. Namakgale cemetery and the old Lulekani cemetery fence need to be upgraded to ensure the cemeteries are secured. The traditional authorities are also managing variety of cemeteries and they need to be supported to ensure the cemeteries comply with the basic legislative requirements as well as the basic infrastructure.

There is a need for an electronic cemetery management system to enhance record keeping as well as constantly improving by-laws to enhance utilization of burial space. In particular enhancing the lifespan of the cemeteries.

Financial performance 2018/19: Cemeteries and Crematoriums				
R'000				
Details	2016/17	2017/18	2018/19	2019/20

	Actual	Actual	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	130	140	185	169	169	139	-18%
Expenditure:							
Employees	349	381	433	1 307	1 307	1 401	8%
Repairs & Maintenance	83	41	291	730	730	365	-50%
Other	89	9	-34	661	661	380	-43%
Total operational expenditure	521	431	690	2 698	2 698	2 146	-20%
Net operational (service) expenditure	- 513	291	506	-2 529	-2 529	-2 007	
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.55.5							

COMMENT ON THE OVERALL PERFORMANCE OF CEMETERIES & CREMATORIUMS SERVICES:

The Municipality is able to provide graves on demand. The Municipality is faced with challenges when it comes to the provision of graves during public holidays because the payment for the grave has to be done in Budget and Treasury Office, whilst the allocation is done by Community and Social Services department. There is a challenge when it comes to control because the communities do not follow the by-laws.

The cemeteries will fill before the estimated time because of some families unlawfully extend the standard allocated graves and build huge structures protruding from the allocated graves

There is also a problem when it comes to fencing of cemeteries as there are no funds. Graves are being vandalized.

The provision of cemetery services to tribal authorities is also a challenge as it is not the function of municipalities. However, we assist by providing water and grading.

The Municipality doesn't own/have any crematoriums facilities; however, the nearest crematorium is in Nelspruit of which are privately owned.

National Government is continuing to provide guidance in the form of regulations around treatment of deceased persons and funerals. The Municipality has 4 public cemeteries, of

which are still actively used for burials. Out of these active cemeteries 2 have reached full capacity. There are however 2 cemeteries with longer term burial opportunities which at the current burial demand are projected to be sufficient for the next 5 years. There is currently no reason to think that COVID-19 burials need to be conducted separately. The Municipality will continue to make use of all available cemetery resources as per normal at this stage.

Only 1 hour is allowed in the cemetery for each burial with not more than 50 people during level 3 in accordance to the directions issued in terms of regulation 10(1) of the regulations made under section 27 (2) of the Disaster Management Act ,2002(Act No.57 of 2002). Undertakers must ensure that the family adheres to the restriction of a maximum of 50 people permitted to attend each burial. This total includes the priest, family members, undertaker staff and guests.

The council employees working at the cemeteries are provided with full disposable PPE to stop the possibilities of infections. In case of COVID 19 burial funeral the Municipality has TLB to cover the grave. No more than two burials are allowed at the same time close to each other. Funeral undertaker must adhere to the time allocated to them.

T3.55.7

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Environmental and Bio-diversity Management is fragmented within the Municipality with all Directorates being responsible for their own special talents and key performance Areas. It is and has been for some time a strategic intervention of this Municipality to form an Environmental Unit with overall responsibility and coordinating functions. Due to the current unstable financial situation and austerity measures this could however not be implemented but remains a target.

There is also no Environmental Management Plan and Framework in place for the same reasons and it is now obvious that in terms of legislation and processes prevalent we must now plea with the Provincial and National authorities for assistance.

This institution has for 10 years been an active player in the cleanest town and later the Greenest town competition strategy. We have always either been first or second in our district as well as province and have also placed highly in the National competition. This highlights the importance attached to the Environment and Bio-Diversity which has been mainstreamed to all sections and is now included in their operational and maintenance key performance areas.

The area has a number of well controlled parks with lawns and cultivated gardens as well as a number of Parks that have been left in a semi wild state to propagate the green lung effect and maintain open areas. These areas are receiving limited control such as grass cutting and alien plant control. The last scenario present is a number of parks and open areas that are not controlled and left to be wild to preserve the bio-diversity. There are however major challenges with this strategy which include deforestation, poaching and land invasion. The lack of awareness with regards Traditional Authority owned land and the misuse thereof is of great concern with strategies to combat this in the process of formulation.

The concept of only developing "dry" parks that do not require much water or maintenance has also been accepted by this institution as the norm.

The Municipality is being encouraged to implement greening interventions and will put in place a greening plan linked to the Integrated Development Plan. From 1 to 30 September every year, the Municipality select one of government institutions, schools, communities, businesses and organisations are reminded and encouraged to participate in community "greening" to improve the health, conservation of species biodiversity, mitigation of greenhouse gases that lead to global climate change, food security and beauty of the local environment.

T3.60.1

COMPONENT F: HEALTH

3.15 HEALTH INSPECTION, FOOD AND ABBATOIR LICENCING AND INSPECTION, ETC

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

Mopani District Municipality has transferred the Environmental Health Practitioner Services from local municipalities to the District Municipalities. At this stage these functions are provided by Mopani District Municipality.

T3.64.1

COMPONENT G: SECURITY AND SAFETY

The primary responsibility of the unit is to manage the total security function of the institution to ensure the safety of employees, clients and assets through the implementation of internal controls and coordination with different officials/sectors. The unit falls under the Risk Management Unit.

The Municipality is represented on the Cluster and JOC meetings that are convened by Phalaborwa SAPS. The Municipality processes applications for marches by the Public and approval is given after having a meeting with SAPS. The municipality has outsourced its guarding services to a service provider and the Risk Management Unit is managing them

3.16 OTHER (DISASTER MANAGEMENT)

Disaster Management Function:

Ensure community well-being.

Main Purpose:

To administer a comprehensive disaster management program in partnership with all local and neighboring stakeholders outside the municipal jurisdiction aimed at saving lives, protection of properties, safeguarding government's properties, operating emergency and disaster units, staff composition, administration and the protection of the environment.

Main Priorities:

Developing a Municipal Disaster Resistant area by conducting Disaster Risk Assessments and Disaster Impact Assessment, By Responding to Disaster Incidents and Provision of Relief materials.

Major Achievements:

Ba-Phalaborwa has managed to provide shelter, tents, mattresses and blankets to the public affected disaster as and when it happens.

The Municipal Disaster Management Unit was involved in the following potential disaster prone activities in conjunction with the South African Police:

- ✓ 2019/20 CCOVID 19 Roadblocks;
- ✓ Premiers' visit;
- ✓ Covid 19 awareness campaigns; Several disaster management meetings i.e., District Command Council, District JOC. District Disaster Management Forum, Fire Protection Association, South African Police Cluster meetings and others; Joint operation committees, Local Command Councils.
- ✓ 2019/20 municipally organized events

Constraints Experienced:

The approved Disaster Management Plan calls for the appointment of a Risk Reduction Officer and an Awareness and Response officer.

Employees: Disaster management, Animal Licensing and control, control of public							
Job level	2016/17	2017/18	2018/19	2019/20			
Job Level	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	2	1	1	0	0%
4-6	12	1	12	1	1	0	0%
7-9	23	2	17	2	2	0	0%
10-12	3	0	1	0	0	0	0%
Total	39	4	32	4	4	0	0%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.66.4

COMPONENT H: SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

In terms of the National Sport and Recreation Act no 110 of 1998, section 3 (a), a municipality may carry out sporting or recreational activities or activities relating to physical education, sport and recreation, including training programmes and development of leadership qualities. The Sport, Arts and Culture unit supports the activities that are initiated by the Department of Sport Arts and Culture for district, provincial and national as per MOU signed by the BPM and the Department of Sport Arts and Culture. BPM organizes activities such as Indigenous games, Club development games, Visual and Performing Arts and South African Football Association activities that are done from streams/wards level of BPM and the Mayors Cup annually. BPM has a sports confederation/council and Arts and Culture council, which are in place. Ba-Phalaborwa Municipality is utilising the MIG funding for developing sport facilities of a good standard and to be conducive for the community.

The sport Arts and culture unit consists of only one employee who is a Co-ordinator/Officer responsible for Mayoral Programmes and sport arts and culture activities.

Ba-Phalaborwa municipality maintain the following Sports facilities, Lulekani Stadium and Namakgale Stadium. However, it must be noted that the revenue collected from this facilities does not cover the maintenance needed in this facilities. More revenue needs to be budget to maintain these facilities.

T3.68.0

3.17 SPORT AND RECREATION

Capital expenditure 2019/20: Sport and Recreation R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Construction of Selwane Sports Complex	14 611	7 432	5 448	-63%	14 611

Namakgale Stadium	2 889	3 826	1 297	-55%	2 889
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.68.5					

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Due to financial constraints, the Municipality does not have a corporate policy office. Policies are developed by the various departments and quality assured by the legal unit with subsequent approval by Council. A master file containing all the policies is maintained by the Corporate Services Department.

T3.69.0

3.18 EXECUTIVE AND COUNCIL

The Ba-Phalaborwa Municipal Council is headed by the Speaker and this is the legislative authority of the Municipality. The Executive committee is headed by the Mayor, assisted by the Municipal Manager. The appointed Senior Managers deal with the day- to- day running of their respective directorates. The roles and responsibility of Politicians and the Administration are clearly defined in the approved delegation of Authority. The Development of the delegation of Authority is reviewed and approved yearly by Council.

Employees: The Executive and Council							
Job level	2016/17	2017/18	2018/19	2019/20			
Job Level	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	5	27	5	11	10	1	9%
4-6	16	75	14	31	25	6	19%
7-9	12	93	11	30	17	14	46%
10-12	3	55	2	4	2	2	50%
13-14	18	139	16	31	24	7	22%
Total	54	395	48	107	78	30	28%

3.19 FINANCIAL SERVICES

Debt recovery												
Details of the types of account raised and recovered	2016/17			2017/18			2018/19			2019/20		
	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %			
Property Rates	90683	106 776	54%	106,41 363	113,6 09	41%	11061 7437. 43	132629 278.00	5	12769279 7.61	48%	614476 42.91
Electricity – B												
Electricity – C	99797	116 655	87%	78,911	96,75 4	86%	71141 187.6 1	101882 030.00	102%	75376092. 49	86%	650883 86.58
Water – B	0	0										
Water – C												
Sanitation	0											
Refuse	0	44%	14,806	18,114	38%	151520 46.30	19074 821.0 0	37%		17010161. 4	36%	610264 3.66
Other												
B-Basic, C-Consumption. See chapter 6 for the Auditor General`s rating of the quality of the financial Accounts and the systems behind them T3.70.2												

Employees: Financial Services							
Job level	2016/17	2017/18	2018/19	2019/20			
Job Level	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	5	6	4	6	5	1	16%
4-6	24	32	18	29	17	12	41%
7-9	15	25	9	23	9	14	24%
10-12	0	5	2	3	2	1	33%
13-14	0	1	0	2	0	2	0%
Total	44	68	33	63	33	30	47%

3.20 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

☐ The Human Resource Section deals with the following:

☐ Recruitment, Selection and Benefits;

- Recruitment and selection
- Personnel administration
- Skills Development;
- Occupational Health and Safety;
- Labour Relations;
- Organisational Development; and
- Employee Wellness.

1. The Human Resources recruited fifty- seven (57) employees during the financial year 2019/20. This includes both external and internal movements.

2. The Human Resources was able to develop and submit the Workplace Skills Plan in line with the LGSETA time frames. A total number of thirty –three (33) training interventions were implemented.

   The Municipality also has a Bursary Scheme which assist to capacitate Municipal employees. A total number of twenty-five (25) were awarded Bursaries for the financial year 2019/20, however, only fifteen (16) learners were able to register with recognised institutions

3. Twelve (12) injuries on duty were reported in the 2019/20 financial year.

4. The Local labour forum is functional and deals with matters of mutual interest.

   Eight (8) meeting comprising of two (2) special meetings and six (6) ordinary meetings were held in the 2019/20 financial year.

5. The 2020/21 Organogram was reviewed and approved on the 29th of May 2020 as per council resolution no. 93/20.

Employees: Human Resource Services								
Job level	2015/16	2016/17	2017/18	2018/19	2019/20			
Job Level	Employees No.	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)

							No.	%
0-3	1	1	1	1	1	1	0	0
4-6	2	2	2	2	4	2	2	50%
7-10	4	4	4	4	6	4	2	33%
TOTAL	7	7	7	7	11	7	4	36%
T3.71.4								

Financial performance 2019/20: Human Resource Services							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual		Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	244	368	449	163	163	480	194%
Expenditure:							
Other Employees	3,673	3,925	3,984	5 034	5 034	4 318	-14.2%
Repairs & Maintenance	–						
Other	8,497	10,999	7 922	15 136	15 048	7 390	-51%
Total operational expenditure	12,170	14,924	11 906	20 170	20 082	11 708	-42%
Net operational (service) expenditure	-11,926	-14,557	-11 457	-20 007	-20 007	-11 228	
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.71.5							

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Human Resources services has not performed well in terms of skills development in 2019/20 financial year. Workplace Skills Plan submission to LGSETA was extended to May the 31st due to COVID 19 pandemic restrictions and was submitted on the 26 May 2020. A total number of thirty-three (33) training interventions were implemented at the cost of R1 600 623.89 of the total budget R4 071 676.58.

The labour relations was not doing quite well , the Local Labour Forum has not been sitting due to non-cooperation by the labour component. The Organogram for 2020/21 was approved as per council resolution no. 93/20.

In terms of the 2019/20 SDBIP, the municipality achieved its target of recruitment. Fifty-seven (57) employees were recruited against the target of thirty (30)

3.72.1

SERVICE STATISTICS FOR ICT SERVICES

- Provide ICT support to the Municipality;
- Manage of Information Security;
- Provide effective maintenance and support services;
- Coordinate of network connectivity;
- Provide effective use of systems and Website; and
- Distribution and allocation of IT equipment.

T3.72.2

Employees: ICT Services							
Job level	2016/17	2017/18	2018/19	2019/20			
	Employees No.	Employees No.	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	1	1	0	0
4-6	3	3	3	4	2	2	50%
7-9	0	0	0	1	1	0	0
Total	4	4	4	6	4	2	33%

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.72.4

Financial performance 2019/20: ICT Services (R'000)							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)			0	0	0	0	0
Expenditure:							
Other Employees	1,587	1,855	1 976	2 200	2 200	2 667	21%
Repairs & Maintenance	447	12	4	18	18	15	-17%
Other	**290**	1,689	1,170	1 805	1 095	1 531	40%
Total operational expenditure	**2,324**	3,556	3 150	4 023	3 313	4 213	27%
Net operational (service) expenditure	**- 2,324**	3,556	3 150	-4 023	-3 313	-4 213	

Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.72.5

Capital expenditure 2019/20: ICT Services R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all	1 850	1 850	469	-75%	1 850
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.72.6					

3.21 I NFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The ICT unit is enabling unit in every organisation, that means it support all the unit in the organisation to be effective and efficient to achieve the Municipal objectives, therefore the ICT unit in the municipality was able to :

Microsoft Teams Installed for all Councillors and employees with Laptops

Voive Over IP Telephony Systems Deployed

Microsoft System Center Configuration Manager(SCCM) Deployed

One Server Repaired

Mimecast application for email security Active

- Renew the Sophos Anti-virus and Firewall subscription

-SLA signed with Letaba wireless

-Approved DRP in Place

Request for Hosting of DR site at Greater Giyani Municipality

Draft MoU for Implementation of DRP and ICT service Review

-Attend to all call logged at our help desk

-10% down time for E-mail and Internet

-Outlook Anywhere for email availability

-Active Microsoft Enterprise Agreement

-95 % Virus Free environment

- 3 Quarterly ICT steering committee meeting held

- Active Service Level Agreement with SITA for web maintenance

-100% Web content update

T3.72.7

3.22 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Municipality has established a Risk Management Committee, identify risks, mitigate them and ensure that internal controls are strengthened, this is in line with the MFMA section 62(i) (c). The Municipality has appointed Risk officer as part of maintaining effective, efficient and transparent system of financial and risk management.

The municipality also has a legal section which deals with advising the municipality as whole on all law related matters including litigations.

T3.73.1

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

Legal statistics.

The municipality is currently handling four types of legal cases which are:

1. Cases against the municipality (18 in number);

2. Cases by the municipality against others (9 in number);

3. Cases by the municipality against residents who contravene the municipality's Town Planning Scheme and the Building Regulations and Standards Act (11 in number); and

4. Labour related cases (6 in number)

T3.73.2

Financial performance 2019/20: Property; legal; Risk Management and Procurement Services R`000							
Details	2016/17	2017/18	2018/19	2019/20			
	Actual	Actual	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	0	0	0	0	0	0	0
Expenditure:							
Other Employees	6,423	1,059		5 559	5 559	4 376	-21
Repairs & Maintenance	1,422			0	0		
Other	18,400	6,067		8 223	8 102	6 702	-18
Total operational expenditure	26,245	7,127		13 782	13 661	11 078	-20
Net operational (service) expenditure	-26,245	7,127					
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual T3.73.5							

Capital expenditure 2019/20: Property; legal; Risk Management and Procurement Services R`000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A	0	0	0	0	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.73.6					

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

It is a requirement in terms of the Municipal Systems Act to review the organisational structure on a yearly basis in order to align it with our IDP for the purpose of keeping necessary resources to use for the delivery of services.

In terms of the approved organisational structure for the financial year 2020/21, the structure reflected a total number of 694 positions out of which four hundred and eighteen (418) positions were filled and two hundred and seventy-six (276) were vacant.

TURNOVER

A total number of twenty-seven (27) employees left the organisation in the financial year 2019/20 as follows: -

Resignations	=	9
Early retirement:	=	4
Normal retirement	=	9
Death exit	=	4
Dismissal	=	1
TOTAL	=	27

T4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees										
Description	2016/17		2017/18		2018/19		2019/20			
	No. of employees	No. Approved posts	No. of employees	No. Approved posts	No. of employees	No. Approved posts	No. Approved posts	No. of employee	No. of vacancies	% of vacancies
Water	70	107	43	107	44	107	107	51	56	52%
Legal	2	2	2	2	2	2	2	2	0	0
Electricity	32	58	29	58	20	58	58	16	42	72%

Waste Management	52	86	55	86	50	86	86	45	41	47%
Housing	8	24	7	16	4	8	16	7	9	56%
Finance	40	64	33	64	33	63	64	33	31	48%
Roads & Stormwater	22	39	22	38	24	40	38	27	11	28%
Building Services	25	31	28	31	19	39	39	17	22	56%
Project Management unit	2	3	3	3	3	4	3	3		0
ICT	4	6	4	6	4	6	6	4	2	16%
Strategic Planning	3	4	4	5	8	13	3	2	1	33%
Local Economic Development	1	4	1	4	3	4	3	3	0	0
Library	7	22	7	22	10	22	22	5	17	72%
Community & social services (parks & Cemetery	51	87	49	89	52	88	88	59	29	32%
Disaster Management	3	5	4	5	4	5	5	4	1	20
Security & safety (Traffic & licensing)	32	44	32	44	34	45	44	32	12	27
Special programs	3	3	2	3	2	3	3	3	0	0
Human Resources	7	11	7	11	7	11	11	7	4	57%
Executive and Council support	49	82	20	62	51	84	52	84	32	38%
Audit and risk management					6	6	6	6	0	0
Totals	414	682	401	683	380	694	655	412		

Headings follow the order of services as set out in Chapter 3. Service totals should equate to those included in the chapter 3 employee schedules. Employee and approved posts numbers are as at30 June.
5r

Vacancy Rate: 2019/20			
Designation	*Total approved posts No.	*Variances (Total time that vacancies exist using fulltime equivalents) No.	*Variances (as a proportion of total posts in each category)%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	5	0	0
Other S57 Managers (Finance posts)	6	0	0
Municipal Police	0	0	0
Fire Fighters	0	0	0
Senior Management: Levels 1-3 (excluding Finance Posts)	20	5	25%
Senior Management: Levels 1-3 (Finance Posts)	5	2	4%
Highly skilled supervision: Levels 4-6 (excluding Finance posts)	60	14	23%
Highly skilled supervision: Levels 4-6 (Finance posts)	28	8	29%
Total			

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

T4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of financial year No.	Terminations during the financial year No.	Turn-over Rate*
2015/16	**25**	**24**	**0,9%**
2016/17	**8**	**22**	**2,8%**
2017/18	**11**	**28**	
2018/19	**23**	**22**	**95%**
2019/20	**17**	**12**	**71%**

***Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year**
T4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The municipality managed to fill fifty-seven (57) positions for 2019/20 financial year and has achieved its target in terms of the SDBIP. However, the termination of twenty-seven (27) employees results in the low reduction of our vacancy rate.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Ba-Phalaborwa municipality acknowledges that the employees are its most important assets, without which we will not be able to achieve our objectives. The needs of the IDP dictate the workforce of the municipality. As a result, the municipality workforce is managed through the review of the organogram on an annual basis in order to align with the functions of the municipality in achieving its strategic objectives. MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. In implementing such the Municipality should be realistic for these programmes to be achievable. They should be based on accurate information with regard to race, gender and disability and reflect the demographics within the Municipality.

T4.2.0

4.2 POLICIES

	HR Policies & Plans			
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			N/A
2	Code of Conduct for employees	100%	100%	Approved by council on 30 June 2018 resolution R24/18
3	Delegations, Authorisation & Responsibility	100%	100%	N/A
4	Overtime Policy		100%	Approved by council on 31 JULY 2017 resolution R396/17
5	Housing accommodation policy		100%	Approved by council on 30 March 2014 resolution R107/14
6	Cell phone and 3g card policy		100%	Approved by council on 30 March 2017 resolution380/17
7	Internal Communication policy		100%	N/A
8	Funeral Policy		100%	Approved by council on 30 May 2015 resolution R498/15
9	Disciplinary Code and Procedures			N/A
10	Essential Services			N/A
11	Employee Assistance / Wellness		100%	Approved by council on 30 July 2015 resolution R355/15
12	Employment Equity			N/A
13	Staff Provisioning policy		100%	Approved by council on 30 MAY 2018 resolution R509/18
14	Vehicle Transport policy		100%	Adopted by council on R 508/198 on 31/10/18
15	Induction Manual		100%	Approved by council on 15 JULY 2017 resolution 354/17
16	Grievance Procedures			N/A

17	HIV/Aids			N/A
18	Training and Development policy		100%	Approved by council on 23 Feb 2015 resolution 271/15
19	Job satisfaction survey			N/A
20	Leave forfeiture policy		100%	Approved by council 0n 12 May 2018 resolution 296/18
21	Occupational Health and Safety policy		100%	Approved by council on 24 March 2017 resolution 489/17
22	Organisational Rights			N/A
23	Performance Management and Development			N/A
24	Recruitment, Selection and Appointments		100%	Approved by council 0n29 November 2018 R 5008
25	Sexual Harassment		100%	Approved by council on 30 May 2018 resolution 496
26	Staff Study Bursary Policy		100%	Approved by council the on 14 December 2017 resolution 488/17
27	Experiential learning policy		100%	Approved by council on 30 June 2018 resolution 23/18
28	Smoking policy		100%	Approved by council on 17 June 2017 resolution 299/17
29	Uniforms and Protective Clothing		100%	Approved by council on 30 March 2016 resolution 220/16
30	Information Technology			N/A
31	Succession Planning policy		100%	Approved by council on March R 494/16
32	Human Resources Procedure Manual		100%	Approved by council on 30 June 2017 resolution107/17
33	Mayoral Bursary Policy		100%	Approved by council on 23 June 2017 resolution R121/17
34	Overtime policy		100%	Approved by council on 30 June 2017 resolution 295/17
35	Acting on higher position		100%	Approved by council on 30 June 2018 resolution R395/18
36	Exit policy		100%	Approved by council on 24 May 2016 resolution R221/15
37	Employee Transfer policy		100%	Approved by council 30 June 2018 resolution R467/18
38	Rental policy		100%	Approved by council on 31 March resolution 492/16
39	Probationary Period policy		100%	Approved by council 30 June 2018 resolution 509/18
40	Relocation policy		100%	Approved by council on 30 June 2016 resolution 396/16
41	COIDA policy		100%	Approved by council on 30 June 2017 R 490/17

Comments on policies:

The municipality did not approve nor review policies in the financial year 2019/20 due to the collapse of Local Labour Forum meetings during the consultative process.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and cost of injuries on duty					
Type of injury	Injury leave taken Days	Employees using injury leave	Proportion employees using sick leave %	Average injury leave per employee Days	Total estimated cost R`000
Required basic medical attention only	**0**	**12**	**0**	**0**	
Temporary total disablement	0	0	0	0	
Permanent disablement	**0**	**0**	**0**	**0**	
Fatal	0	0	0	0	
Fatal	0	0	0	0	
Total	**0**	**12**	**0**	**0**	
T4.3.1					

Number of days and cost of sick leave (excluding injuries on duty)						
Designations	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per employees Days	Estimated cost R`000
MM & SEC 57 Managers	5	0	0	6	9.5%	
Management (level 3-5)	161	30%	62	62	10,5%	
Highly skilled production (levels 6-8)	408	75%	115	116	6,4%	
Skilled level (level 9-12)	114	33%	59	57	8,9%	
Lower skilled (level 13-14)	274	64%	147	148	6,3%	
Total						

COMMENT ON INJURY AND SICK LEAVE:

The municipality had eleven minor and one major injuries on duty for the financial year 2019/20. Investigations on the injuries were made to ensure that safety of employees at the work place is guaranteed in compliance to the Occupational Health and Safety Act. A total number of two hundred and seven (207) injury on duty sick leave has been recorded. The high number of injury on duty sick leave was a result of the major injury T4.3.4

Number and period of suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
N/A	N/A	N/A	N/A	N/A
T4.3.5				

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality developed the Workplace Skills Plan in terms of the Skills Development Act and submitted to the LGSETA as per the requirement. In terms of the Workplace Skills Plan, a total number of seventy (70) training interventions were planned and the municipality was able to implement thirty-three training interventions due to COVID-19.

Of the total budget of R4 071 677.00, the municipality was able to spend R1 600 623-89. Due to COVID19 restrictions and supply chain process are very slow

4.4 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management	Gender	Employees in post as at 30 June 2020	Number of skilled employees required and actual as at 30 June 2020											
		No.	Learnerships			Skills programme & other short courses			Other forms of training			Total		
			Actual 30 June 2019	Actual 30 June 2020	Target	Actual 30 June 2019	Actual 30 June 2020	Target	Actual 30 June 2020	Actual 30 June 2020	Target	Actual 30 June 2019	Actual 30 June 2030	Target
Municipa														
Manager									1	1				
Chief Financial Officer						1	1							
Snr Manager: Corporate Services														
Snr Manager: Community & Social Services								1	1					
Snr Manager Technical Services														
Snr Manager Planning and Development														
Sub Total														
Total														

000rap Financial competency development: progress report						
Description	A Total number of officials employed by municipality (Regulation 14 (4)(a) and (c)	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: competency assessment completed for a and B (regulation 14(4)(b) and (d)	Consolidated: Total number of officials whose performance agreements comply with regulation	Consolidated: Total Number of officials that meet prescribed competency levels (Regulation 14(4)(a)

					16 (Regulation 14(4)(f)	
Financial officials	**18**	**0**	**18**	**18**	**0**	**18**
Accounting officer	**1**	**0**	**1**	**1**	**1**	**1**
Chief Financial Officer	**1**	**0**	**1**	**1**	**1**	**1**
Senior Managers	**6**	**0**	**6**	**6**	**6**	**6**
Any other financial officials	**6**	**0**	**6**	**6**	**0**	**6**
Supply Chain Management officials	**5**	**0**	**5**	**3**	**0**	**5**
Heads of SCM units	**1**	**0**	**1**	**1**	**0**	**1**
SCM senior managers	**0**	**0**	**0**	**0**	**0**	**0**
Total	**38**	**0**	**38**	**36**	**9**	**38**

*This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T4.5.2

Skills Development Expenditure										
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2019/20							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S54 & 56 Managers	F=1	1					20 000	3000-00	20 000	3000-00
	M=2	2								
Legislators, senior officials and managers	F = 36	F=36								
	M= 35	M=35					15 000	3 500-00	15 000	3 500
Professionals	F=41	F=41			40 OOO	20 000			40 000	20 000
	M=27	M=27				10 000				10 000
Technicians and associate professionals	F = 15	F=15			35 000	14 000			35 000	14 000
	M= 22	M=22				7000				7 000
Clerks	F =8	F = 8					70 000	65 860	70 000	65 860
	M =0	M = 0								
Service and sales workers	F = 15	F= 15			100 000	87 500			100 000	87 500
	M=22	M=22				87 500				87 500
Plant and machine operators and asse40 579mblers	F =13	F =13					200 000	69 000	200 000	69 000
	M=15	M=15						69 000		69 000
Elementary occupation	M=12	M=12					100 000	25 000	100 000	25 000
	F=18	F=18						25 000	100 000	25 000
Sub Total	F=147	F=147			175 000	121 500	170 000	162 860	645 000	284 360
	M=135	M=135			75 000	104 500	175 000	97500	315 000	202 000

*% and *R value of municipal salaries (original budget) allocated for workplace skills plan R2 8m

T4.5.3

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

The Municipality successfully implemented the MFMA program with thirty (30 learners placed on the MFMA program in the 2019/20 financial year comprised of nine (9) councillors and twenty-one (21) employees. There was a delay in the submission of Portfolio of Evidence due to COVID-19. However, the program is in the final stage of completion.

T4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The Workforce expenditure is controlled by making sure that all vacancies that appears on the Organisational Structure are budgeted for.

T4.6

4.5 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (level 14)	0	
Highly skilled production (levels 9-7)	1 male and 1 female	**2**
Highly skilled supervision (level 6-4)	1 male and 1 female	2
Senior management (levels 3-1)	1 female	**1**
MM & S57	0	
Total	5	5
Those with disability are shown in brackets `(x)` in the number of beneficiaries column as well as in the numbers at the right hand side T4.6.2		

Employees appointed to posts not approved				
Department	Level	Date of	No. appointed	Reason for appointment

		appointment		when no established post exist
None	None	None	None	None
T4.6.4				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:
No position was upgraded nor downgraded pending the finalisation of the job evaluation process, except for those who were moved due to internal adverts.

T4.6.5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

The municipality's financial performance is assessed mainly on its financial potential and capacity of estimated revenue base to be collected, which is billing information. The municipality's financial health depicts a favourable position, however, revenue collection is not sufficient to fund the expenditures incurred.

The municipality has set funds aside during the 2019/20 financial year to fund its capital programmes, but due to non-payment of services, not all planned projects where implemented.

All the 2019/20 programmes funded from grants were implemented without any challenges.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial health of the municipality is not favourable when comparing the repayment/ bulk payable to the water board. The ratio depicts insolvency if the entire balances of bulk water have to be paid by the local municipality. The municipality is operating without working capital; it means current collection is used to fund activities without any reserves

T5.1.0

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary (R'000)											
Description	2017/18	Current year 2018/19			2018/19 Variance		Current year 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget	Original	Adjusted	Actual	Original	Adjusted budget
Financial Performance											
Property Rates	106 414	132 629	132 629	110 617	22 012	22 012	139 526	139 526	118 577	-15	-15
Service charges	118 357	149 778	149 778	110 693	39 085	39 085	159 710	159 710	114 862	-28	-28
Investment revenue	2 064	77 427	77 427	23 103	54 324	54 324	2 202	2 702	2 968	35	-28
Transfers recognised – operational	128 605	137 272	137 419	136 100	1 172	1 319	156 352	156 352	155 950	0	10
Other own revenue	3 707	1 899	1 899	67 570	-65 671	-65 671	89 204	84 204	1 371	-98	0
Total revenue (excluding capital transfers and contributions)	**359 147**	**499 005**	**499 152**	**448 083**	**50 922**	**50 922**	**547 292**	**547 292**	**431 704**		
Employees costs	135 383	149 973	148 280	142 284	7 689	5 996	158 214	158 214	146 832	93	92
Remuneration of councillors	14 365	16 684	17 684	15 017	1 667	2 667	18 868	18 868	18 867	100	99
Depreciation & asset impairment	71 669	71 633	71 633	74 076	-2 443	(2 443)	75 358	75 358	68 284	-9	-9
Finance charges	483	745	545	294	451	251	575	575	266	-54	-54
Bulk purchases	75 016	96 000	96 000	77 376	18 624	18 624	100 992	100 992	77 795	-23	-23
Other expenditure	78 722	92 174	92 940	85 098	7 076	7 842	97 707	97 707	65 728	-33	-33
Total Expenditure	**375 638**	**427 209**	**427 082**	**394 145**	**33 064**	**32 937**	**274 809**	**274 809**	**377 772**	**37**	**37**
Surplus (deficit)	-16 491	71 796	72 070	53 938	17 858	17 985	10 800	14 714	20 619	-100	-100
Capital Recognition	48 207	29 865	50 311	48 534	(18 669)	1 777	37 425	41 489	26 860	-100	-100
Surplus (deficit) for the year	**-64 698**	**101 661**	**122 381**	**39 728**	**58 469**	**53 475**	**48 225**	**56 203**	**47 479**	**-100**	
Capital expenditure & funds sources											
Capital expenditure											

Financial Summary (R'000)											
Description	2017/18	Current year 2018/19			2018/19 Variance		Current year 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget	Original	Adjusted	Actual	Original	Adjusted budget
Transfers recognised – capital	48,208	29 865	50 311	48 534	(18 669)	1 777	37 424	41 488	23 096	-38	-100
Internally generated funds	8 812	10 052	10 800	4 928	5 124	5 872	10 800	9 800	5 522	-49	-100
Total source of capital funds	**43 ,679**	**39 917**	**61 111**	**53 462**	**-13 545**	**7 649**	**48 224**	**51 288**	**28 618**		
Financial position											
Total current assets	599,754	633 789	633 789	360 342	273 447	273 447	791 503	791 503	1 318 998	67	67
Total non- current assets	1,070,539	821 610	821 610	1 151 702	(330 092)	-330 092	900 233	900 233	900 233	0	-
Total current liabilities	3,06	103 777	103 777	355 018	-251 241	-251 241	107 231	107 231	9 431	-91	- 91
Total non-current liabilities	215,05	232 175	232 175	241 067	-8 892	-8 892	288 769	288 769	159 769	-45	- 45
Community wealth/equity	**1,438,268**	**1 791 351**	**1 791 351**	**915 959**	**-316 778**	**-316 778**	**1 295 735**	**1 295 735**	**2 050 031**	**58**	58
Cash flows											
Net cash from (used) operating	47,857	59 486	62 027	91 340	-31 854	-29 313	57 844 990	57 844 990	2 220 887	-96	-96
Net cash from (used) investing	-47,219	-39 917	-46 111	-45 737	(12 267)	-6 703	- 48 225 000	- 52 288 776	- 25 279 380	-48	-52
Net cash from (used) financing	-	-20 400	-20 400	-17 388	-2 873	-2 873	- 10 000 000	- 10 000 000	-	-100	-100
Cash/cash equivalents at the year end	**1,899**	**1 068**	**23 729**	**36 026**	**(34 958)**	**(12 297)**	**28 348 748**	**- 4 443 786**	**- 19 837 674**	**-170**	**346**

Financial Summary (R'000)											
Description	2017/18	Current year 2018/19			2018/19 Variance		Current year 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget	Original	Adjusted	Actual	Original	Adjusted budget
Cash backing/surplus reconciliation											
Cash and investments available	17 038		36 026				18 543	18 543	55 598	200	200
Balance – surplus (shortfall)	**7 810**		36 026				**48 224**	56 202	**8 535**	- 82	- 85
Asset management											
Asset register summary (WDV)	870,237		812 906				850 726	850 726	845 242	-0,6	-0,6
Depreciation & asset impairment	70,117	0	74 076				75 358	75 358	50 444	-33,1	-33,1
Repairs and maintenance	25,406	21 084	20 793				22 222	22 222	16 667	-25,0	-25,0
Variances are calculated by dividing the difference between actual & original /adjustments budget by the actual. Table is aligned to MBRR table 1											

5.2 GRANTS

Grant Performance (R'000)											
Description	2017/18	2018/19			2018/19 variance		2019/20			2019/20 Variance	
	Actual	Budget	Adjustments budget	Actual	Original budget %	Adjustments budget %	Budget	Adjustments budget	Actual	Original budget %	Adjustments budget %
Operating transfers and grants											
National Government:											
Equitable share	120 392	132 485	132 485	132 485	100%	100%	150 929	150 929	150 929	100%	100%
Finance Management grant	2,145	2 215	2 215	2 215	100%	100%	2 680	2 680	1 957	-27%	-27%
Municipal systems improvement		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EPWP	1,000	1 000	1 000	1 000	100%	100%	1 142	1 142	1 142	100%	100%
Total operating transfers & grants	**123,537**	**135 700**	**135 700**	**135 700**	**100%**	**100%**	**154 751**	**154 751**	**154 028**		

Variances are calculated by dividing the difference between actual and original/adjustments budget by actual

T5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality is the recipient of the following grants: Municipal Infrastructure Grants, Integrated Electricity Grant and EEDSM. The government grants allocations are done through Division of Revenue Act (DORA) include the following amongst others Equitable Shares, Municipal Infrastructure Grants (MIG), Financial Management Grants (FMG) ,Local Government sector education training authority grant (LGSETA)Expanded public works programme grant (EPWP), Integrated National Electrification Grants (INEG).

T5.2.2

5.3 ASSET MANAGEMENT

Financial Summary (R'000)											
Description	2017/18	Current year 2018/19			2018/19 Variance		Current year 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget	Original	Adjusted	Actual	Original	Adjusted budget
Financial Performance											
Property Rates	106 414	132 629	132 629	110 617	22 012	22 012	139 526	139 526	118 577	-15	-15
Service charges	118 357	149 778	149 778	110 693	39 085	39 085	159 710	159 710	114 862	-28	-28
Investment revenue	2 064	77 427	77 427	23 103	54 324	54 324	2 202	2 702	2 968	35	-28
Transfers recognised – operational	128 605	137 272	137 419	136 100	1 172	1 319	156 352	156 352	155 950	0	10
Other own revenue	3 707	1 899	1 899	67 570	-65 671	-65 671	89 204	84 204	1 371	-98	0
Total revenue (excluding capital transfers and contributions)	**359 147**	**499 005**	**499 152**	**448 083**	**50 922**	**50 922**	**547 292**	**547 292**	**431 704**		
Employees costs	135 383	149 973	148 280	142 284	7 689	5 996	158 214	158 214	146 832	93	92
Remuneration of councillors	14 365	16 684	17 684	15 017	1 667	2 667	18 868	18 868	18 867	100	99
Depreciation & asset impairment	71 669	71 633	71 633	74 076	-2 443	(2 443)	75 358	75 358	68 284	-9	-9
Finance charges	483	745	545	294	451	251	575	575	266	-54	-54
Bulk purchases	75 016	96 000	96 000	77 376	18 624	18 624	100 992	100 992	77 795	-23	-23
Other expenditure	78 722	92 174	92 940	85 098	7 076	7 842	97 707	97 707	65 728	-33	-33

Total Expenditure	**375 638**	**427 209**	**427 082**	**394 145**	**33 064**	**32 937**	**274 809**	**274 809**	**377 772**	**37**	**37**
Surplus (deficit)	-16 491	71 796	72 070	53 938	17 858	17 985	10 800	14 714	20 619	-100	-100
Capital Recognition	48 207	29 865	50 311	48 534	(18 669)	1 777	37 425	41 489	26 860	-100	-100
Surplus (deficit) for the year	**-64 698**	**101 661**	**122 381**	**39 728**	**58 469**	**53 475**	48 225	56 203	**47 479**	**-100**	
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised – capital	48,208	29 865	50 311	48 534	(18 669)	1 777	37 424	41 488	23 096	-38	-100
Internally generated funds	8 812	10 052	10 800	4 928	5 124	5 872	10 800	9 800	5 522	-49	-100
Total source of capital funds	**43 ,679**	**39 917**	**61 111**	**53 462**	**-13 545**	**7 649**	**48 224**	**51 288**	**28 618**		
Financial position											
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Total non-current assets	1,070,539	821 610	821 610	1 151 702	(330 092)	-330 092	900 233	900 233	900 233	0	-
Total current liabilities	3,06	103 777	103 777	355 018	-251 241	-251 241	107 231	107 231	9 431	-91	-91
Total non-current liabilities	215,05	232 175	232 175	241 067	-8 892	-8 892	288 769	288 769	159 769	-45	-45
Community wealth/equity	**1,438,268**	**1 791 351**	**1 791 351**	**915 959**	**-316 778**	**-316 778**	**1 295 735**	**1 295 735**	**2 050 031**	**58**	58
Cash flows											
Net cash from (used) operating	47,857	59 486	62 027	91 340	-31 854	-29 313	57 844 990	57 844 990	2 220 887	-96	-96
Net cash from (used) investing	-47,219	-39 917	-46 111	-45 737	(12 267)	-6 703	-48 225 000	-52 288 776	-25 279 380	-48	-52
Net cash from (used)	-	-20 400	-20 400	-17 388	-2 873	-2 873	-10 000	-10 000	-	-100	-100

financing							000	000			
Cash/cash equivalents at the year end	**1,899**	**1 068**	**23 729**	**36 026**	**(34 958)**	**(12 29 7)**	**28 348 748**	**- 4 443 786**	**- 19 837 674**	**-170**	**346**
Cash backing/surplus reconciliation											
Cash and investments available	17 038		36 026				18 543	18 543	55 598	200	200
Balance – surplus (shortfall)	**7 810**		36 026				**48 224**	56 202	**8 535**	- 82	- 85
Asset management											
Asset register summary (WDV)	870,237		812 906				850 726	850 726	845 242	-0,6	-0,6
Depreciation & asset impairment	70,117	0	74 076				75 358	75 358	50 444	-33,1	-33,1
Repairs and maintenance	25,406	21 084	20 793				22 222	22 222	16 667	-25,0	-25,0
Variances are calculated by dividing the difference between actual & original /adjustments budget by the actual. Table is aligned to MBRR table 1											

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality is the recipient of the following grants: Municipal Infrastructure Grants, Integrated Electricity Grant and EEDSM. The government grants allocations are done through Division of Revenue Act (DORA) include the following amongst others Equitable Shares, Municipal Infrastructure Grants (MIG), Financial Management Grants (FMG) ,Local Government sector education training authority grant (LGSETA)Expanded public works programme grant (EPWP), Integrated National Electrification Grants (INEG).

T5.2.2

5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS (R'000)						
Assets 1						
Name	Investment Property					
Description	Land					
Asset Type	Land site					
Key staff involved	Community, Strategic Planning, Technical (PMU) and Budget and treasury department and asset department					
Staff responsibilities	Planning , Implementation, monitoring and Facilitate Payment maintenance of asset					
Asset Value	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	42 999	43 858	43 055	44 303	43 055	219 383
Capital implications	Transfer of an Asset, right to use, control and manage asset					
Future purpose of asset	For rental earnings, capital appreciation and Future economic or Social benefits					
Describe key issues	Conflict of Land and Eviction of Land					
Policies in place to manage asset	Valuation roll inclusion, Investment and asset register policy in place					

Assets 2						
Name	Land and Building					
Description	Improvements on Land					
Asset Type	Building					
Key staff involved	Community, Strategic Planning, Technical (PMU) and Budget and treasury department and Asset department					
Staff responsibilities	Planning , Implementation, monitoring and Facilitate Payment and Safe guarding of assets					
Asset Value	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	440 174	256 403	221 925	210,296	407 045	408 425
Capital implications	Funding Mechanisms					
Future purpose of asset	Investment For Improvements and Future economic or Social benefits, owner occupier					
Describe key issues	valuation roll not complying to asset register and value for money					
Policies in place to manage asset	Valuation roll, Investment and asset register policy in place					

Asset 3						
Name	Roads					
Description	Infrastructure Roads					
Asset Type	Pavement Road					
Key staff involved	Community, Strategic Planning, Technical (PMU) and Budget and treasury department					
Staff responsibilities	Planning , Implementation, monitoring and Facilitate Payment					
Asset Value	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	398 623	280 599	274 690	395 492	405 622	404 311
Capital implications	Road, Sidewalk and Traffic Signs maintenance, funding mechanisms					
Future purpose of asset	Service Delivery and For Improvements and Future economic or Social benefits					
Describe key issues	Value For Money, Development of a Road Safety Strategy and Action Plan					
Policies in place to manage asset	Asset register policy in place					

T5.3.2

COMMENT ON ASSET MANAGEMENT:

The Municipality has assets management unit or division, which is fully capacitated. The Municipality maintains the assets register and ensure the safeguarding of all the assets are required by Municipal Finance Management Act (MFMA).All the assets are fully insured .The Municipality is using the Generally Accepted Accounting practises to recognise , measure , value ,disclosure and presentation of its assets .The Municipality has developed the Asset Management Policy , Assets Maintenance plan .

T5.3.3

Repair and maintenance expenditure 2019/20				
	Original budget	Adjustment budget	Actual	Budget variance
Repairs and maintenance expenditure	22 222	22 222	16 667	-25%

T5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The Municipality repairs and maintenance expenditure is for repairing and maintaining the roads infrastructure, electricity infrastructure, Municipal building and maintenance and repairing of other assets of the municipality such as motor vehicles, computers equipment and other assets with the service potential. The purchases of assets through the repairs and maintenance are reclassified to main assets.

T5.3.4.1

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.4 CAPITAL EXPENDITURE AND SOURCES OF FINANCE

Capital Expenditure – funding sources 2019/20 (R'000)

Details	2016/17	2017/18	2018/19	2019/20				
	Actual	Actual	Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to OB Variance (%)	Actual to Adjustment Variance (%)
Source of finance								
Grants and subsidies	29,100	48 201	17,497	193 777	198 139	180 333	-7%	-9%
Other	9,543	15 900		**10 800**	**9 800**	**5 522**	**-49%**	-47%
Total	**38,643**	**64 101**						
Percentage of finance								
External Loans								
Public contributions and donations								
Grants and subsidies	0,75	0.75				0.93		
Other	0,25	0.25				0.56		
Capital Expenditure								
Water and Sanitation								
Electricity	5,782	15,250				**8 792**		
Housing								
Roads and storm water	32,554	32,951				18 720		
Other	306	15,900				**1 107**		
Total	**38,643**	**64 101**						
Percentage of expenditure								
Water and Sanitation								
Electricity	0,15	0.24				**0.73**		
Housing								
Roads and storm water	0,84	0.51				0.52		
Other	0,06	0.25				0.33		
T5.6.1								

COMMENT ON SOURCES OF FUNDING:

The Municipality's source of funding consist government grants and its own revenue through provision of services, which are the sales of electricity, property rates charges, rental of Municipal facilities, charging of fines and penalties. The government grants allocations are done through Division of Revenue Act (DORA) include the following amongst others Equitable Shares, Municipal Infrastructure Grants (MIG), Financial

Management Grants (FMG), Local Government sector education training authority grant (LGSETA) Expanded public works programme grant (EPWP), Integrated National Electrification Grants (INEG).

T5.6.1.1

5.5 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital expenditure of 5 largest projects* 2019/20 R`000					
Name of project	Current year			Variance current year	
	Original budget	Adjustment budget	Actual expenditure	Original variance (%)	Adjustment variance (%)
A- Upgrading of Benfarm	0	701 432	698 261	0	-0.45
B Mashishimale multi-Sport Complex	4 423 602	5 000 000	3 365 311	-24	-33
C-- Selwane Sport Complex	14 611 300	7 432 355	5 448 206	-63	-27
D Tambo Phase 2	500 000	5 914 346	661 258	32	-89
E--Tshelang gape to R71	8 001 098	11 615 017	11 615 017	45	0

*Projects with the highest capital expenditure in 2019/20	
Name of project – A	Mashishimale sports complex
Objective of project	To promote sports activities in the rural villages
Delays	Time lost due to Covid-19 National Lockdown
Future challenges	None
Anticipated citizen benefits	The entire area of Mashishimale, Maseke and Makhushane
Name of project – B	Tshelang gape to R71 upgrading of Streets
Objective of project	Improved storm-water drainage, access to households, public facilities and overall improved transportation system
Delays	None
Future challenges	None
Anticipated citizen benefits	The community of Namakgale & Makhushane ward 2 & 19
Name of project – C	Selwane sport complex
Objective of project	To promote sports activities in the rural villages
Delays	Time lost due to National lockdown, which delayed the process of acquiring additional funding with CoGHSTA
Future challenges	The completion of the project will be further that planned.
Anticipated citizen benefits	The residents of Selwane village , Ward 18 & 19

Name of project – D	Benfarm upgrading of Streets
Objective of project	Improved storm-water drainage, access to households, public facilities and overall improved transportation system
Delays	None
Future challenges	None
Anticipated citizen benefits	The residents of Benfarm village.
Name of project – E	Refurbishment of Namakgale Stadium

Objective of project	To promote sports activities in the rural villages
Delays	Delays with the appointment of a contractor due to the National Lockdown and a limited funds
Future challenges	None
Anticipated citizen benefits	The residents of Namakgale Stadium Ward 4, 1, 5, 7 and 19

5.6 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2020				
	*service level above minimum standard		**service level below minimum standard	
	No. HHs	%HHs	No. HHs	%HHs
Water	**Mopani District Municipality function**	**Mopani District Municipality function**	**Mopani District Municipality function**	**Mopani District Municipality function**
Sanitation	**Mopani District Municipality function**	**Mopani District Municipality function**	**Mopani District Municipality function**	**Mopani District Municipality function**
Electricity	**45955**	**7%**	**0**	**0**
Waste management	**1659**		**1659**	
Housing	**2924**		**N/A**	**N/A**
% HHs are the service above/below minimum standard as a proportion of total HHs. `housing` refers to *formal and ** informal settlements T T5.8.2				

COMMENT ON BACKLOGS:

The backlog is 559.1m of gravel road to be upgraded to tarred/paving. The Municipality has a plan to construct or upgrade not less than 5km per financial year which will be informed by the MIG allocation.

T5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's cash flow management consist of government grants and own revenue through the provisions of the Municipal services. The municipality have working capital, any surplus are taken to reserves as carried over from one financial year to the other. The surplus reported above cannot are not used to complete a capital project but are used for day to activities unless the relate to unspent grants which requires the approval from National Treasury as roll over.

The municipality has appointed services of the debt collector in order to maximise revenue in the township. The municipality maintain investment register for which the transfer to call accounts are shown , the principal amounts and the interest earned are shown on the register .

T5.9.0

5.7 CASH FLOW

Cash Flow Outcomes(R'000)						
Description	2016/17	2017/18	2018/19	2019/20		
	Audited Outcome	Audited Outcome	Actual	Original Budget	Adjusted Budget	Actual
Cash Flow From Operating Activities						
Receipts		**413 977**	**503 913**			
Ratepayers and other	220,349	233 910	265 507	57 729	57 729	61 448
Government – operating	113,973	129 789	187 536	156 352	122 975	154 443
Government – Capital	29,096	48 207	48 534	37 425	37 425	28 429
Interest	20,541	2 071	2 335	22 417	22 417	2 968
Dividends	-					
Payments			**(364 038)**			
Suppliers and employees	-385,859	-255 690	(364 013)	**(346 922)**	**(346 922)**	(229 621)
Finance charges	-320	-286	(25 215)	**(575)**	**(575)**	(291)
Transfers and grants						
Net Cash From (Used) operating activities	**-2,221**	**83 608**	**91 340**	**57 845**	**57 845**	**61 737**
Cash flows from investing activities	-	-				
Receipts	-	-				
Proceeds on disposal of PPE	-	**1 736**		0	**0**	(19 892)
Payments	-	-				
Capital Assets	**19,132**	**-48 207**	**(45 737)**	(48 225)	(52 289)	(25 279)
Net Cash From (Used) investing activities	19,132	**-52 475**	**(52 183)**	**(48 225)**	**(52 289)**	**(25 279)**
Cash flows from financing activities						
Receipts	-	-				
Increase (decrease) in consumer deposits	-	-				

Payments						
Net Cash From (Used) financing activities	-10,952	-15 386	(17 388)	(10 000)	(10 000)	(24 088 272)
Net Increase/(Decrease) in cash	**5,959**	**-9 227**	**28 215**	**(380)**	**(4 444)**	**18 961**
Cash/cash equivalents at the year begin	11,069	17 037	36 026	**28 729**	**0**	**36 026**
Cash/cash equivalents at the year end	17,028	-7 810		**28 349**	**(4 444)**	**54 987**
Source: MBRR SA7 T5.9.1						

5.8 BORROWINGAND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The Ba-Phalaborwa Municipality does not have borrowing and long term investment.The Municipality has long outstanding debt with Lepelle Northern Water and such debt is classified as long terms loan and is being paid every month .the twelve (12) instalment are classified as short-term loan whereas all the outstanding payment will be presented as the long-term loan.The cash and cash equivalent in the call accounts which is transferred from the current accounts and is earning the interest at rate determined by the Standard Bank of South Africa are not long term investment.

T5.10.1

Municipal and Entity investments (R'000)					
Investment type	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual	Actual
Municipality	-	-		N/A	
Securities – National Government	-	-		N/A	
Listed Corporate Bonds	-	-		N/A	
Deposits –bank	7,084	3,007	9 928 083	19,903,374	56 672 566
Deposits public investment commissioners	-	-		N/A	
Deposits- corporation for public	-	-		N/A	

deposits					
Bankers acceptance certificates	-	-		N/A	
Negotiable certificates of deposit – banks	-	-		N/A	
Guaranteed endowment policies (sinking)	-	-		N/A	
Repurchase agreements – banks	-	-		N/A	
Municipal bonds	-	-		N/A	
Other	-	-		N/A	
Municipality sub-total	7,084	3,007	9 928 083	19,903,374	56 672 566
Municipal Entities	N/A	N/A	N/A	N/A	
Securities – National Government					
Listed Corporate Bonds				N/A	
Deposits –bank				N/A	
Deposits public investment commissioners				N/A	
Deposits- corporation for public deposits				N/A	
Bankers acceptance certificates				N/A	
Negotiable certificates of deposit – banks				N/A	
Guaranteed endowment policies (sinking)				N/A	
Repurchase agreements – banks				N/A	
Municipal bonds				N/A	
Other				N/A	
Entities sub-total				N/A	
Consolidated total:	**7,084**	**3,007**	**9 928 083**	N/A	**56 672 566**
T5.10.4					

COMMENT ON BORROWING AND INVESTMENTS:

The Ba-Phalaborwa Municipality does not have borrowing and long term investment. The Municipality has long outstanding debt with Lepelle Northern Water and such debt is classified as long terms loan and is being paid every month. the twelve (12) instalment are classified as short-term loan whereas all the outstanding payment will be presented as the long-term loan. The cash and cash equivalent in the call accounts which is transferred from the current accounts and is earning the interest at rate determined by the Standard Bank of South Africa are not long term investment.

T5.10.5

5.9 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS
No Public Private Partnership entered into for 2018/19 financial year.
T5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT
The municipality has an approved supply chain management policy derived from the model supplied by National Treasury. The policy with its treasury notes guides together with other related pieces of legislation are used when procuring goods and services. The supply chain management officials have undertaking courses of minimum competency as prescribed by National Treasury guides. There is no interference by Councillors or whatsoever reported so far. Management has taken an initiative to ensure that all officials dealing with bid committees must attend refresher courses done by a Supply Chain practitioner from the National Treasury for better understanding and make use of the policies and guides in respect of supply chain management.
T5.12.1

5.11 GRAP COMPLIANCE

GRAP COMPLIANCE
The municipality is currently being audited and the delay is due to Covid 19 pandemic, The audit report will confirm GRAP compliance when audit is done but According to the Audit

report on the financial statements for 2018/19 ,in the his /her opinion , except for the possible effects of the matter described in the basis for qualified opinion section of the report , the financial statements present fairly ,in all material respects, the financial position of the Ba-Phalaborwa Local Municipality as at 30 June 2019 and its financial performance and cash flows for the year ended, in accordance with the applicable financial reporting framework and the requirements of the South African General reporting accounting practices (SA STANDARDS OF GRAP),Municipal Finance Management Act of South Africa ,2003(ActNo.56 of 2003)MFMA and Division of Revenue Act of South Africa 2018 (Act No.1 of 2018) DoRA.

T5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A

INTRODUCTION

The Constitution in Section 188 (1) (b), states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA, S45 states that the results of performance measurement... must be audited annually by the Auditor-General.Due to Covid 19 pandemic, there is a delay from AG to finalise the audit

COMPONENT B: AUDITOR-GENERAL OPINION 2018/19

6.1 AUDITOR GENERAL REPORT 2018/19

Auditor-General Report on Financial Performance 2018/19	
Audit Report status:	Qualified
Non-Compliance Issues	Remedial Action Taken

Irregular and unauthorised expenditure	Action Plan be developed
Reconciliation of property plant and equipment	
Investment property	
T6.1.1	

6.2 AUDITOR GENERAL REPORTS 2019/20

Auditor-General Report on Financial Performance 2019/20	
Audit Report status:	Qualified
Non-Compliance Issues	Remedial Action Taken
Irregular and unauthorised expenditure	Action Plan be developed
Reconciliation of property plant and equipment	
Investment property	
T6.1.1	

Due to Covid 19 pandemic , the Auditor General is still auditing the financial statements of Ba-Phalaborwa Local Municipality set out on pages 1 to 109, which comprise the statement of financial position as at 30 June 2019.The statements of financial performance, statements of changes in net assets, cash flow statements and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

Auditor-General Report on service delivery Performance 2019/20	
Audit Report status:	Qualified
Non-Compliance Issues	Remedial Action Taken
Supporting evidence	Action Plan be developed

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management

	Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

GLOSSARY

APPENDICES

APPENDIX A–COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time/Part Time FT/PT	Committee Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage apologies for non-attendance %	Percentage absent without apology %
Cllr E Hlungwani	FT	Speaker Chairperson of the Rules Committee	ANC	99%	1%	0%
Cllr MM Malatji	FT	Mayor	ANC	100%	0%	0%
Cllr D Rapatsa	FT	Chief Whip Chairperson of the Ethics Committee	ANC	99%	1%	0%
Cllr SP Mashumu	PT	Member of the Executive Committee; Member of Budget & Treasury Portfolio; Member of the Rules Committee	EFF	94%	4%	2%
Cllr MM Malesa	PT	Member of Executive Committee; Chairperson of Planning and Development Portfolio Committee	ANC	100%	0%	0%
Cllr S De Beer	PT	Member of the Executive Committee; Chairperson of Community & Social Services Portfolio; Member of the Ethics Committee	DA	98%	2%	0%
Cllr MS Magomane	FT	Member of Executive Committee; Chairperson of Municipal Services & Infrastructure Portfolio	ANC	98%	2%	0%

Cllr SL Mohlala	FT	Member of the Executive Committee; Chairperson of Budget & Treasury Portfolio	ANC	99%	1%	0%
Cllr T Nkuna	FT	Member of the Executive Committee; Chairperson of Governance & Administration Portfolio	ANC	98%	2%	0%
Cllr NJ Mampuru	PT	Member of Municipal Public Accounts Committee; Member of the Ethics Committee	ANC	99%	1%	0%
Cllr PK Mashego	PT	Member of Planning & Development Portfolio	ANC	100%	0%	0%
Cllr LM Matlala	PT	Member of Budget & Treasury Portfolio	ANC	97%	2%	1%
Cllr MJ Valoyi	PT	Member of Governance & Administration Portfolio	ANC	99%	1%	0%
Cllr ST Mkansi	PT	Member of Municipal Public Accounts Committee	ANC	96%	2%	2%
Cllr KA Peta	PT	Member of Municipal Public Accounts Committee	ANC	97%	2%	1%
Cllr TC Malatjie	PT	Member of Municipal Public Accounts Committee; Member of the Rules Committee	ANC	98%	2%	0%
Cllr VM Rapatsa	PT	Member of Community & Social Services Portfolio	ANC	98%	1%	1%
Cllr SM Shayi	PT	Member of Municipal Public Accounts Committee	ANC	97%	2%	1%
Cllr JA Williamson	PT	Member of Municipal Infrastructure & Services	DA	99%	1%	0%
Cllr KP Mhlari	PT	Member of Municipal Public Accounts Committee	ANC	99%	1%	0%
Cllr EA Mokoena – Mashele	PT	Member of Municipal Infrastructure & Services	ANC	99%	1%	0%

Cllr R Makasela	PT	Member of Budget & Treasury Portfolio	ANC	97%	2%	1%
Cllr ME Mokgalaka	PT	Member of Municipal Infrastructure & Services	ANC	99%	1%	0%
Cllr PS Dikgale	PT	Member of Community & Social Services Portfolio	ANC	100%	0%	0%
Cllr A Ngobeni	PT	Member of Community & Social Services Portfolio; Member of the Rules Committee	ANC	97%	1%	2%
Cllr B Ramothwala	PT	Member of Municipal Public Accounts Committee	DA	99%	0%	1%
Cllr DR Bayana	PT	Member of Municipal Public Accounts Committee; Member of the Rules Committee	ANC	97%	3%	0%
Cllr GH Lamola	PT	Member of Planning & Development Portfolio	EFF	97%	3%	0%
Cllr KO Pilusa	PT	Chairperson of Municipal Public Accounts Committee	ANC	97%	1%	2%
Cllr MMA Mathebula	PT	Member of Governance & Administration Portfolio	ANC	98%	2%	0%
Cllr NA Sono	PT	Member of Planning & Development Portfolio; Member of the Rules Committee	ANC	95%	4%	1%
Cllr MS Sekwakwa	PT	Member of Municipal Infrastructure & Services	EFF	97%	2%	1%
Cllr RJ Mphogo	PT	Member of Governance & Administration Portfolio	DA	100%	0%	0%
Cllr A N Mmola	PT	Member of Governance and Administration	EFF	98%	2%	0%
Cllr TS Ndhlovu	PT	Member of Community & Social Services Portfolio	EFF	90%	9%	1%
Cllr Z Ndhlovu	PT	Member of Governance & Administration Portfolio; Member of the Ethics Committee	EFF	97%	2%	1%

Clllr SK Shai	PT	Member of the Rules Committee	COPE	95%	4%	1%

APPENDIX B–COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral/Executive Committee) and Purposes of committees	
Municipal Committee	Purpose of Committee
Finance Portfolio	To monitor the implementation of the municipal IDP/Budget/PMS, strategic objectives and programmes within the functional area of their committee and recommend to the Executive Committee
Infrastructure Development, Roads, Public Transport and Water Services Portfolio	To monitor the implementation of the municipal IDP/Budget/PMS, strategic objectives and programmes within the functional area of their committee and recommend to the Executive Committee
Economic Development, Human Settlement & Spatial Planning Portfolio	To monitor the implementation of the municipal IDP/Budget/PMS, strategic objectives and programmes within the functional area of their committee and recommend to the Executive Committee
Corporate Services and Shared Services Portfolio	To monitor the implementation of the municipal IDP/Budget/PMS, strategic objectives and programmes within the functional area of their committee and recommend to the Executive Committee
Community & Social Services Portfolio	To monitor the implementation of the municipal IDP/Budget/PMS, strategic objectives and programmes within the functional area of their committee and recommend to the Executive Committee
Local Labour Forum	To negotiate and consult on matters of mutual concern to the employer in order to stabilise labour unrest.
Municipal Public Accounts Committee	To exercise oversight over the executive functionaries of Council and to ensure good governance in the municipality.
Audit Committee	Advise the municipal council, the political office bearers, the accounting officer and the management of the municipality or municipal entity on matters relating to: Internal financial control and internal audits; Risk management; Accounting policies; The adequacy, reliability and accuracy of financial reporting and information; Performance management; Effective governance;
ICT Steering Committee	To advices the accounting officer and Management on issues relating to ICT
District ICT Forum	Sharing of Good Governance Practices

APPENDIX C–THIRD TIER ADMINISTRATIVE STRUCTURE

Municipal/Entity Functions		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	No	District
Building Regulations	Yes	No
Child Care facilities	no	No
Electricity and gas reticulation	Yes	No
Fire fighting services	No	District
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal Health Services	No	No
Municipal Public Transport	No	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	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	No	No
Storm water management systems in built up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	No	District
Continued next page		

Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to entity (Yes/No)
Constitution schedule 5, Part B Functions:		
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	No	No
Control of public nuisance	Yes	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	Yes	No
Licensing of dogs	Yes	No
Licensing and control of undertakings that sell food to the public	No	District
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No

Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
*if municipality: indicate (yes or No); * if entity: provide name of entity	TD	

APPENDIX D – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of ward councillor and elected ward committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Number of quarterly public ward meetings held during year
Ward 1	Mampuru NJ	yes	11	11	01
Ward 2	Malesa MM	yes	11	11	07
Ward 3	Mashego PK	yes	11	11	03
Ward 4	Matlala LM	yes	11	11	02
Ward 5	Valoyi MJ	yes	11	11	03
Ward 6	Mkansi ST	yes	11	11	04
Ward7	Peta KA	yes	11	11	03
Ward 8	Malatji TC	yes	11	11	01
Ward 9	Rapatsa VM	yes	11	11	02
Ward 10	Shayi SM	yes	11	11	01
Ward 11	De Beer SR	yes	11	11	0
Ward 12	Williamson JA	yes	11	11	01
Ward 13	Mhlarhi KP	yes	11	11	02
Ward 14	Mokoena-Mashele EA	yes	11	11	01
Ward 15	Makasela R	yes	11	11	01
Ward 16	Nkuna T	yes	11	11	02
Ward 17	Mokgalaka ME	yes	11	11	01

Ward 18	Magomane MS	yes	11	11	03
Ward 19	Dikgale PS	yes	11	11	**02**

APPENDIX E–WARD INFORMATION

Capital Projects: Seven Largest in 2020/19 (Full List at Appendix N) R`000				
Ward No	Project Name & Detail	Start Date	End Date	Total Value
8,9 & 10	Construction Mashishimale Sports Complex	2014 June	November 2020	R 46 000 000
17 & 18	Construction of Selwane Sports Complex	2015 October	March 2021	R 45 518 378,36
19	Upgrade of gravel road to tar - Tshelang Gape to R 71	2016 Feb	February 2020	R 23 220 000,00
TF.1				

APPENDIX F –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019/20

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during 2019/20**	**Recommendations implemented (enter Yes); not implemented (provide explanation)**
	That RMCC indicated that he will share a template on performance assessment of the suppliers in order for the Municipality to benchmark.	Implemented
	That progress must be provided by Planning and Development Department after the budget approval and review of the SDBIP.	Implemented
	That management to speed up the process of getting the opening balances audited by AG prior the 2018/2019 AG Audit process.	Implemented
	That AC members submit their inputs on the Interim AFS to IAA by Friday the 28th June 2019	Implemented
	That provision be made to circulate the draft AFS to COGHSTA, SALGA, LPT and AG.	Implemented
	That the financial section be revised to consider the 2018/2019 actual figures.	Implemented
	That Technical indicators description be part of the SDBIP to clarify n/a, cumulative reporting and other key indicators	Implemented
	That KPI 2.1.3 on number of HH with access to electricity planned at 45051 which is equal to previous year be reviewed.	Implemented

	That the baseline indicating 30 June 2019 be revised as 30 June 2019 which is currently a future date be revised.	Implemented
	That total expenditure on the project be indicated on the report in future to management	Implemented
	That the project be reported on a project plan	Not Implemented
	That all documents in relation to User Acceptance testing be properly kept for this system	Not Implemented
	That other municipalities utilising this Collaborator Systems be engaged to see common challenges faced on implementation of this system.	Not Implemented
	That AC approve the 2019/2020 – 2021/2022 Internal Audit Strategy indicating that all statutory audits are covered.	Implemented
	That the AC further recommended that the strategy be presented to Council for approval.	Implemented
	That AC approve the 2019/'2020 Internal Audit Annual Plan and recommend for Council adoption.	Implemented
	That the 2019/2020 Quality Assurance and Improvement Program be approved and recommended for Council adoption	Implemented
	That the CAE to ensure that an external assessment is conducted either through National Treasury, LPT or externally.	Implemented
	That paragraphs addressing Combined Assurance and the involvement of the CAE on the Disciplinary Board be indicated in the IA Charter and the independence thereof.	Implemented
	That the IA Charter be approved with additions made and presented to Council for approval	Implemented
	That a paragraph addressing specialised audits methodologies be included to avoid developing different methodologies when outsourcing such audits.	Implemented
	That AC approve the 2019/2020 Internal Audit Training Program for further adoption by Council	Implemented
	That the AC Charter be aligned to King IV Report prior presentation to Council.	Implemented
	That financial information in the 2018/2019 draft APR and 4th Quarter Institutional Performance Report be aligned to the draft AFS as submitted to the AG.	Implemented
	That land inventory be analysed to check if it still qualifies to be land inventory or investment property.	Implemented
	That a note be prepared for Actuarial Gains explain the value of R9 525 000 reported.	Implemented
	That the financial information on the draft 2018/2019 Annual Performance Report be updated with the draft Annual Financial Statements figures together with variances.	Implemented
	That all service providers of the Municipality be assessed not only for Technical Services	Not Implemented
	That the AC be afforded an opportunity to engage with the ISA auditors when they discuss their draft report and BPM: CAE and AGSA: SM engage further on this matter	Implemented
	That management ensure submission of the adjusted draft AFS to AG as agreed and adjustments be made as per AG approval.	Implemented
	That management should start with appointment process when the contract is still having 6 months to lapse to avoid future month to month	Not Implemented
	That internal audit report on MSCOA and data migration be issued by 31 March 2020	Implemented
	That the individual performance assessment be conducted by 31 March 2020	Not Implemented
	That illegally occupied land be impaired and valued at R1 and investigated and be conveyance.	Implemented

	That the draft AG Action Plan be approved and recommended to Council for adoption taking into consideration the additions made by the AC on the action descriptions, root causes, action date and responsible persons.	Implemented
	That CAE update the AG Action plan prior submission to Council by the AC chairperson	Implemented
	That management should improve their practice of appointing service providers late to ensure maximum value to BPM	Implemented
	That ICT service reports be submitted with ICT reports in the next meeting	Implemented
	That the CFO contact DTi for more information on local content	Implemented
	That once service providers are appointed, they should be invited to the AC meetings and ASC so that they get first-hand information on issues that needs to be addressed.	Implemented
	That all land not belonging to the Municipality on deed search be removed on the register using the Council resolution.	Implemented
	That land that has been donated to the Municipality must be recognised as Municipal assets whilst doing conveyancing.	Implemented
	That the CFO prepare and update the cash flow workings and share with the AG for review so that there is an understanding between the AG and BPM on the working for cash flow.	Not Implemented
	That the community assets be verified and if they have deteriorated, they should be impaired.	Implemented
	That location descriptions and coordinates be updated on the assets register	Implemented
	That the UIFW expenditure register YTD be provided in every AC meeting.	Implemented
	LPT be requested to provide inputs on the draft to BPM prior Council submission	Implemented
	That adjustment be considered on expenditure as done on income.	Implemented
	That the Audit Committee ***approves*** the progress of 49% implementation of the Internal Audit Plan	Implemented
	That the Audit Committee ***note*** and ***approve*** the progress of **58%** implementation of the follow-up report on the Internal Audit.	Implemented
	That the Audit Committee approves the AG Action Plan for approval by Council.	Implemented
	That Audit Committee approves 4% AG Action plan implemented.	Implemented
	That the Audit Committee ***approves*** the Internal Audit Reports on 1st Quarter AOPO, audited 1st Quarter Institutional Performance Report, 2nd Quarter AOPO, Audited Mid-Year Performance Report, 2nd quarter FMCMM report, 2nd quarter IA follow-up report and audited draft AG Action Plan	Implemented
	That all available evidence be provided to Internal Audit by Friday the 26th June 2020 to allow the review and ensure that proper progress is reported to Council next week Tuesday the 30 June 2020.	Implemented
	That management consider call in maintenance for the refuse compactor and any other yellow machines.	Not Implemented
	That relevant information be completed on the capital projects part.	Implemented
	That management review the evidence required on the SDBIP as it might not be possible to get attendance registers especially for Imbizo' s and other community gathering due to Covit-19	Implemented

	That the financial part of the SDBIP be reviewed to check the zeros if they should be double or triple.	Implemented

APPENDIX G–LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into 2019/20)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
NONE					
TH.1					

Public Private Partnerships Entered into 2019/20) R`000					
Name & Description of project	Name of Partner (s)	Initiation date	Expiry date	Project manager	Value 2019/20
NONE					
TH.2					

APPENDIX H- DISCLOSURES OF FINANCIAL DISCLOSURES

Disclosures of Financial Interests		
Period 1 July 2019 to 30 June 2020		
Position	Name	Description of financial interest* (Nil/or details)
Speaker	Cllr E Hlungwani	• Star Link (PTY) LTD (Director)
Mayor	Cllr MM Malatji	• Nil
Chief Whip	Cllr D Rapatsa	•
Member of Exco	Cllr SP Mashumu	• Powtricks Construction and Projects *(Director)*
Member of Exco	Cllr MM Malesa	• Nil

Member of Exco	Cllr S De Beer	• Nil
Member of Exco	Cllr MS Magomane	• Nil
Member of Exco	Cllr SL Mohlala	• Nil
Member of Exco	Cllr T Nkuna	• Nil
Councillor	Cllr NJ Mampuru	• Nil
Councillor	Cllr PK Mashego	• Nil
Councillor	Cllr LM Matlala	• Nil
Councillor	Cllr MJ Valoyi	• Nil
Councillor	Cllr T Mkansi	• Nil
Councillor	Cllr KA Peta	• Ramaseding Catering Services
Councillor	Cllr T Malatjie	• Nil
Councillor	Cllr VM Rapatsa	• Nil
Councillor	Cllr SM Shayi	• Nil
Councillor	Cllr JA Williamson	• Nil
Councillor	Cllr KP Mhlari	• Nil
Councillor	Cllr EA Mokoena - Mashele	• Nil
Councillor	Cllr R Makasela	• Nil
Councillor	Cllr ME Mokgalaka	• Makuphabjene Brick Yard
		•
Councillor	Cllr A Ngobeni	• Baduzah Enterprise (PTY) LTD *(Director)* • Baduzah Liquor Restaurant
Councillor	Cllr B Ramothwala	• Nil
Councillor	Cllr DR Bayana	• Shares at Welkom Yizani Investments and Sasol Inzalo
Councillor	Cllr GH Lamola	• Nil
Councillor	Cllr KO Pilusa	• Nil
Councillor	Cllr MMA Mathebula	• Nil
Councillor	Cllr NA Sono	• Nil

Councillor	Cllr NB Maake	• Nil
Councillor	Cllr RJ Mphogo	• Shares at Ba-Phalaborwa Health Profession Forum
Councillor	Cllr A N Mmola	•
Councillor	Cllr TS Ndhlovu	• Nil
Councillor	Cllr Z Ndhlovu	• Nil
Councillor	Cllr SK Shai	• Nil
MUNICIPAL ADMINISTRATORS		
Municipal Manager	MI Moakamela	• Municipal Electoral Officer at the Independent Electoral Commission. • Board member at Greater Tzaneen Economic Development Agency (Municipal Entity).
Senior Manager: Corporate Services	FP Nogilana-Raphela SS Mokoena	•
Chief Financial Officer	TJ Mogano	• TJ Mogano Investments *(Director)* • Shares at RSA Retail Bonds
Senior Manager Planning	HP Maluleke	• *Director or partnership in the following companies;* - Landmark Consulting. - KHPJ Property Development
Senior Manager Community	H Zungu	• Nil
Senior Manager Technical Services	NOC Mdungazi	- -
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A		TJ

APPENDIX I : REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

AFS Attached

APPENDIX I (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote								
(R'000)								
Vote Description	2016/17	2017/18	2018/19	2019/20		2019/20 Variance		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
EXECUTIVE AND COUNCIL	–					298		
BUDGET AND TREASURY DEPT	226,792	292, 222	274 689	348 344	348 344	291 603	-16	-16
CORPORATE SERVICES	586	651	1 454	717	717	1 064	48	48
COMMUNITY AND SOCIAL SERVICES	29,018	39 181	34 492	42 462	42 462	34 399	-19	-19
PLANNING AND DEVELOPMENT	1,491	62	319	69	69	504	630	630
TECHNICAL SERVICES DEPT	127,072	191 557	148 286	155 402	185 827	127 047	-18	-32
Total Revenue by vote	**384,958**	**523 673**	**459 240**	**546 994**	**577 419**	**454 915**		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3 TK.1								

APPENDIX I (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source								
Description	2016/17	2017/18	2018/19	2019/20			2019/20 Variance	
	Actual	Actual		Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Property Rates	90,683	110 337	110 617	139 526 000	139 526 000	141 850 344	2	2
Service charges – electricity revenue	95,066	106 250	95 540	139 638 917	139 638 917	130 868 593	-6	-6
Service Charges – refuse revenue	13,078	14 442	15 152	20 070 880	20 070 880	19 382 942	-3	-3
Rentals of facilities and equipment	245	575	655	553 891	553 891	315 081	-43	-43
Interest earned – Investment	518	2 064	2 335	2 202 136	2 202 136	2 967 703	35	35
Interest earned – outstanding debtors	20,023	22 094	20 768	70 033 940	70 033 940	27 806 948	-60	-60
Fines	313	(1 502)	2 088	499 060	499 060	864 248	73	73

Licence and permits	2,417	12 080	2 826	13 124 060	13 124 060	2 645 086	-80	-80
Agency services	12,739	2 771	5 744	2 992 190	2 992 190	6 015 271	101	101
Transfers recognised – operational	113,973	128 328	136 100	156 352 300	156 650 300	154 590 564	-1	-1
Other revenue	6,707	4 988	67 941	2 000 486	2 000 486	1 813 550	-9	-9
Total Revenue (excluding capital transfers and contributions	355,862		459 766	**546 993 860**	**547 291 860**	**489 120 330**		

Variance are calculated by dividing the difference between actual and original/adjustment budget by the actual. This table is aligned to MBRR table A4 TK.2

APPENDIX J: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG(**R'000**)						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary
				Budget	Adjustment Budget	
Finance Management grant	2 680	2 680	1 957	-27%	-27%	
EPWP	1 142	1 142	1 142	0	0	
EEDSMG						
INEP	7 000	7 000	3 708	-47%	-47%	
Total						

*this includes neighbourhood development partnership grant, public transport infrastructure and systems Grant and any other grant excluding municipal infrastructure grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. TL

APPENDIX K: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital expenditure – New Assets programme*						
Description	2019/20(**R'000**)			Planned capital expenditure(**R'000**)		
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by asset class						
Infrastructure – Total	1 067	2 779	2 779			
Infrastructure: Road transport – Total	4 802	4 802	3 217			

Infrastructure: Electricity – Total						
Other						

APPENDIX L – CAPITAL PROGRAMME BY PROJECT 2019/20

Capital Programme by Project 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act-Adj) %	Variance (Act-OB) %
Water	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
"Project C"					
Sanitation /Sewerage	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Electricity					
"Project A"					
"Project B"					
Housing	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Refuse Removal					
"Project A"					
"Project B"					
Storm Water					
"Project A"					
"Project B"					
Economic Development	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Sports, Arts & Culture	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Environment	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Health	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Safety & Security					
"Project A"					
"Project B"					
ICT and other					
"Project A"					
"Project B"					
TN					

APPENDIX M – ANNUAL PERFORMANCE REPORT 2019/20 FY

SEE ATTACHED 2019/20 ANNUAL PERFORMANCE REPORT

List of Acronyms

EXCO	Executive Committee
AG	Auditor General
MIG	Municipal Infrastructure Grant
BPM	Ba-Phalaborwa Municipality
COGHSTA	Corporative Governance, Human Settlement and Traditional Affairs
COGTA	Corporative Governance and Traditional Affairs
CDW	Community Development Workers
LLF	Local Labour Forum
AC	Audit Committee
AG	Auditor General
EXCO	Executive Committee
GEAR	Growth, employment and redistribution
GIS	Geographical Information System
GDP	Growth Development Product
IDP	Integrated Development Plan
SDBIP	Service Delivery and Budget Implementation Plan
IT	Information Technology
IGR	Inter-Governmental Relations
ICT	Information and Communication Technology
ISCOR	Institute for International Security and Conflict Resolution
IDP	Integrated Development Plan
KNP	Kruger National Park
LED	Local Economic Development
LEGDP	Limpopo Employment and Growth Development
LUMS	Land Use Management Scheme
MDM	Mopani District Municipality
MPCC	Multi-Purpose Community Centre

MPAC	Municipal Public Accounts Committee
MSA	Municipal Structures Act
NDPG	Neighbourhood Development Partnership Grant
SDF	Spatial Development Framework
SDI	Spatial Development Initiatives
STATS SA	Statistics South Africa
SANRAL	South African National Road Agency
MEC	Member of Executive Council
SAPS	South African Police Service
SALGA	South African Local Government Association
SMME	Small Medium and Micro Enterprise
PMC	Phalaborwa Mining Company
PMS	Performance Management System
MFMA	Municipal Finance Management Committee
DORA	Division of Revenue Act
GRAP	Generally Recognise Accounting Practise
KPI	Key Performance Indicator
KPA	Key Performance Area
LGSETA	Local Government Sector Education Training Authority
LUMS	Land Use Management System
SDF	Spatial Development Framework
SPLUMA	Spatial Planning Land Use Management Act
EPWP	Expanded Public Works Programme
CWP	Community Workers Programme
CFO	Chief Finance Officer
IA	Internal Audit
SCM	Supply Chain Management

ANNEXURES TO THE ANNUAL REPORT

1. PERFOMANCE REPORT
2. ORGANISATIONAL STRUCTURE
3. ATTENANDANCE REGISTER FOR COUNCIL MEETING
4. AUDITOR GENERAL REPORT
5. AUDITED ANNUAL FINANCIAL STATEMENT
6. AUDIT COMMITEEE REPORT

BA-PHALABORWA LOCAL MUNICIPALITY

2019 /20 ANNUAL PERFORMANCE REPORT

The Home of Marula and Wildlife Tourism

TABLE OF CONTENTS

Introduction

The Annual Performance Report is prepared and submitted in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 providing guidelines on the Annual Report. The Annual Performance Report covers the performance information from 01 July 2019 to 30 June 2020 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP). The report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2019/2020. The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area.

The report will also reflect on the municipality's performance in terms of the National Key Performance Areas for local government, which are:

Spatial Rationale

Service Delivery

Municipal Financial Viability

Local Economic Development

Municipal Transformation and Institutional Development

Good Governance and Public Participation

Legislation

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows: (1) A municipality must prepare for each financial year a performance report reflecting— a) the performance of the Municipality and each external service provider during that financial year; b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and c) measures taken to improve performance

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

The Municipal Finance Management Act, no 56 of 2003, further defines the Service Delivery Budget Implementation Plan (SDBIP) as a detailed plan approved by the Mayor of the municipality for implementing the municipality's delivery of municipal services and its annual budget and must include the following: (a) Projections of each month of: (i) Revenue to be collected, by source and (ii) Operational and Capital expenditure, by vote; (b) Service delivery targets and performance indicators for each quarter The Mayor of Ba-Phalaborwa Municipality approved the 2019/20 SDBIP which captured the performance indicators and targets for the financial year. The approved SDBIP translated the objectives and targets set in the municipality's Integrated Development Plan (IDP) and the tabled budget into quarterly monitoring tool that was used to measure the performance of the municipality. The approved 2019/20 SDBIP was reviewed through a council resolution after council approved an adjustment budget. The SDBIP is a tool that enables both the political and administrative components of the municipality to monitor, evaluate and report performance quarterly, half-yearly and annually.

Methodology and Content

The IDP objectives need to be quantified and translated into key performance indicators. The budget is then aligned to the objectives, projects and activities to enable the SDBIP to serve as a monitoring tool for service delivery.

The SDBIP is a layered plan that comprises the top layer as well as the lower layer SDBIP. The top layer deals with consolidated service delivery targets and time frames for top management, whereas the lower layer consists of detailed outputs that are broken down into smaller outputs and then linked and assigned to middle and lower managers.

The following are the minimum required components of a top-layer SDBIP:

(a) Monthly projections of revenue to be collected for each source

(b) Monthly projections of expenditure (operating and capital) and revenue for each vote

(c) Quarterly projections of service delivery targets and performance indicators for each vote

(d) Ward information for expenditure and service delivery

(e) Detailed capital works plan broken down by ward over three years

The diagram below shows the process for approving the SDBIP including how the departmental SDBIPs roll up into the draft SDBIP:

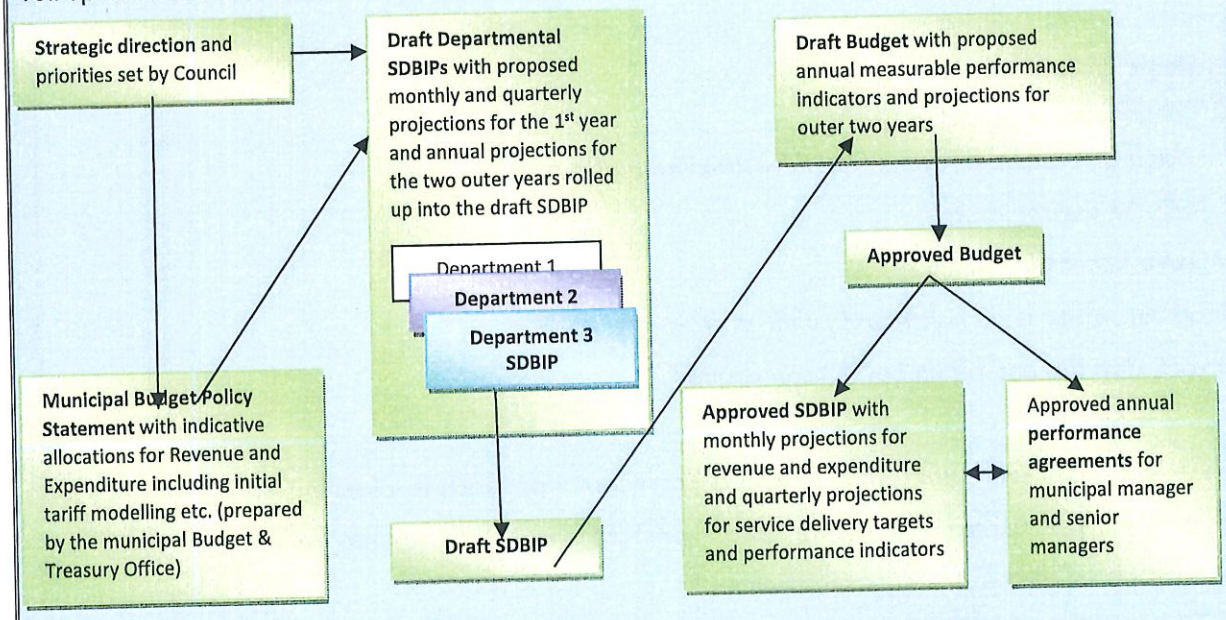


Diagram adapted from MFMA Circular No. 13 of 31 January 2005

Strategic Intent

The Municipality held a strategic session from 04 to 06 December 2019 to review its strategic intent as follows:

Vision:

"Provision of quality services for community well-being and tourism development"

Mission Statement:

"To provide quality infrastructure and affordable services, promote sustainable economic growth, financial viability, sound administration and accountable governance".

Values:

"Efficiency and effectiveness;

Accountability;

Innovation and creativity;

Professionalism and hospitality;

Transparency and fairness;

Continuous learning; and

Conservation conscious".

Strategic Objectives:

"Promotion of Local economy;

Provision of sustainable integrated infrastructure and services;

Sustain the environment;

Improve financial viability;

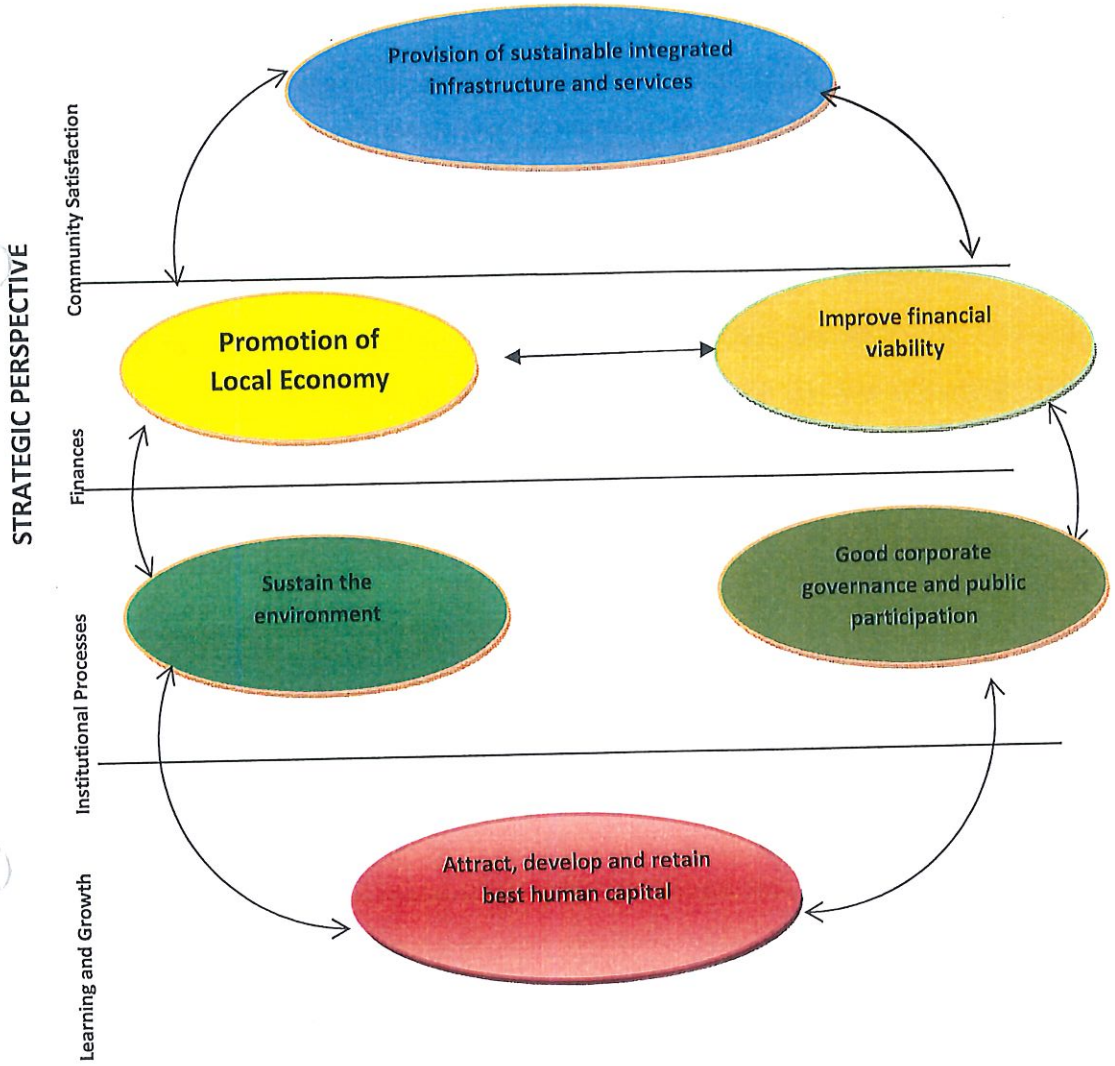
Good corporate governance and public participation; and

Attract, develop and retain best human capital".

The Municipality has adopted a Balanced Scorecard approach to planning and performance assessment. The strategic objectives are therefore spread across the four perspectives as indicated through the strategy map below

"PROVISION OF DEVELOPMENT QUALITY SERVICES FOR COMMUNITY WELL-BEING AND TOURISM "

THE HOME OF MARULA WILDLIFE TOURISM



The Accounting Officer's Year End Institutional Performance Overview

This Annual Performance Report has been compiled in line with the provisions of Section 46 of the Local Government: Municipal Systems Act 32 of 2000 which mandates a municipality to prepare an Annual Performance Report for each financial year reflecting the performance of the municipality and of each external service provider during the financial year.

The Annual Performance Report is based on targets set for the implementation of the 2019/20 IDP through the Service Delivery Budget and Implementation Plan. The key performance indicators are classified according to the six key performance areas of local government and are aligned to the municipal objectives as outlined in the IDP

This report will record progress made by the municipality in fulfilling its objectives as reflected in the IDP, the Budget and the Service Delivery Implementation Plan. It will also reflect on the challenges encountered during the financial year.

Achievements:

Upgraded 2.25 km of gravel road to tar

Supported 321 SMME

100 percent on MIG and received additional allocation

Key performance Area performance

The table below illustrates service delivery performance of Ba-Phalaborwa Municipality against the National Key Performance Areas (NKPAs)

Key Performance Area	2017/18 % Achievement	2018/19 Total Number of Targets	2019/20 Total Number of Targets	2019/20 Target Achieved	2019/20 Target not Achieved	2019/20 Target not Performed	2019/20 % Achievement
Spatial Rationale	67%	67%	3	3	0	0	100%
B[illegible] Services Delivery	80%	83%	12	10	2	0	83.3%
Municipal Financial Viability	86%	92%	13	12	1	0	92.3%
Local Economic Development	100%	83%	5	5	0	0	100%
Municipal Transformation and Institutional Development	91%	91%	9	5	4	0	55.5%
Good Governance and Public Participation	93%	95%	42	40	1	1	95%
Total	90%	91%	84	75	8	1	89.2%

3. PERFORMANCE ANALYSIS

ANNUAL PERFORMANCE 75/84=89.2%

Monthly projections of revenue for each source

Sources of Revenue	Actual (30 June 2019)	Annual Target (01 Jul 2019 - 30 June 2020) (R'000)	Annual Actual Performance (R'000)	Variance (R'000)	Remarks	Challenges	Corrective Measures	Evidence required
Property Rates	110 617	**139 526**	118 577	(20 949)	The over budgeting for property rates is good because should there be any improvement then the value of properties will improve and the property rates levy will be adjusted upwards	No Challenges	No corrective Measures , except that the budget may give false alarm about the available funds of the Municipality.	Financial Report
Service charges – electricity	95 540	**139 639**	98 592	(41 047)	The Actual electricity sold is less than the Budget .it must be noted that the Budget is controllable ,however, the purchases and consumption cannot be control.	No Challenges	The Overstatement of budget should be monitored and keep budget to the average of the previous years	Financial Report
Service Charges – Refuse	15 152	**20 071**	16 270	(3 801)	There was over budgeting on the refuse service charge due to CPI adjusted Tariff	No Challenge	To use actual billed average when budgeting.	Financial Report
Rental of Facilities and Equipment	655	**554**	380	(174)	No challenges This is usually based on the cash bases.	No challenges	No Challenges	Financial Report
Interest on external Investments	2 335	**2 202**	2 968	766	This is based on the available cash in the bank.	No challenges	No Challenges	Financial Report
Interest Earned – Outstanding Debtors	20 768	**70 034**	24 010	(46 024)	The interest keeps on increasing due non payments by customers	No proper enforcement of credit control in the Townships.	The appointment of debt collectors.	Financial Report
Fines	2 258	**499**	84	(415)	No Challenges	No Challenges	No Challenges	Financial Report
Licenses and Permits	2 826	**13 124**	10 801	(2 323)	No Challenges	No Challenges	No Challenges	Financial Report
Agency services	5 744	**2 992**	2 700	(292)	No challenges	No Challenges	No Challenges	Financial Report
Transfers recognised - operational	137 420	**156 650**	155 950	(700)	No challenges	No challenges	No challenges	None
Transfers recognised - capital	52 317	**41 489**	26 860	(14 629)	The slow implementations of projects delayed the process and affect the spending on the budget	Delay due to Covid 19 recess	Apply for Rollover	Financial Report
Other Revenue	67 795	**2 000**	1 371	(630)		No Challenges		Financial Report
Total Revenue by Source	**513 427**	**584,281**	**458,564**	**(130,216)**				Financial Report

Monthly projections of Expenditure (Operating and Capital) and Revenue by vote: Annual 2019/20

Expenditure and Revenue by Vote	Opex Actual (30 June 2019)	Opex Annual Target (01 Jul 2019– 30 Jun 2020)(R'000)	Opex Actual performance(R'000)	Opex Remarks/challenges/corrective measures	Capex Actual (30 June 2019)	CapexAnnual Target (01 Jul 2019 – 30 Jun 2020)(R'000)	Capex Actual performance	Capex Remarks/challenges/corrective measures	Revenue Actual (30 June 2019)	Revenue Annual Target(01 Jul 2019 – 30 Jun 2020)(R'000)	Revenue Actual performance	Revenue Remarks/challenges/corrective measures	Evidence required
Executive and council	76 797	57 680	71 502		0	0	0	None				No revenue activity.	Finance Reports
Budget and Treasury	162 560	88 973	54 897	The spending have affected by resses due to COVID 19	0	0	0	None	334 585	348 344	291 603	The revenue billing was affected by the COVID 19 Lockdown	Finance Reports
Corporate Services	43 774	51 324	47 617	The spending have affected by resses due to COVID 19	1 640	3 350	702	Slow procurement	864	717	1 064	More contributions received on Pensioners' Medical Contributions	Finance Reports
Community and Social Services	52 045	63 699	50 239	The spending have affected by resses due to COVID 19		950	405	State of National Disaster which imposed lockdown (Covid-19) affected the spending of Capital Budget	5 545	16 684	13 773	The licenses revenue was affected by COVID 19 Lockdown	Finance Reports
Public Safety	13 923	13 001	13 912	The spending have affected by resses due to COVID 19	0	0	0	None	2 088	315	81	The credit control measures could not be done during the lockdown,	Finance Reports
Economic and Environmental	17 818	16 712	21 548	The spending have affected by resses due to COVID 19	0	0	0	None	214	69	504	The credit control measures could not be done during the lockdown,	Finance Reports
Road Transport	47 952	97 366	42 513	The spending have affected by resses due to COVID 19	40 801	35 989	21 410	State of National Disaster which imposed lockdown (Covid-19) affected the spending of Capital Budget	43 514	34 107	25 967	The credit control measures could not be done during the lockdown,	Finance Reports
Electricity	103 296	134 675	94 738	The spending have affected by resses due to COVID 19	6 161	12 000	6 102	State of National Disaster which imposed lockdown (Covid-19) affected the spending of Capital Budget	31 256	151 719	101 081	The credit control measures could not be done during the lockdown,	Finance Reports
Waste Management	10 130	9 147	8 304	The spending have affected by resses due to COVID 19	0	0	0	None	18 695	25 463	20 545	The credit control measures could not be done during the lockdown,	Finance Reports
Total by Vote	**528 288**	**532 578**	**405 267**		**48 602**	**51 289**	**28 619**		**436 761**	**577 419**	**454 916**		

Results for 2019/20 Annual Performance as per Key Performance Areas

Under-Performance	0 - 49%
Partially achieved	50 – 74%
Good Performance	75 – 100%
Over achieved	Over 100%
No performance	

Note:

1. **Over achievement Standards does not apply to compliance targets**
2. **Over achievement standards applies to service delivery targets and core business of the municipality**

KPA 1:
Spatial Rationale

KPA 1: Spatial Rationale															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01/July 2018-30/June /19)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
1.1 Spatial Planning															
1.1.1	Governance and Administration	Sustain the environment	Number of supplementary valuation roll reviewed by 30/06/2020	Senior Manager Planning & Development	1	1	1	Opex	1	0	supplementary valuation roll was reviewed and approved by council	None	None	Supplementary valuation roll and Council resolution.	Satisfactory
1.1.2	Governance and Administration	Sustain the environment	Turnaround time of land use & development applications submitted to Mopani Planning Tribunal by 30/06/2020	Senior Manager Planning & Development	Within 60 days of received	Within 60 days of received	Within 60 days of received	Opex	22 applications received and 13 processed by authorised official	-9	Thirteen applications processed by authorised officials	National Disaster which imposed lockdown (Covid 19) contributed to slow pace of responding by internal departments	Outstanding applications to be finalised in 2020/2021 F/Y	Submission Register within 60 days.	Satisfactory
1.1.3	Governance and Administration	Sustain the environment	Number of Reviewed Spatial Development Framework by 30/06/2020	Director Planning & Development/Municipal Manager	1	1	1	Opex	1	0	Spatial Development Framework reviewed and approved by council	None	None	Approved SDF and Council resolution	Satisfactory

KPA 2:
BASIC SERVICE DELIVERY

KPA 2: SERVICE DELIVERY															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
2.1 Electricity															
2.1.1	Technical infrastructure	Provision of sustainable integrated infrastructure and service	% on reduction of electricity losses each quarter by 30/06/2020	Senior Manager Technical Services	4.60%	4,60%	1%	OPEX	-8.4%	-9.4%	Instead of reducing 1% of electricity loss, the loss is more by 8.4% Root causes are illegal connection , meter tampering and meter reading errors	The high losses will remain high until a proper meter audit is performed	Proper meter audit	BPM billing to consumers. Eskom bill and distribution loss	Satisfactory
2.1.2	Technical infrastructure	Provision of sustainable integrated infrastructure and service	Expenditure on electricity capital funding spent per quarter by 30/06/2020	Senior Manager Technical Services		R15 697 495	R12m	INEP OPEX	R 7 310 014	-R4 689 986	Under performance due to Covid 19	Covid 19 Restrictions did not allow Service providers to work	Service providers are back on site to complete the projects.	Payment Certificates and Expenditure Reports	Satisfactory
2.1.3	Technical infrastructure	Provision of sustainable integrated infrastructure and service	Number of HH with access to electricity in Municipal Licenced area (Phalaborwa Town) by 30/06/2020	Senior Manager Technical Services	45995	5274	5274	OPEX	5274	0	No new developments was done in the Ba-Phalaborwa license area	Economy is stagnating,	Situation will only change once economy becomes favourable towards new developments	BPM billing to consumers. I	Satisfactory
2.1.4	Technical infrastructure	Provision of sustainable	Number of indigent f HH receiving free basic	Senior Manager Technical Services	3448	3969	3969	Opex	1658	-2308	Encouraging community members' to register through	People are not registering for indigent and are	To strengthen awareness campaign together	Indigent register	Satisfactory

KPA 2: SERVICE DELIVERY															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
		integrated infrastructure and service	electricity by 30/06/2020								ward councillors	connecting illegally	with Eskom on illegal connections and encorigin community to registrer for indigent		
2.2 Roads & Storm Water															
2.2.1	Technical infrastructure	Provision of sustainable integrated infrastructure and services	Number of km of gravel roads upgraded to tar by 30/06/2020 Tshelang gape is 2.5km	Senior Manager Technical Services	1.7km	1.7km	2.5km	MIG	2.25km	-0.25km	The actual length of the road (Tshelang gape) after completion was found to be 2.25km	None	None	Project Report. Projects completion certificates and report	Satisfactory
2.2.2	Technical infrastructure	Provision of sustainable integrated infrastructure and service	Expenditure on roads capital funding spent per quarter by 30/06/2020	Senior Manager Technical Services	R 15.6m	R 15.6m	R11.4m	CAPEX	R14.3m	+R2.9m	The municipality received additional funds.	None	None	Payment Certificates and Expenditure Reports	Satisfactory
2.3 Parks and Cemetery															
2.3.1	Protect Environment and Community Well being	Sustain the Environment	Number of parks maintained by 30/06/2020 (Impala, Municipal Lapa,Civic Centre and Wild vein)	Senior Manager Community Services	4	4	4	OPEX	4	0	Achieved	None	None	Maintenance plan and Inspection reports	Satisfactory
2.3.2	Protect Environment and	Sustain the	Number of cemetery maintained	Senior Manager Community	3	4	3	OPEX	3	0	Achieved	None	None	Maintenance plan and Inspection	Satisfactory

KPA 2: SERVICE DELIVERY															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	Community Well being	Environment	by 30/06/2020 (Phalaborwa, Lulekani, Namakgale	Services										reports	
2.4 Waste Management															
2.4.1	Protect Environment and Community Well being	Sustain the Environment	Number of quarterly reports submitted for maintenance of Phalaborwa landfill site by 30/06/2020	Senior Manager Community Services	4	4	4	OPEX	4	0	None	None	None	Quarterly report to council and council resolution	Satisfactory
2.4.2	Protect Environment and Community Well being	Sustain the Environment	Number of urban Households with access to basic waste removal services in Phalaborwa town , Gravellote ,Namakgale and Lulekani by 30/06/2020	Senior Manager Community Services	22941	18466	18466	Opex	12631	-5835	None	None	None	Billing report and confirmation of waste collection by ward councillors	Satisfactory
2.4.3	Protect Environment and Community Well being	Sustain the Environment	Number of rural Households with access to basic waste removal services(Makhushane/ Mashishimale) by 30/06/2020	Senior Manager Community Services	22941	17415	17415	Opex	17415	0	17415 extended Rural Households that have access to basic waste removal services(Makhushane/Mashishi	None	None	Confirmation of waste collection by ward councillors	Satisfactory

KPA 2: SERVICE DELIVERY															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
											male)				
2.4.4	Protect Environment and Community Well being	Sustain the Environment	Number of indigent Households receiving free basic waste removal service by 30/06/2020	Senior Manager Community Services	3148	541	541	OPEX	541	0	Encouraging community members' to register through ward councillors	None	None	Indigent Register	Satisfactory

KPA 3:

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

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KPA 3: Municipal Financial Viability and Management															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
3.1 Financial Management															
3.1.1	Good governance and administration	Good corporate governance and public participation	Number of approved budget planning schedule by 31/08/2019 (Legislated date)	Chief Financial Officer	1	1	1	OPEX	1	0	Budget planning schedule was approved by Council on 31 July 2019	None	None	approved budget planning schedule and Council resolution	Satisfactory
3.1.2	Good governance and administration	Good corporate governance and public participation	Number of approved 2020/21 Draft Budget by Council by 31/03/2020 (3 months before the start of the new financial year)	Municipal Manager	1	1	1	OPEX	1	0	2020/21 Draft Budget by Council on 26 March 2020	None	None	Draft Budget document; Council Resolution	Satisfactory
3.1.3	Good governance and administration	Good corporate governance and public participation	Number of approved 2020/21 Final Budget by Council by 31/05/2020 (1 month before the start of the new financial year)	Municipal Manager	1	1	1	OPEX	1	0	2020/21 Final Budget by Council on 29 May 2020	None	None	Final Budget approved by Council. Council resolution	Satisfactory
3.1.4	Good governance and administration	Good corporate governance and public participation	Number of reviewed budget related policies by 30/06/2020	Chief Financial Officer	21	21	21	OPEX	19	-2	20 Budget related policies were reviewed and approved by council on 29 May 2020	UIFW Policy was not approved	The UIFW policy will be taken to council next financial year	Approved budget related policies and Council Resolution	Satisfactory
3.1.5	Good governance and administration	Good corporate governance and public participation	Number of Supply Chain structures / Committees members appointed by 07/07/2019	Municipal Manager	3	3	3	OPEX	3	0	Supply Chain structures were appointed by council	None	None	Appointment letters of bid committees' members.	Satisfactory

KPA 3: Municipal Financial Viability and Management															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
3.1.6	Governance and administration	Improve financial viability	Number of quarterly movable asset verifications conducted by 30/06/2020	Chief Financial Officer	4	4	4	OPEX	3	-1	Three Quarterly Assists verification was conducted	One Assets verification was not conducted due to state of the National Disaster which imposed lockdown. (Covid-19)	Asset verification will be conducted 2020/21 financial year.	Quarterly assets verifications reports	Satisfactory
3.1.7	Governance and administration	Improve financial viability	Number of S71 reports submitted within 10 days at the end of each month to National and Provincial Treasury by 30/06/2020	Chief Financial Officer	12	12	12	OPEX	12	0	12 S71 reports were submitted to National and Provincial Treasury but some after the 10 working days period	Sebata EMS still having challenges	Continuous engagement with Sebata EMS	Monthly financial oversight reports. Proof of submission within 10 days.	Satisfactory
3.1.8	Governance and administration	Improve financial viability	% of improvement in revenue collection monthly (improvement from 65 to 80% by 30/06/2020 budget year	Chief Financial Officer	71%	54%	80%	OPEX	63%	-17%	None	Covid 19 restricted enforcement of credit control	Encourage customer to make payments and arrangements	Monitoring of Quarterly reports on revenue collection	Satisfactory
3.1.9	Governance and administration	Improve financial viability	% of Debt collected by 30/06/2020	Chief Financial Officer	2%	56%	80%	Opex	10%	-70%	Non – payment of services by customers	Culture of non parment by customers Since March control measures were not	Hired a debt collector (Revenue that they're collecting we were not	Quarterly reports on current debt collection	Satisfactory

KPA 3: Municipal Financial Viability and Management															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
												implemented due Covid-19 The data on the system needs to be updated and as such it also affects the debt book, there are inactive accounts migrated in 2011 with balance charging interest There are inactive tenants accounts which are charging interest resulting in debt book growing.	able to collect on our own) Councillors communicates with communities to encourage payment of services		
3.1.10	Good governance and administration	Good corporate governance and public participation	Number of updated indigent register by 30/06/2020	Chief Financial Officer	1	1	1	OPEX	1	0	Indigent register was updated.	Low number of customers registering	Encourage customers to register through councillors	Updated indigent register	Satisfactory
3.1.11	Good governan	Improve financial	Expenditure spent	Chief Financial	R42372924	R40,401m	R36m	CPEX	R24 722	R11 368	Some Capital Projects were	National	Submit application to	Finance reports, MIG	Satisfactory

KPA 3: Municipal Financial Viability and Management															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	ce and administration	viability	quarterly on MIG by 30/06/2020	Officer							on hold due to state of the National Disaster which imposed lockdown. (Covid-19)	Disaster which imposed lockdown. (Covid-19)	National Treasury to request that the unspent 2019/2020 allocation to be rolled over to the 2020/2021 financial year.	monitoring report/payment certificates	
3.1.12	Good governance and administration	Improve financial viability	% of quarterly Municipal Capital Budget spent by 30/06/2020	Chief Financial Officer	82%	82%	100%	Opex	56%	-44%	56% Capital Budget spent	State of National Disaster which imposed lockdown (Covid-19) affected the spending of Capital Budget	Application for rollover on MIG and INEP grant was sent to National Treasury	Finance reports	Satisfactory
3.1.13	Good governance and administration	Improve financial viability	% of quarterly Municipal Personnel Budget spent by 30/06/2020	Chief Financial Officer	82%	82%	100%	Opex	93%	7%	93% of Municipal Personnel Budget spent	None	None	Expenditure report	Satisfactory

KPA 4:

LOCAL ECONOMIC DEVELOPMENT

KPA 4: Local Economic Development															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit C
4.1 Job creation															
4.1.1	Economic	Promotion of local economy	Number of jobs created quarterly through capital Projects by 30/06/2020 (Temporary jobs)	Senior Manager Technical Services	94	149	50	CAPEX	45	-5	45 jobs created quarterly through capital Projects	Project subcontractors EPWP submission is incomplete, and inconsistent.	Include EPWP compliance on Subcontracting contracts to allow for enforcement to the conditions of the contract.	ID Numbers, payment registers. Employment contract	Satisfactory
4.1.2	Economic	Promotion of local economy	Number of full time equivalent jobs created quarterly through EPWP	Senior Manager Technical Services	58	73	76	OPEX	76	0	76 full time equivalent jobs created quarterly through EPWP	None	None	ID Numbers, payment registers. Employment contract	Satisfactory
4.1.3	Economic	Promotion of local economy	Number of quarterly LED Forums meetings held by 30/06/2020	Senior Manager Planning and Development	2	3	4	OPEX	2	-2	Target not achieved because Covid 19	Covid 19 pandemic	None	Invitations, Attendance register and minutes	Satisfactory
4.2 Enterprise Support															
4.2.1	Economic	Promotion of local economy	Number of SMMEs supported quarterly through the municipal SCM (procurement) by 30/06/2020	Chief Financial Officer	272	241	100	OPEX & CAPITAL	321	0	321 SMMEs supported through the municipal SCM.	None	None	System generated Expenditure report	Satisfactory
4.3 Tourism Development															

KPA 4: Local Economic Development															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit C
4.3.1	Economic	Promotion of local economy	Number of quarterly municipal tourist destination promotion and marketing initiatives undertaken by the municipality by 30/06/2020	Senior Manager Planning and Development	3	3	3	OPEX	2 September Tourism and Marula festivities	-1	Indaba and Rand Easter show was not held because of Covid 19	Covid 19 pandemic	None	Visitors attendance Registers, Stakeholders engagement report.	Satisfactory

KPA 5:
Municipal Transformation and Institutional Development

KPA 5: Municipal Transformation and Institutional Development															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit comment
5.1 Organisational Design & Human Resource															
5.1.1	Good governance and administration	Attract, develop and retain best human capital	Number of reviewed Municipal Organisational structure by 30/06/2020	Senior Manager Corporate Services	1	1	1	OPEX	1	1	Organisational structure approver on the 30/05/2019 with Council Resolution no. 231/19	None	None	Council Resolution on Reviewed organizational structure with dates.	Satisfactory
5.1.2	Good governance and administration	Good corporate governance and public participation	Number of HR Policies Reviewed per quarter by 30/06/2020	Senior Manager Corporate Services	6	7	8	OPEX	3	-5	Overtime policy was approved on the 31/07/2019 and later be suspended on the 4/10/2019 Acting on higher policy approved on the 31/07/2019 with Council Resolution no. 395/19 Code of Conduct was approved on the 30th June 2020 as per council resolution no. 216/20	The underperformance was as a result of the non-co-operation of the labour component during the LLF meeting, hence the stuck of HR policies at that level.	Will be resolved in terms of the dispute resolution mechanism as provided for in the Collective Agreement	Council Resolutions on Reviewed policies and copies of Reviewed Policies.	Satisfactory

KPA 5: Municipal Transformation and Institutional Development															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit comment
5.1.3	Good governance and administration	Attract, develop and retain best human capital	Number of prioritised vacant positions to be filled per quarter by 30/06/2020	Senior Manager Corporate Services	61	61	30	OPEX	56	+26	The following are the positions filled: 50 General workers Manager: Financial control and expenditure Snr Accountant: Billing Snr Accountant: MFMA returns and compliance. Snr Accountant: Credit control Snr Clerical Assistant: Prosecution Snr Clerical Assistant Accountant: Suspense	None	None	Appointment letters; appointment register, details of new employees and copies of adverts	Satisfactory
5.2 Employment Equity															
5.2.1	Good governance and administration	Good corporate governance and public participation	Number of employees from previously disadvantaged groups appointed in the three	Senior Manager Corporate Services	5	2	3	OPEX	1	-2	The position of Manager Planning and Human Settlement was appointed during the	The position of Manager Electrical Services was interviewe	Re-advertise the position of Manager Electrical Services	Appointment letters; appointment register, Proof of Disadvantaged Employees	Satisfactory .

KPA 5: Municipal Transformation and Institutional Developm															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit comment
			highest levels of management as per EEP(PL 0.2.3) by 30/06/2020								closing of the the financial year but had to start in July 2020	d but the panel could not appoint due to incompetent candidates The position of Manager Revenue Management could not be advertised during this time because it has an outstanding case	and that of Manger Revenue and Debt Management as the case has been finalised.		
5.3 Skills Development															
5.3.1	Good governance and administration	Attract, develop and retain best human capital	Number of Reviewed and submitted Skills Development Plan by 30/04/2020 (Number of people trained in terms of Work Skills Plan)	Director Corporate Services	1	1	1	OPEX	1	0	Skills Development Plan was reviewed and submitted on the 26th of May 2020.	None	None	WSP & proof of submission to LG SETA	Satisfactory
5.3.2	Good governance and administration	Attract, develop and retain best human capital	Amount of Municipal budget allocated and spent on work	Senior Manager Corporate Services	R1 639 028	R 3 475 578,27	R4071 676.58 m	OPEX	R1 600 623.89	R2 471 0 52.69	There was underperformance due to slow procurement processes which	Under performance due to COVID-19	Procurement plans have been submitted in time to	Expenditure reports; implementation reports	Satisfactory

KPA 5: Municipal Transformation and Institutional Development															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit comment
			skills development per quarter 30/06/2020(1% legislation)								was later affected by the COVID-19 lockdown		make sure that procurement is done in time		
5.4 Performance Management System															
5.4.1	Good governance and administration	Good corporate governance and public participation	Number of S54&56 signing of Annual Performance Agreements by 30/07/2019 (One month after the start of each financial year	Municipal Manager	6	6	6	OPEX	6	0	All senior managers signed did sign the document	None	None	Copies of signed Performance Agreements with dates complying the legislated time line& submission letters to COGHSTA.	Satisfactory
5.4.2	Good governance and administration	Good corporate governance and public participation	Number of Individual Performance Assessments of s54&56 Managers conducted to review their performance by 30/06/2020(Mid – year/Annual)	Municipal Manager	0	0	2	OPEX	0	-2	The preparation for assessment was done for the 31st of March 2020 as the invitation and schedule was already sent to panel and candidates	The Covid 19 affected the plan	To be conducted when the Covid 19 pandemic conditions allows	Approved Schedule of Individual Performance Assessments , Assessments records, attendance registers and Scorecards and reports	Satisfactory
5.5 OHS															
5.5.1	Good governance and administration	Good corporate governance and public participation	Number of schedule Institutional OHS quarterly	Senior Manager Corporate Services	3	3	4	OPEX	4	0	08 October 2019 08 January 2020	None	None	4 Quarterly Reports, minutes and	Satisfactory

KPA 5: Municipal Transformation and Institutional Developn															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019)	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit comment
			meetings by 30/06/2020								12 June 2020 15 July 2020			attendance registers	

KPA 6:

GOOD GOVERNANCE & PUBLIC PARTICIPATION

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
6.1 Council and Executive Management															
6.1.1	Good governance and administration	Good corporate governance and public participation	Number of scheduled quarterly Council meetings held by 30/06/2020	Senior Manager Corporate Services	16	16	6	OPEX	18	12	15/07/2019 (S) 31/0702019 (O) 28/08/2019 (O) No Council in September 2019 04/10/2019 (S) 30/10/2019 (O) 05/11/2019 (S) 19/11/2019 (S) 28/11/2019 (O) 19/12/2019 (S) 28/01/2020 (S) 30/01/2020 (O) 06/02/2020 (S) 28/02/2020 (S) 26/03/2020 (S) No meeting held in April 2020. 20/05/2020 (S) 29/05/2020 (S) 15/06/2020 (S) 29/06/2020 (O)	None	None	Minutes of council meetings, attendance registers	Satisfactory
6.1.2	Good governance and administration	Good corporate governance and public participation	Number of scheduled monthly Exco meetings by 30/06/2020	Senior Manager Corporate Services	16	15	11	OPEX	19	8	15/07/2019 (S) 30/07/2019 (O) 31/07/2019 (S) 27/08/2019 (O) 26/09/2019 (O) 04/10/2019 (S) 29/10/2019 (O) 05/11/2019 (S) 19/11/2019 (S) 26/11/2019 (O) 19/12/2019 (S) 29/01/2020 (O) 06/02/2020 (S)	None	None	Minutes of EXCO meetings, attendance registers	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
											25/02/2020 (O) 26/03/2020 (O) No meeting held in April 2020. 20/05/2020 (S) 28/05/2020 (O) 15/06/2020 (S) 29/06/2020 (O)				
6.1.3	Good governance and administration	Good corporate governance and public participation	Number of scheduled quarterly MPAC meetings held as per legislation by 30/06/2020	Municipal Manager	4	11	4	OPEX	14	+10	14 MPAC meetings held	None	None	Council Approved MPAC schedule of meetings/Attendance registers	Satisfactory
6.1.4	Good governance and administration	Good corporate governance and public participation	% of MPAC quarterly Resolutions implemented by 30/06/2020	Municipal Manager	64.6%	100%	100%	OPEX	52,38%	-47,62%	Slow progress	Slow implementation of resolutions	Management to attend and investigate issues raised	Resolution register	Satisfactory
6.1.5	Good governance and administration	Good corporate governance and public participation	Number of scheduled monthly senior management meetings held by 30/06/2020	Municipal Manager	14	11	11	OPEX	11	0	11 scheduled monthly senior management meetings were held.	None	None	Minutes of EXCO meetings, attendance registers	Satisfactory
6.1.6	Good governance and administration	Good corporate governance and public participation	Number of scheduled monthly Portfolio Committee meetings	Municipal Manager	67	67	55	OPEX	58	+3	59 Portfolio Committee meetings were held	None	None	Minutes of Portfolios meetings, attendance registers POE	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
			held by 30/06/2020											submitted.	
6.2 Public Participation and Ward Committees															
6.2.1	Good governance and administration	Good corporate governance and public participation	Number of IDP REP Forum meetings held by 30/06/2020	Municipal Manager	4	4	4	OPEX	3	-1	The effect of the Covid 19 disaster lockdown	Covid 19 lockdown	None	Attendance registers, agendas, invitations	Satisfactory
6.2.2	Good governance and administration	Good corporate governance and public participation	Number of IDP Steering Committee meetings held by 30/06/2020	Municipal Manager	4	4	4	OPEX	4	0	Four IDP Steering Committee meetings held	None	None	Attendance registers, agendas, invitations	Satisfactory
6.2.3	Good governance and administration	Good corporate governance and public participation	Number of consolidated monthly reports of Ward Committee meetings scheduled and convened by 30/06/2020 (Functionality of ward committees)	Municipal Manager	7	11	11	OPEX	10	-1	The effect of the Covid 19 disaster lockdown	None	None	Consolidated monthly report (Minutes of ward committee meetings and attendance register)	Satisfactory
6.2.4	Good governance and administration	Good corporate governance and public participation	Number of quarterly Mayoral Izimbizos and public participation by 30/06/ 2020	Municipal Manager	4	4	4	OPEX	4	Complied	3 Imbizos and 1 Public meeting done on Visual tabled PMS, Budget Public meeting steered	None	None	Attendance registers, Imbizo reports	
6.2.5	Good	Good	% of	Municipal	94.3%	100%	100%	OPEX	88.4%	11.6%	Issues raised	Complains	Complain	Complains	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	governance and administration	corporate governance and public participation	complains resolved quarterly by 30/06/2020	Manager							are not municipality core functions e,g housing	raised are for sector departments and the district	s raised referred to relevant authorities and municipality make follow ups for progress	register, batho pele report	
6.3 Corporate Governance															
6.3.1	Good governance and administration	Good corporate governance and public participation	Number of Audit Committee quarterly meetings held by 30/06/2020	Municipal Manager	8	8	7	OPEX	8	+1	AC meetings held on this dates: 19& 25 August 2019, 27 September 2019, 25 October 2019, 28 November 2019, 28 January 2020, 23 February 2020 and 22 June 2020.	None	None	Copies of approved minutes, attendance registers	Satisfactory
6.3.2	Good governance and administration	Good corporate governance and public participation	Number of approved Audit Committee Charter by 30/06/2020	Municipal Manager	1	1	1	OPEX	1	0	The AC Charter was approved by Council on the 27 June 2019			Approved Audit Committee Charter	Satisfactory
6.3.3	Good governance and administration	Good corporate governance and public participation	Number of Audit Steering Committee quarterly meetings held by	Municipal Manager	12	12	12	OPEX	12	0	Audit Steering Committee meetings were held EXCO 1. 10 Oct 2019 2. 19 Oct 2019	None	None	Approved minutes and attendance registers. (Exco and Manageme	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
			30/06/2020								3. 24 Oct 2019 4. 31 Oct 2019 5.19 Nov 2019 6. 25 Nov 2019 7. 26 Nov 2019 Management 8. 23 Oct 2019 9. 30 Oct 2019 10. 06 Nov 2019 11. 14 Nov 2019 12. 25 Nov 2019			nt)	
6.3.4	Good governance and administration	Good corporate governance and public participation	Number of Risk-based Audit Plan reviewed approved by 30/06/2020	Municipal Manager	1	1	1	OPEX	1	0	Risk-Based Audit Plan approved by Council on the 27 June 2019	None	None	Approved Risk-based audit plan.	Satisfactory
6.3.5	Good governance and administration	Good corporate governance and public participation	% Implementation of IA Plan per quarter by 30/06/2020	Chief Executive Audit	100%	100%	100%	OPEX	100%	0	The Audit Plan was fully implemented	None	None	Audit Committee Report to Council.	Satisfactory
6.3.6	Good governance and administration	Good corporate governance and public participation	% Implementation of Internal Audit Action Plan by 30/06/2020	Municipal Manager	66%	66%	100%	OPEX	58%	42%	Management is putting measures in place to improve performance	None	Management is putting measures in place to improve performance	Internal Audit Follow-up Report	Satisfactory
6.3.7	Good governance and administration	Good corporate governance and public participation	Number of quarterly Audit Performance Committees	Chief Executive Audit	6	6	4	OPEX	5	+1	First Quarter report presented on the 28th August	None	None	Audit Committee Reports	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
			resolutions and Reports presented to Council by 30/06/2020								2019, 30 October 2019 to Council and 30 January 2020. 4th quarter presented on the 29 May 2020 and 25 June 2020				
6.3.8	Good governance and administration	Good corporate governance and public participation	% of Community satisfaction with public services by 30/10/2019	Senior Manager Planning & Development	52%	52%	100%	OPEX	52 % Satisfied	-48% Dissatisfied	Continuous engagements with consumers to pay for the services	Low revenue collection to implement internal funded projects	To improve the provision and quality of service delivery	Community Satisfaction Survey Report	Satisfactory
6.3.9	Good governance and administration	Good corporate governance and public participation	Number of 2018/19 AFS and Annual Performance Report submitted to AG by 31/08/2019	Municipal Manager	1	1	1	OPEX	1	0	Submitted and audited	None	None	Submission letter and copy of final AFS	Satisfactory
6.3.10	Good governance and administration	Good corporate governance and public participation	Number of developed AG Action Plan approved to address the 2018/19 AG Report findings by 31/03/2020.	Municipal Manager	1	1	1	OPEX	1	0	Developed, approved and submitted to relevant departments	None	None	Approved AG Action Plan by Council	Satisfactory
6.3.11	Good governance and	Good corporate governance	% of quarterly implementati	Municipal Manager	40%	40%	80%	OPEX	22%	-58%	There is delay in implementing the actions in	Lack of capacity in the IT section, which	Appointment of more	Audited AG Action Plan and	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	administration	and public participation	on AG Action Plan by 30/06/2020								the AG Action Plan	leads the unit to depend on service providers.	staff in the IT section. Finance issues to be corrected through financial statements and evidence files will be submitted to AG.	Portfolio of Evidence	
6.3.12	Good governance and administration	Good corporate governance and public participation	Number of monthly Local Labour Forum meetings held by 30/06/2020	Senior Manager Corporate Services	13	13	11	OPEX	8	-3	23/07/2019 (O) 22/08/2019 (O) 13/09/2019 (O) 23/10/2019 (O) 25/11/2019 (O) No meeting held in January 2020. 14/02/2020 (S) 03/03/2020 (O) No meeting held in April 2020. No meeting held in May 2020. 23/06/2020 (O)	3 meetings were not held due to lockdown	Meetings will be held now that the lock down is eased	LLF minutes and attendance register.	Satisfactory
6.4 Risk Management, Fraud & Anti-Corruption															
6.4.1	Good	Good	Number of	Municipal	1	1	1	OPEX	1	0	reviewed fraud	None	None	Approved	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	governance and administration	corporate governance and public participation	reviewed fraud and anti-corruption strategy approved by 30/06/2020	Manager							and anti-corruption strategy approved on 30 June 2020			fraud and Anti-Corruption strategy by council (Council resolution)	
6.4.2	Good governance and administration	Good corporate governance and public participation	Number of Reviewed Institutional Strategic Risk Register approved by 30/06/2020	Municipal Manager	1	1	1	OPEX	1	0	Reviewed Institutional Strategic Risk Register approved 30 June 2020	None	None	Approved Institutional Strategic Risk register	Satisfactory
6.4.3	Good governance and administration	Good corporate governance and public participation	Number of quarterly Institutional Risk Management Committee meetings held by 30/06/2020	Municipal Manager	4	4	4	OPEX	5	+1	5 quarterly Institutional Risk Management Committee meetings held	None	None	Minutes of the Risk Committee meeting and attendance register	Satisfactory
6.4.4	Good governance and administration	Good corporate governance and public participation	% of fraud and corruption cases reported and investigated within 30 working days by 30/06/2020	Municipal Manager	0%	100%	100%	Opex	100%	100%	No of fraud and corruption cases reported during financial year 2019/20	None	None	Investigation reports	Satisfactory
6.5 HIV/AIDS															
6.5.1	Good governance and administration	Provision of sustainable integrated infrastructure and services	Number of quarterly outreach programmes conducted by	Municipal Manager	18	18	16	OPEX	16	0	16 outreach programmes conducted	None	None	Outreach programmes reports Outreach programme	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
			30/06/2020											s reports	
6.6 Security management															
6.6.1	Governance and Administration	Good corporate governance and public participation	Number of quarterly Security Management reports for Safeguarding of Council Assets by 30/06/2020	Municipal Manager	4	4	4	OPEX	4	0	Complied as expected	None	None	Security Management Reports	Satisfactory
6.7 Disaster Management															
6.7.1	Governance and Administration	Good corporate governance and public participation	Number of quarterly disaster awareness campaigns conducted by 30/06/2020	Municipal Manager	4	4	4	OPEX	7	+3	7 quarterly disaster awareness campaigns were conducted	None	None	Invitations, Agenda, Attendance register and reports	Satisfactory
6.8 Performance Management System															
6.8.1	Governance and Administration	Good corporate governance and public participation	Number of Mid-Year Budget and Performance Assessment Report submitted to council by 31/03/2020	Municipal Manager	1	1	1	OPEX	1	0	Submitted to relevant departments as per legislation	None	None	**Council approval and resolution**	Satisfactory
6.8.2	Governance and Administration	Good corporate governance and public participation	Number of 2018/19 Draft Annual Report approved by 31/01/2020	Municipal Manager	1	1	1	OPEX	1	0	Submitted to relevant departments as per legislation	None	None	Council Approved 2018/19 Draft Annual Report with Council Resolution	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
6.8.3	Governance and Administration	Good corporate governance and public participation	Number of Oversight Report on 2018/19 Draft Annual Report approved by 31/03/2020	Municipal Manager	1	1	1	OPEX	1	0	Submitted to relevant departments as per legislation	None	None	Council Approved Oversight Report and Council Resolution	Satisfactory
6.8.4	Good governance and administration	Good corporate governance and public participation	Number of reviewed 2019/2020 SDBIP approved by 31/03/2020	Municipal Manager	1	1	1	OPEX	1	0	Submitted to relevant departments as per legislation	None	None	Reviewed SDBIP signed by the Mayor and council resolution	Satisfactory
6.8.5	Good governance and administration	Good corporate governance and public participation	Number of Draft 2020/21 SDBIP submitted to the Mayor for approval by 14/06/2020(14 days after the adoption of the IDP and Budget)	Municipal Manager	1	1	1	OPEX	1	0	Approved by Council	None	None	2020/21 Draft SDBIP approved by the Mayor (Signed and Dated)	Satisfactory
6.8.6	Good governance and administration	Good corporate governance and public participation	Number of approved Final 2020/21 SDBIP (28 days after the adoption of the IDP and Budget) approved by mayor	Municipal Manager	1	1	1	OPEX	1	0	Approved by Council and submitted to relevant departments	None	None	2020/21 SDBIP approved by the Mayor (Signed and Dated)	Satisfactory
6.9 Integrated Development planning															
6.9.1	Governance and Administratio	Good corporate governance	Number of reviewed IDP/Budget/P	Municipal Manager	1	1	1	OPEX	1	0	IDP/Budget/PMS/MPAC Framework and	None	None	Council Approved IDP,	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
	n	and public participation	MS/MPAC Framework and Process Plan approved by 31/07/2019								Process Plan was approved by council on 30 July 2020.			Budget, PMS Process Plan	
6.9.2	Governance and Administration	Good corporate governance and public participation	Number of 2020/21 Draft IDP approved by 31/03/2020	Municipal Manager	1	1	1	OPEX	1	0	2020/21 Draft IDP approved by council on 26 March 2020	None	None	**Council resolution (Council approve 2020/21 Draft IDP)**	Satisfactory
6.9.3	Governance and Administration	Good corporate governance and public participation	Number of 2020/21 Final IDP approved by 28/05/2020	Municipal Manager	1	1	1	OPEX	1	0	2020/21 Final IDP approved by Council May 2020	None	None	**Council resolution (Council approve 2020/21 Final IDP)**	Satisfactory
6.10 Communication															
6.10.1	Governance and Administration	Advance good corporate governance	Number of Communication Strategy reviewed and approved by Council by 30/06/2020	Municipal Manager	1	1	1	OPEX	1	0	Approved by council	None	None	Approved Communication strategy and Council resolution	Satisfactory
6.10.2	Governance and Administration	Advance good corporate governance	% for submission of information for publishing on the website as according to legislation checklist by 30/06/2020	Municipal Manager	100%	100%	100%	OPEX	100%	0	All relevant document published as per checklist	None	None	Legislation checklist	Satisfactory

KPA 6: Good Governance and Public Participation															
PMS No. & Performance Area	Cluster	IDP Objective	Key Performance Indicator	Responsible Manager	2018/19 Performance (01 July 2018-30/June 2019	Baseline (30/06/19)	Annual Target 30/06/20	Budget	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Actual Performance Variance	Remarks	Challenges	Corrective Measures/ Interventions	Evidence Required	Internal Audit Comment
6.10.3	Governance and Administration	Advance good corporate governance	Number of quarterly Local Communicators Forum held by 30/06/2020	Communication Manager	4	4	4	OPEX	4	0	Complied with the requirement	None	None	Invitations, Minutes.and attendance register	Satisfactory

CAPITAL PROJECTS PER RESPONSIBLE MANAGER

Vote No.	Responsible Manager	Project Name	Total Capital Budget (R'000)	Budget Revised	Planned Start Date	Planned Completion Date	Ward No.	Annual Actual Performance (01 Jul 2019 – 30 Jun 2020)	Remarks	Challenges	Corrective Measures/ Interventions	Evidence required	Internal Audit Comment
Electricity													
	Senior Manager Technical	Installation of remote control in substations	R4m	*R0*	*01/07/19*	30/06/20	*11 & 12*	R2 754 435,01	Under performance due to covid 19. The procurement of imported equipment seriously delayed the project.	Covid 19	projected completion date was moved to end of August 2020.	Progress reports and Completion report and Completion Certificate	Satisfactory
	Senior Manager Technical	Purchase of Generator	R1m	*R0*	*01/07/19*	30/06/20	11	R517 365,63	Under performance due to covid 19	Covid 19	projected completion date was moved to end of August 2020.	Requisitions	Satisfactory
Roads and storm water													
	Senior Manager Technical	Installation of storm water culverts at Mashishimale-Lejori (Ward 10), Makhushane (Ward 2) and Lulekani (Ward15 and Humulani ward 16	R1.5 m	*R1*	*01/07/19*	30/06/20	10,2,15& 16	Designs 100% completed. R1.5 m	The Designs of the installation of storm water culverts has been completed.	None	None	Scoping Report, , Final detailed design reports	Satisfactory
Parks and Cemetery													

	Senior Manager Community	Procurement of tractor	R950	R0	01/07/19	30/06/20		R465 750	One tractor was procured in the 2nd Quarter	Lockdown affected the procurement processes of the 2nd tractor	None (Internally funded projects removed from the Budget as advised by NT	**Requisitions**	Satisfactory
Municipal Transformation and Institutional development													
Office furniture													
	Senior Manager Corporate	Furniture & Equipment	R 500	R0	01/07/19	30/06/20		R232 906.33		Slow procurement	None	**Requisitions**	*Satisfactory*
IT													
	Senior Manager Corporate	Upgrading of ICT Infrastructure (Cabling, Computers, Switches, Servers , printers wireless and Laptop	R1.850m	R0	01/07/19	30/06/20		R 468846.46	Requisitions are done however order are always not issued on time	None	None	**Requisitions**	Satisfactory
INEP													
	Senior Manager Technical	Electrification	R7m	R0m	1/07/19	30/06/20		R3.7m spent. All designs, approvals, completed, construction interrupted by Covid 19	construction interrupted by Covid 19, as Service providers were not allowed to work during phase 5 and 4	Service providers need to observe the regulations regarding Covid 19	Service providers returned to site, and anticipated completion by end of August 2020	Bid Committees minutes and registers, advertisements. Progress reports and Completion report and Completion Certificate	Satisfactory
MIG													

	Senior Manager Technical	Mashishimale sports complex	R4 423 601.74	R 5 000 000	01/07/19	30/06/20	8/9/10	Construction The overall progress on site is 98%, time elapsed is at 198%.	The Project is behind schedule due to delayed electricity connection by Eskom and the Covid-19 National Lockdown. The sports complex is fully energized, outstanding major works are the soccer pitch, installation of goal posts, gravelling and compacting the running tracks, cabling and testing of high mast lights.	No work on site from 25March 2020 to 03 June 2020 due to the national lockdown. The contactor was granted work permit to resume works during Covid-19 national Alert Level 3, works resumed on the 3rd of June 2020.	The contractor is constantly reminded to put in more work and to pressurise his suppliers to deliver the outstanding requested materials needed to complete the works on site.	Progress reports and Completion report and Completion Certificate	Satisfactory
	Senior Manager Technical	Selwane sport complex	R14611 299.58	R7 432 355	01/07/19	30/06/20	18	Construction Physical progress is 85% and the time elapsed is 182%	Delayed progress on site due to works stoppage as a result of shortage of funds and covid-19 national lock down. Outstanding works are Construction of the Soccer pitch, grassing and installation of irrigation system, energizing by ESKOM, gravelling	Contractor suspended works due financial challenges on the 6th of December 2019. Municipality submitted request for Budget Maintenance on the project to CoGHSTA. Appraisal meeting was scheduled for March 25, 2020	Virtual appraisal was held on the 14th May 2020 and the project was referred to MISA for investigations on the request for Budget Maintenance.	Progress reports and Completion report and Completion Certificate	Satisfactory

									and compacting of running tracks, finishing works on the multipurpose hall and installation of water and waste water reticulation.	and was delayed due to Covid9 National Lockdown.			
	Senior Manager Technical	Upgrading of gravel road to tar Tambo upgrading of street phase 2	R500 000	R5 914 346	01/07/19	30/06/20	13	Construction Physical progress is 0% and the time elapsed is 5%	Phase 2B,C and D start date start date is 09 June 2020, site establishment was on the 29th of June 2020	Delayed commencement of the project due to identified risks.	Advice was sought CoGHSTA and MISA. All outstanding works outstanding works, Phase 2B, C and D will be implemented simultaneously however the municipality will pay the contractor as and when the money allocated for each phase in the budgeted financial years becomes available.	Progress reports and Completion report and Completion Certificate	Satisfactory
	Senior Manager	Tshelang gape to	R8 001098.26	R11 615	01/07/19	30/06/20	1 & 4	Complete	All phases (Phase1A, 1B	None	None	Progress reports and Completion	Satisfactory

	Technical	R71 upgrading		017					and 2) of the project achieved completion on the 11th of February 2020. Completed works are under Defects liability period.			report and Completion Certificate	
	Senior Manager Technical	Refurbishment of Namakgale Stadium	R 2 888700.42	R3 825 626	01/07/19	30/06/20		Design	Detailed design submitted. Development of Tender documentation – 60% complete	Detailed design report submitted, estimated project costs far exceeds the approved projects cost, this due the fact that the registered scope is limited and excludes works that are necessary.	All stakeholders have been consulted and the project will be submitted to CoGHSTA for appraisal, with the intention to reregistered the project with the revised clear project scope.	Bid Committees minutes and registers, advertisements, Appointment letter and Progress reports	Satisfactory
	Senior Manager Technical	Upgrading of Benfarm	R0	R701 432	01/07/19	30/06/20		Complete	Close-Out reports submitted.	None	None	Progress reports and Completion report and Completion Certificate	Satisfactory

Assessment for service providers

Ratings

Rating	Description of rating
1	Poor Performance
2	Fair Performance
3	Good Performance
4	Very Good Performance
5	Performance Above Expectations

Project name	Scope of work	Name of the Service provider	Source of funding	Start date	Completion date	Budget	Progress to date	Challenges and intervention	Assessment of service provider Poor, Fair, Good, Very good & Above expectations
Mashishimale sports complex	Construction of multipurpose hall, Pavilion Roofing, ablutions and change rooms, storm water drainage, access road, electrical Installation, High mast lights, soccer pitch grassing and irrigation.	Leb P Construction	MIG	16/01/2015	30/10/2019	R45 653 785.05	The overall progress on site is 98%, time elapsed is at 198%.	The Project is behind schedule. Project Completion date has lapsed, No request for extension of time. No work on site from 25March 2020 to 03 June 2020 Recommendation for imposing of penalties is under review.	Fair
Selwane sport complex	Construction of multipurpose hall, Pavilion Roofing, ablutions and change rooms, storm water drainage, access road, electrical Installation, High mast lights, soccer pitch grassing and irrigation.	Nandzu Trading and General Projects	MIG	25/04/2017	11/12/2019	R39 000 000.00	Phase 1 of the project is completed. Phase 2 of the Project is at practical completion stage. Phase 3- Physical progress is 85% and the time elapsed is 182% .	Works have been suspended pending outcome of the applied budget maintenance	Fair

Upgrading of gravel road to tar Tambo upgrading of street phase 2	Upgrading of 7.46km from gravel to Tar: Layer works and road surfacing with 30mm continuously graded asphalt, complete with concrete open drains, edge beams, speed humps, road markings and road signs.	Tshiamiso Trading 135	MIG	12/04/2018	30/06/2021	R 48 229 482,70	Phase 2A (0.604km) is complete. Phase 2B, C and D handed over 9 June 2020.	None.	Good
Tshelang gape to R71 upgrading	Upgrading of 4.5km from gravel to Tar: Layer works and road surfacing with 30mm continuously graded asphalt, 60mm concrete interlocking paving blocks Roundabout, Precast concrete culverts, side drains, concrete kerbs, speed humps, road markings and road signs.	PGN Civils	MIG	22/01/2018	04/10/2019	R 26 986 167,71	Project is complete. Practical completion achieved, 9 October 2020. Completion achieved, 11 February 2020.	None	Very Good
Transfer of Namakgale D,C and Lulekani A	Transfer of Namakgale D,C and Lulekani A	Mahumani INC.	Ba-Phalaborwa Municipality	July 2020	End of 2022 FY		Namakgale –D completed and busy with Namakgale-C	Two diagrams for Namakgale –C,Lost copies of Deed of Grants and some house holders are no more.	Good
General Valuation Roll 2019-2023	General Valuation and Supplementary Valuation roll	DDP Values (PTY) LTD	Ba-Phalaborwa Municipality	16th January 2019	2023	R 2 300 000.00	General Valuation completed, Supplementary on going until end of contract date	Omissions of properties and queries of ownerships on some properties. Issue will be addressed on the Supplementary	Good
Maintenance of the landfill site	Cover and compact the waste	Theuwedi Enterprise	BPM	1February 2019	31 January 2022	R11 019 300-00 (Vat inclusive) for the period of 3 year	Compliant	Ablution facilities, no monitoring of water, There is no weighbridge on site.	Good

ANNUAL PERFORMANCE APPROVAL

Approval by the Mayor	The Annual Performance Report is hereby compiled in terms of Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2019 to 30 June 2020 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP): This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2019/2020.
Monitoring implementation of the SDBIP	Progress against the objectives set out in the SDBIP will be monitored and reported on a monthly, quarterly, half-yearly and annual basis.
Signatures	**2019/20 Annual Performance Report Compiled by:** IMMoakamela ..... 29/10/2020 ..... **M.I Moakamela** **Date** **Municipal Manager** **2019/20 Annual Performance Report Approved by:** M.M Malatji ..... 29/10/2020 ..... **Cllr M.M Malatji** **Date** **Mayor**

Annexure A

Methodology

Ba-Phalaborwa Municipality uses the cumulative method on reporting the actual on the Service Delivery Budget Implementation Plan.

Technical Definitions

BPM

BPM stands for Ba-Phalaborwa Municipality

HH

Household

Urban Areas

The urban areas refers to Phalaborwa, Namakgale, Lulekani and Gravelotte.

Reduction in water losses

This is calculated as follows: Lepelle bill less BPM bill / Lepelle bill x 100.

Reduction in electricity losses

This is calculated as follows: Eskom bill less BPM bill / Eskom bill x 100.

2.1 Kilometres of roads upgrade from gravel to tar/paving

This relates 0.8 Benfarm, Tambo phase 1 0.7 km and Tshelang gape 0.6

Rehabilitation

Replacement of old road surface (tar) with a new one.

Site Establishment/ Set-up Construction Site

Arrangement of offices, bringing the machinery and equipment onsite.

Tourism Initiatives Activities

September Tourism Month – Spring Day, Orchid Show, Heritage Day Celebration, 2 Tourism workshops and Marathon.

Tourism Indaba – Procurement of promotional materials

SPLUMA – Spatial Planning Land Use Management Act 2013

SPLUMA Applications

Number of development (land use) applications received/ applications processed in terms of SPLUMA

% **Debt Coverage**

This is calculated by **A = B – C/D**
Where - **"A"** represents debt coverage, **"B"** represents total operating revenue received, **"C"** represents operating grants, **"D'**represents debt service payments (i.e. interest + redemption) due within the financial year

Outstanding Service Debtors to Revenue

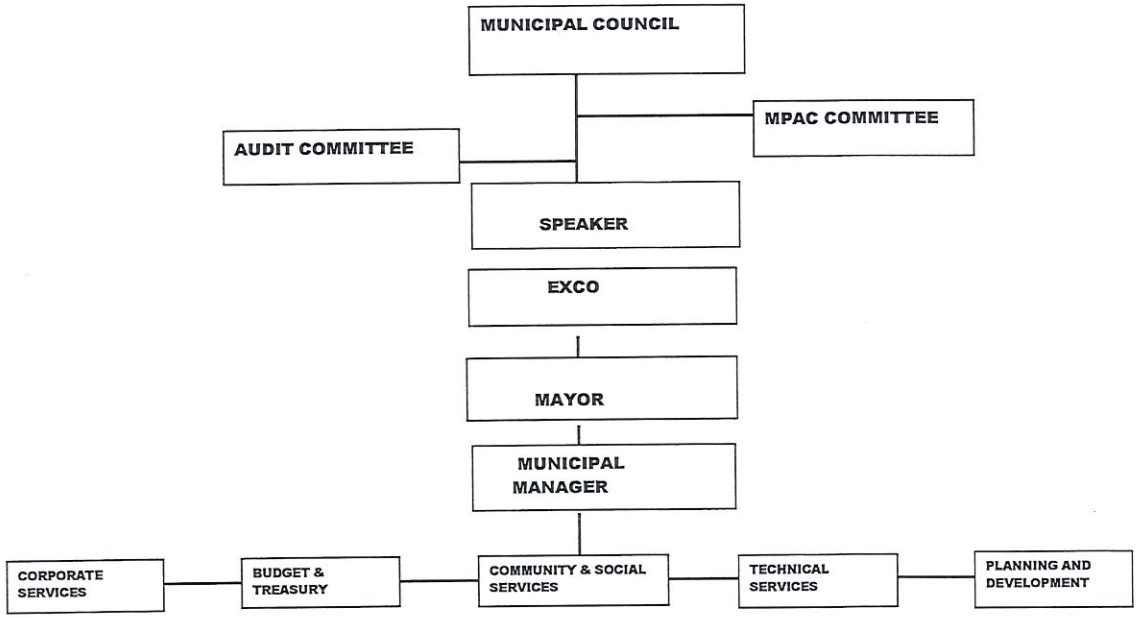
This is calculated by **A = B/C**

"A" represents outstanding service debtors to revenue
"B" represents total outstanding service debtors
"C" represents annual revenue actually received for services;

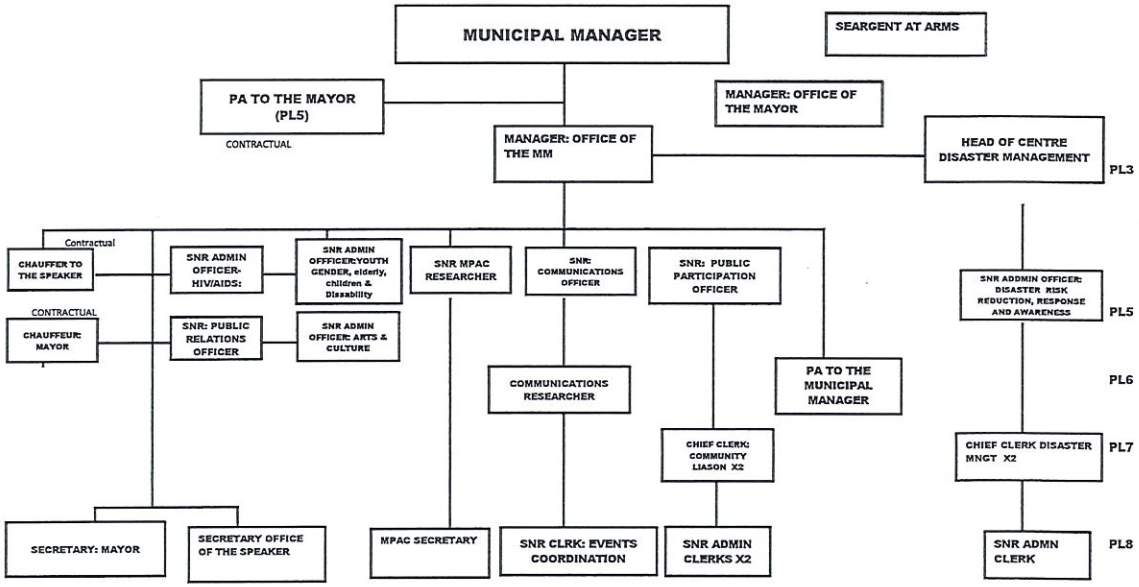
Cost Coverage Ratio
This is calculated by A= B+C/D

Where - "A" represents cost coverage
"B" represents all available cash at a particular time, "C" represents investments
"D" represents monthly fixed operating expenditure

MUNICIPAL COUNCIL

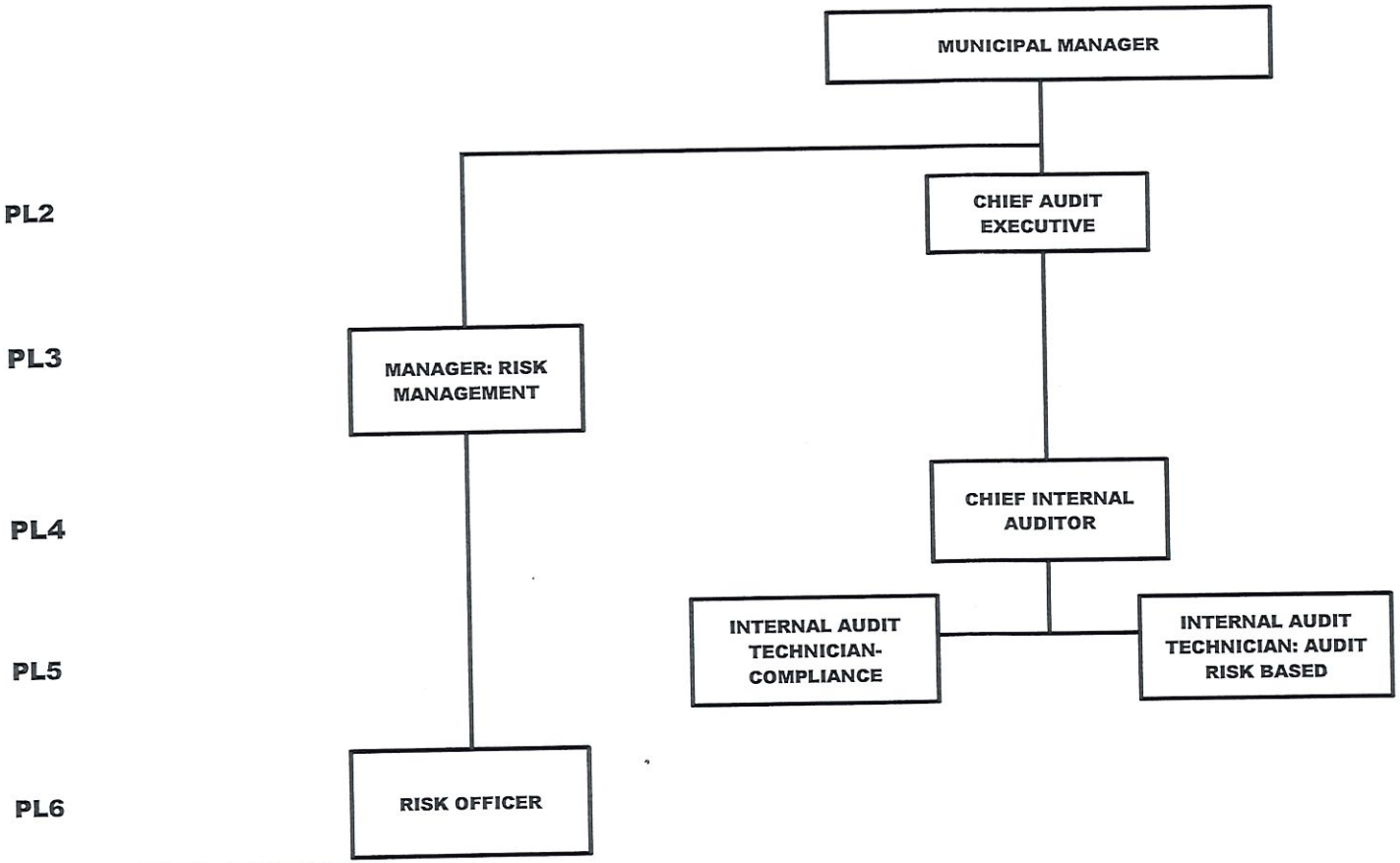


OFFICE OF THE MUNICIPAL MANAGER



Total positions 29

AUDIT AND RISK DIVISION

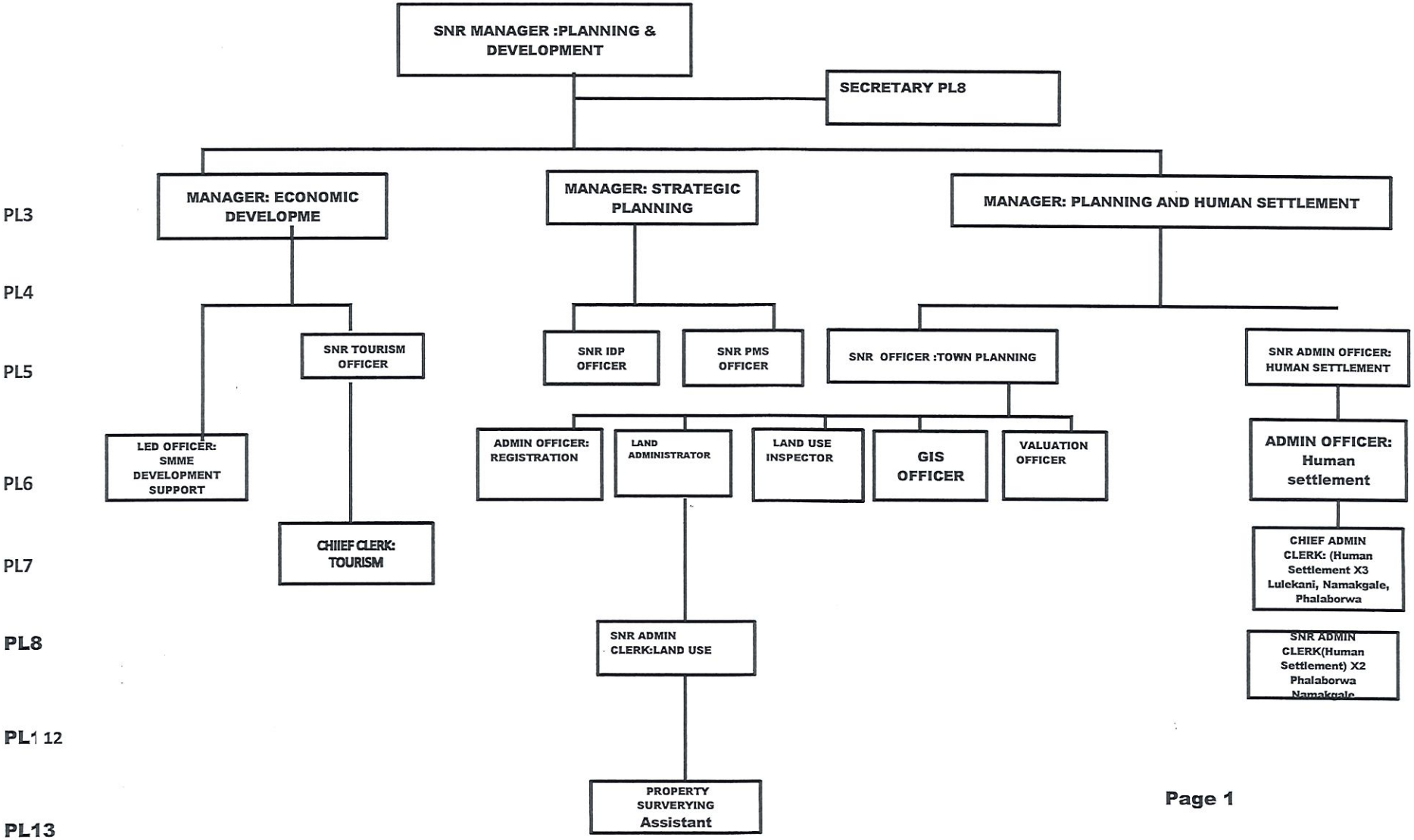


TOTAL POSITIONS 6

ALL POSITIONS IN OFFICE OF THE MM = 3

2020-2021 APPROVED ORGANOGRAM

PLANNING AND DEVELOPMENT



TOTAL POSITIONS 25

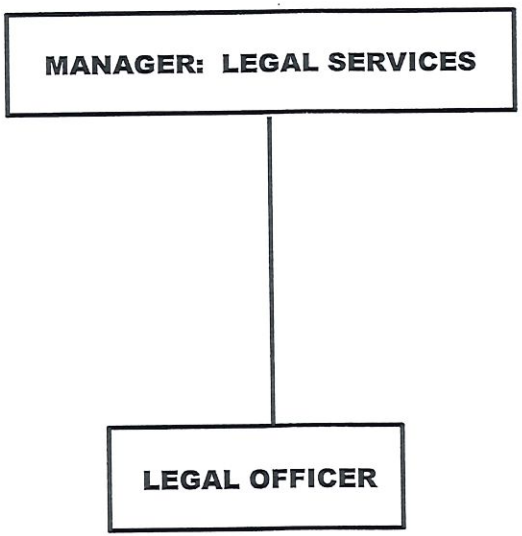
LEGAL DIVISION

3

4

5

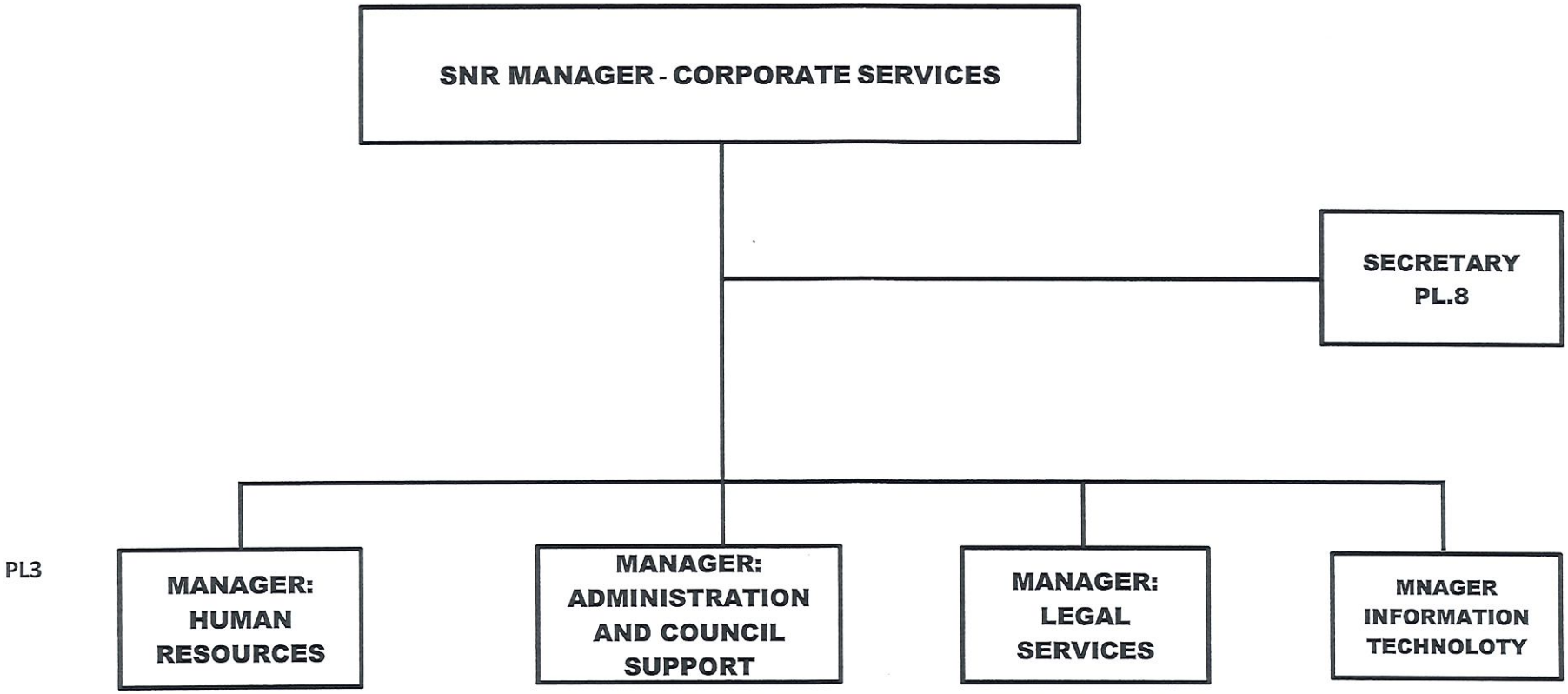
6



TOTAL POSITIONS 2

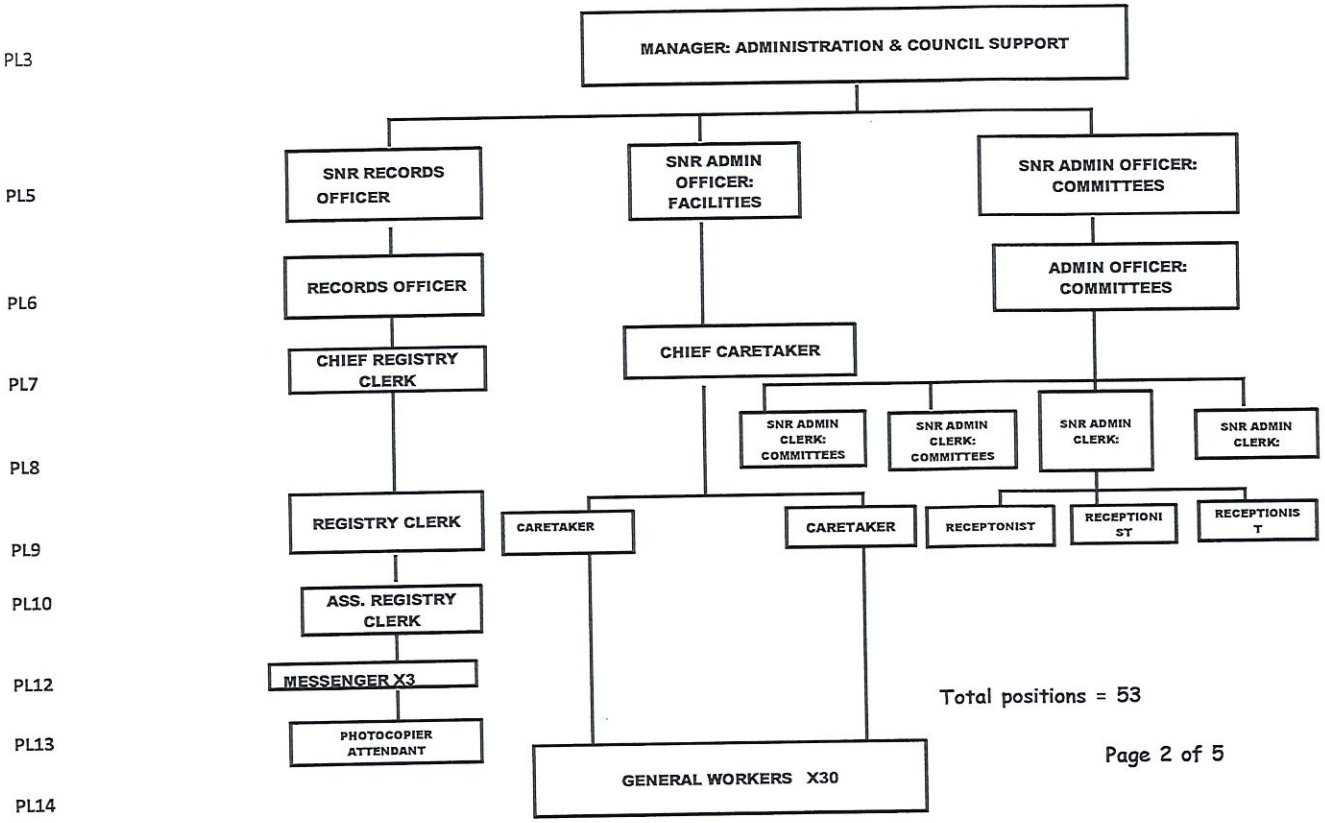
ALL POSITIONS =74

CORPORATE SERVICES - ORGANOGRAM



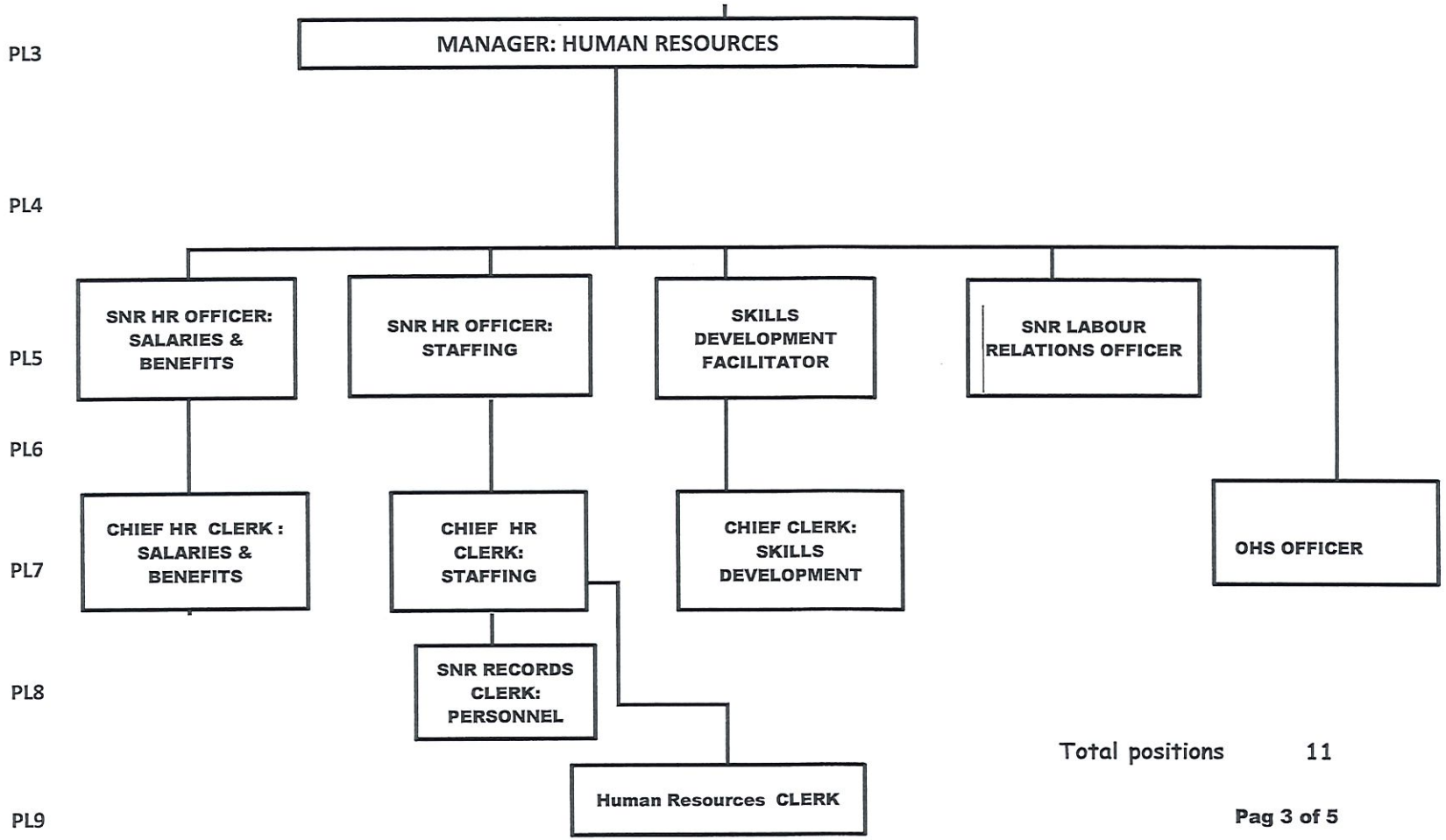
TOTAL POSITIONS 2

ADMNISTRATION DIVISION



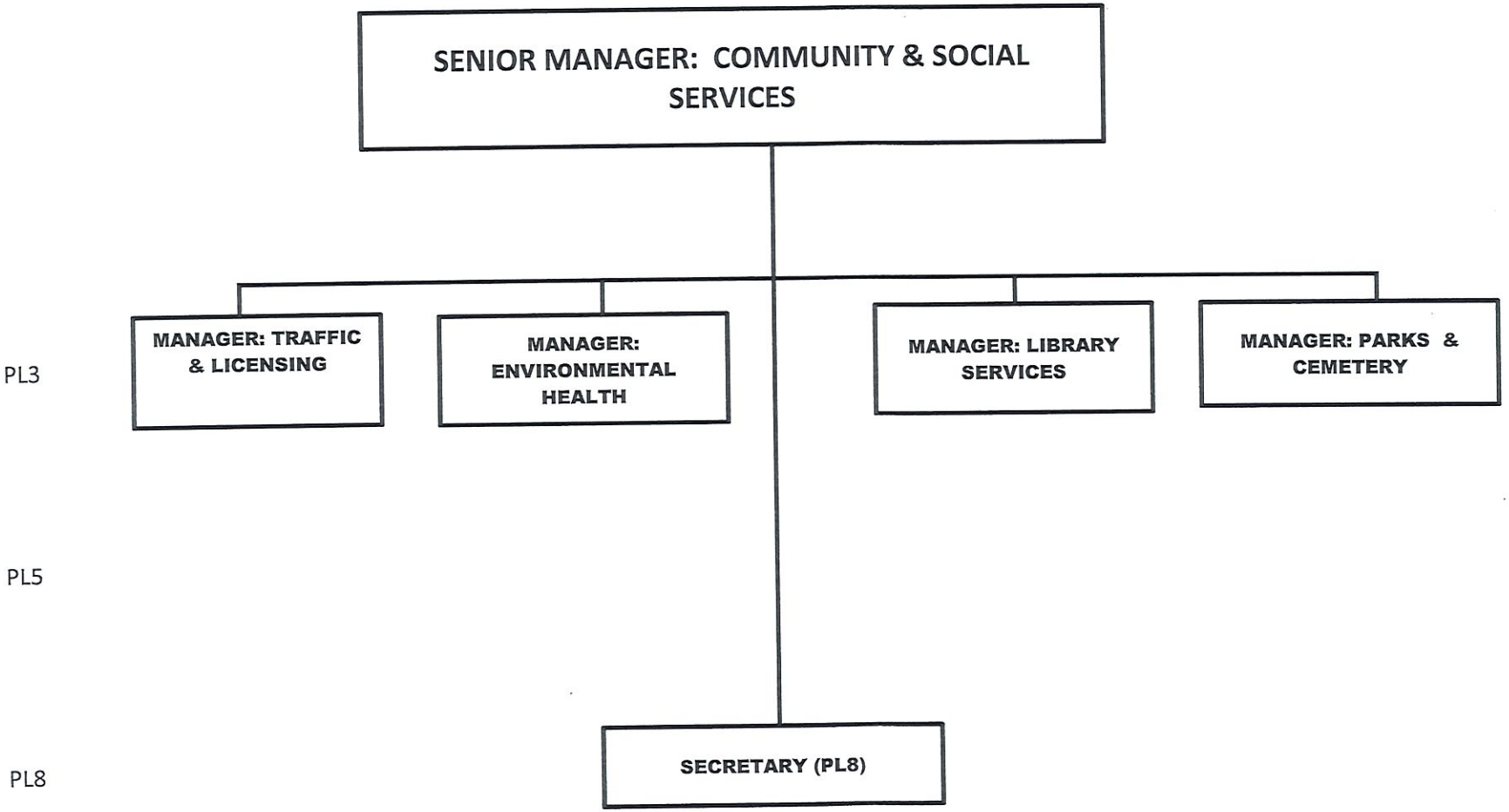
Total positions = 53

HUMAN RESOURCES DIVISION

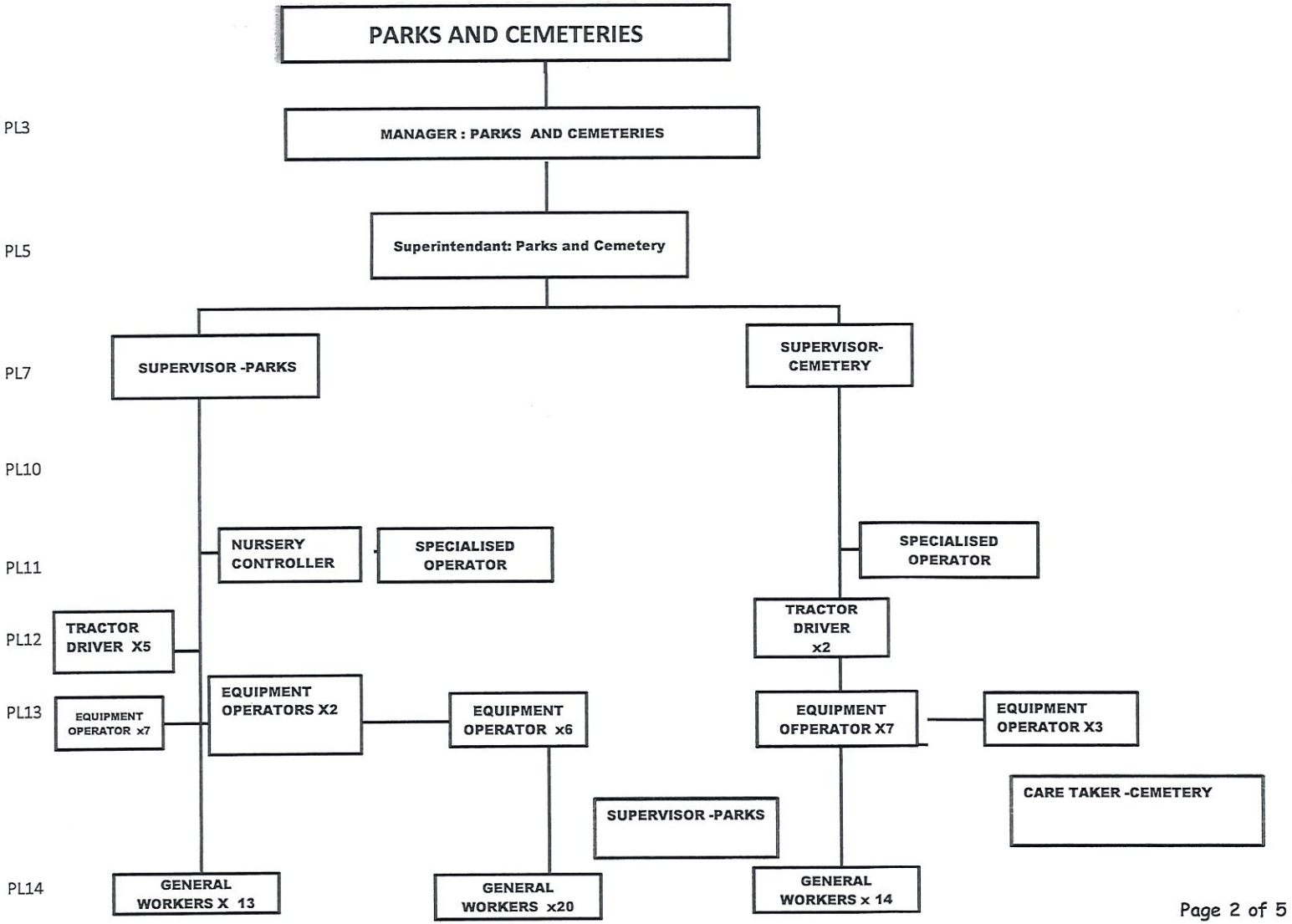


Total positions 11

COMMUNITY AND SOCIAL SERVICES ORGANOGRAM

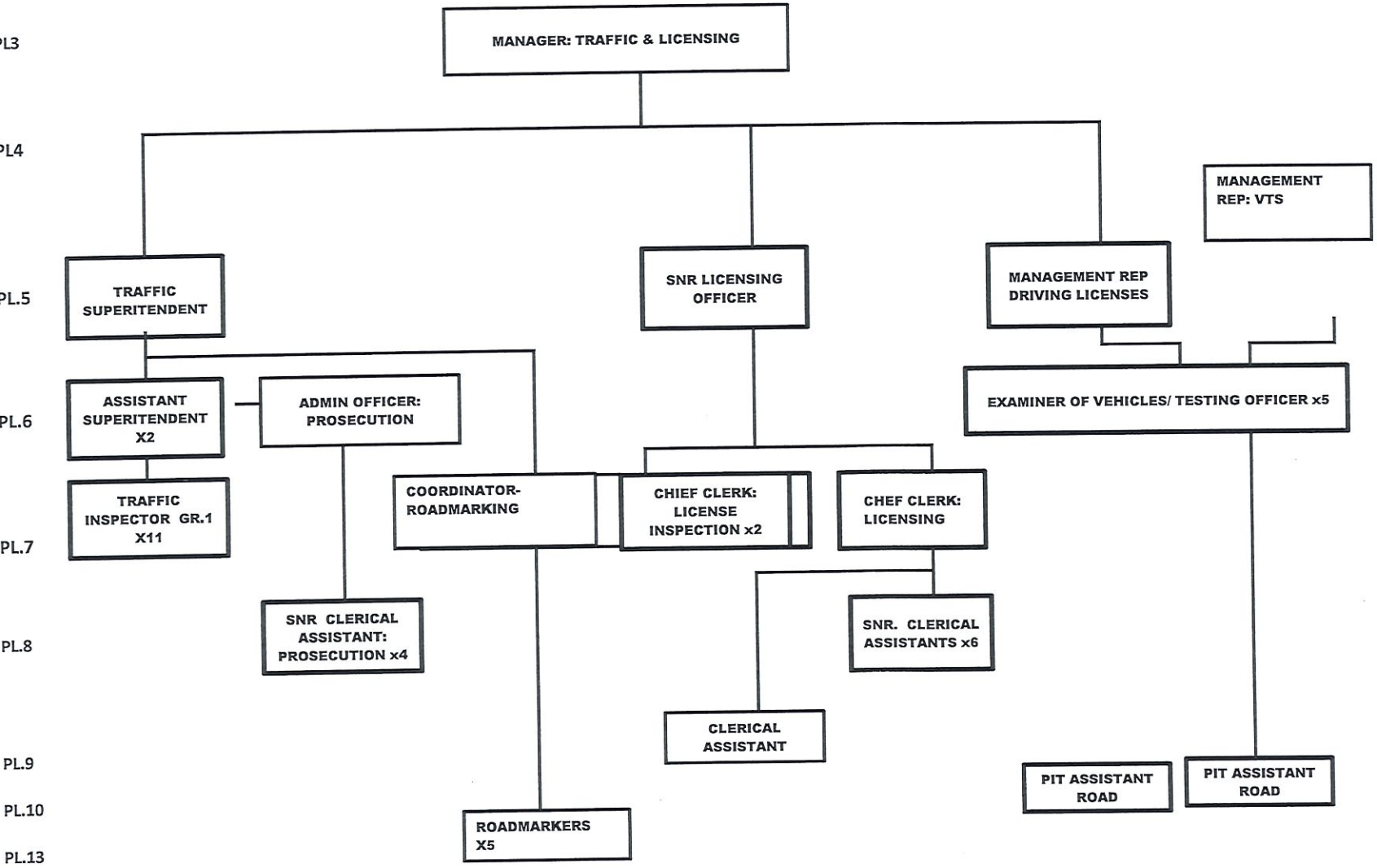


Total positions 2



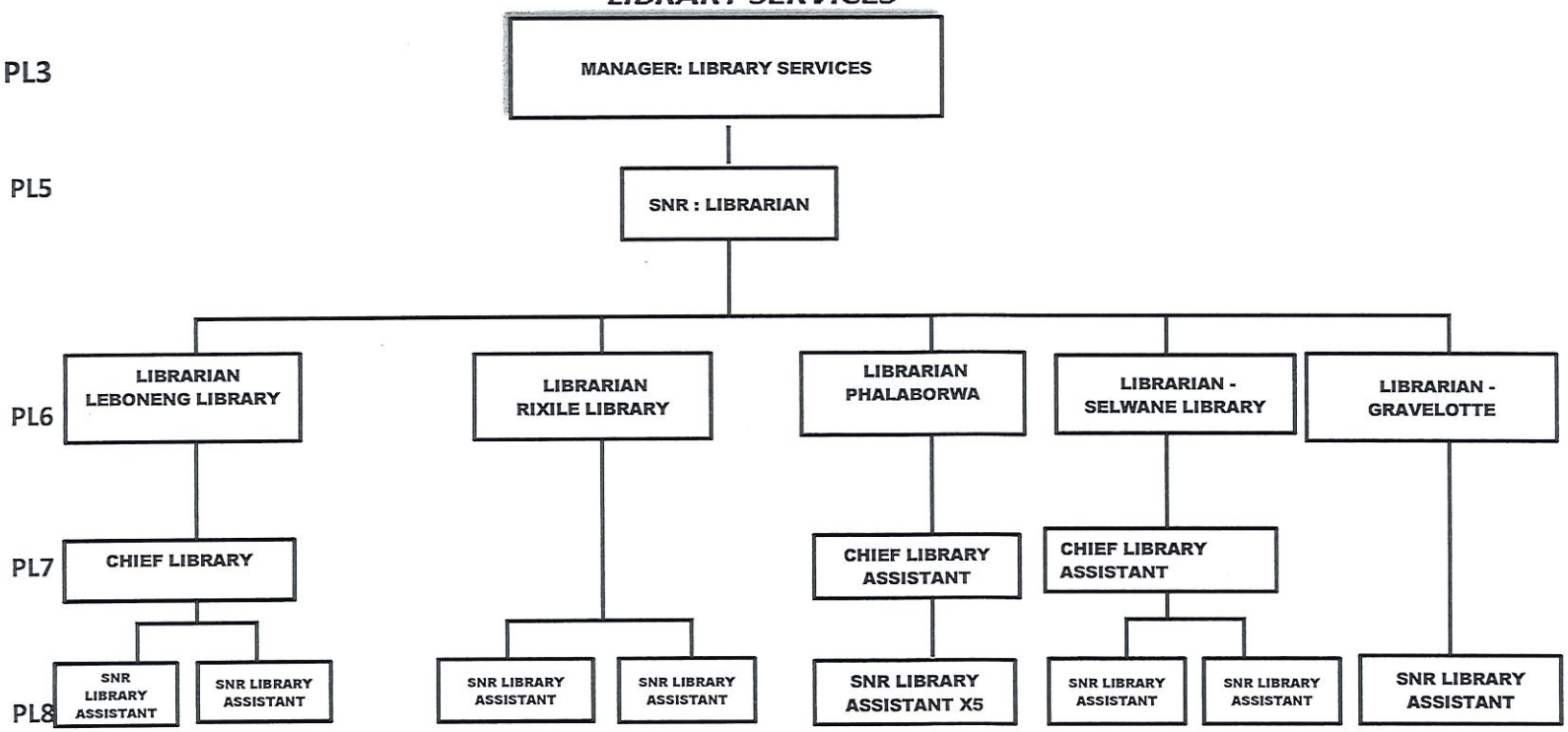
TOTAL POSITIONS 89

TRAFFIC AND LICENSING



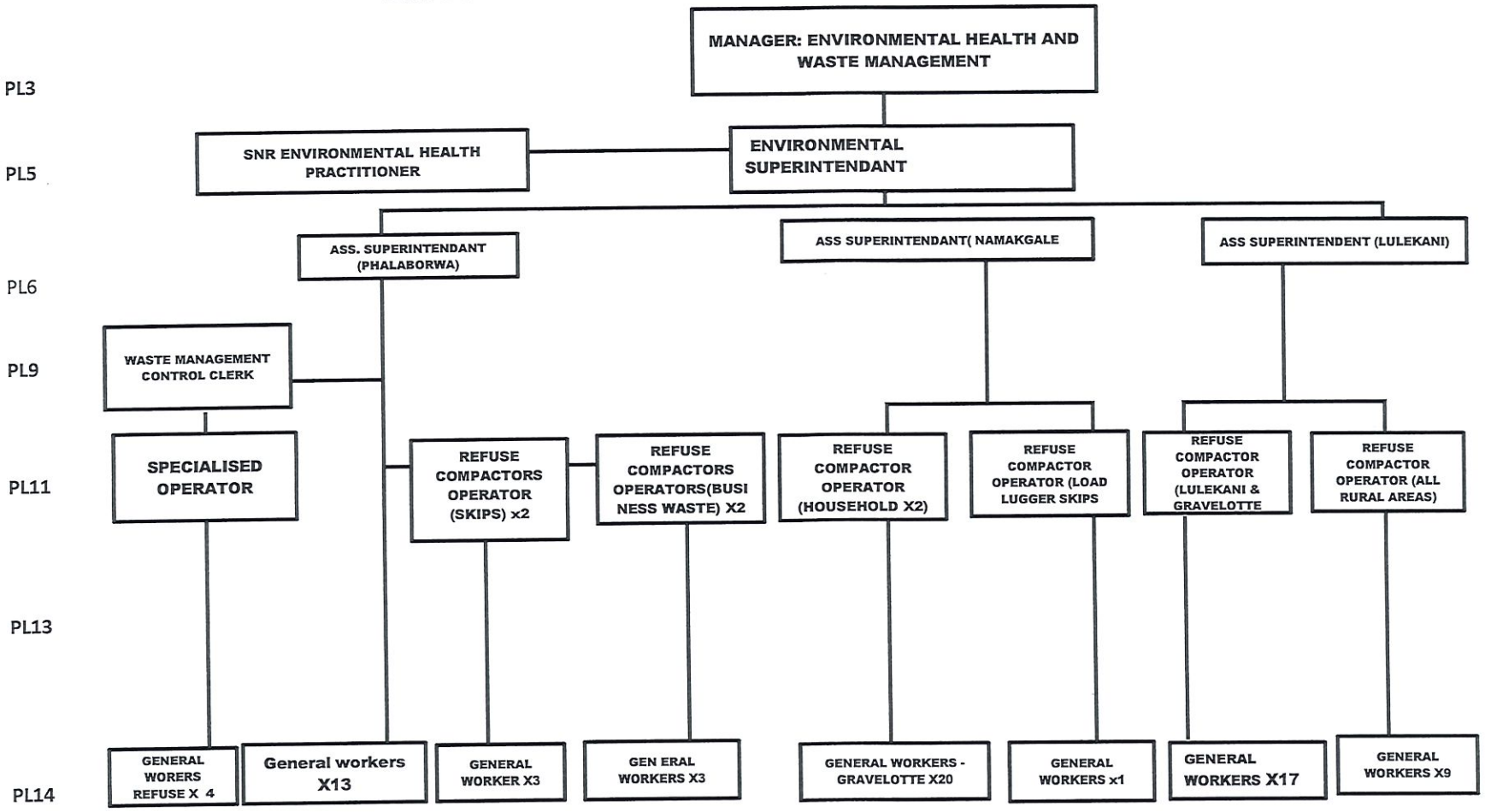
TOTAL POSITIONS 45

LIBRARY SERVICES



TOTAL POSITONS 22

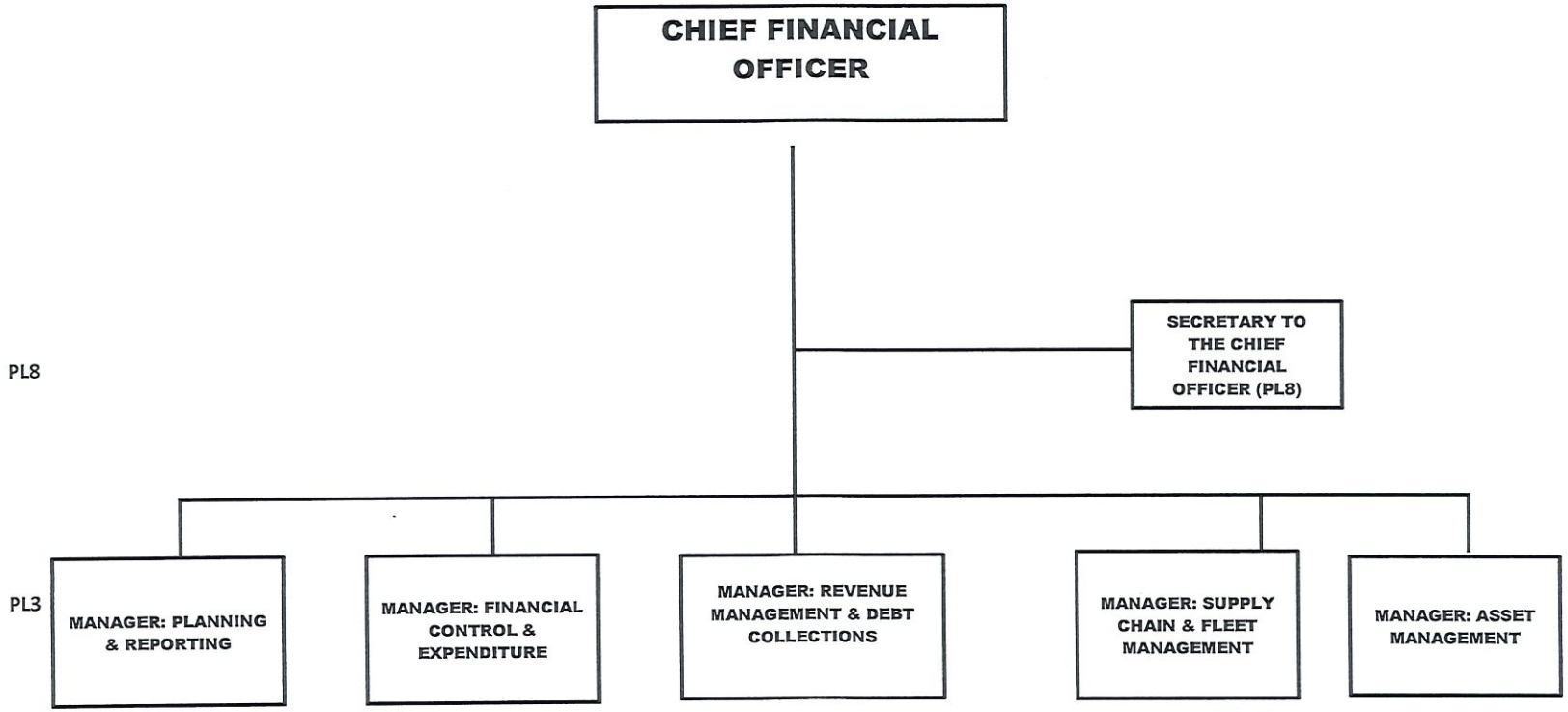
ENVIRONMENTAL HEALTH MANAGEMENT DIVISION



ALL TOTAL POSITIONS = 241

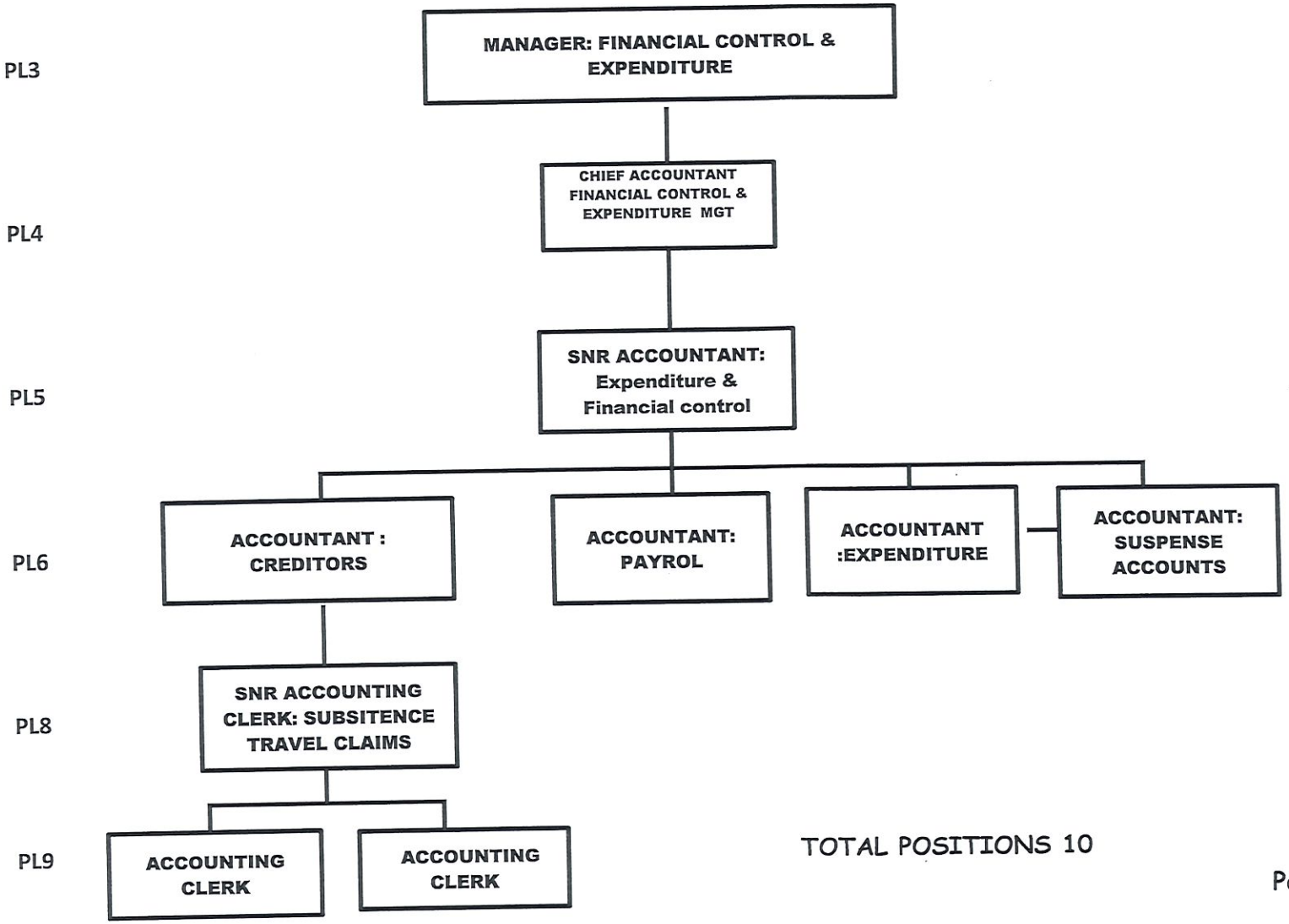
TOTAL POSITION = 86

BUDGET AND TREASURY OFFICE



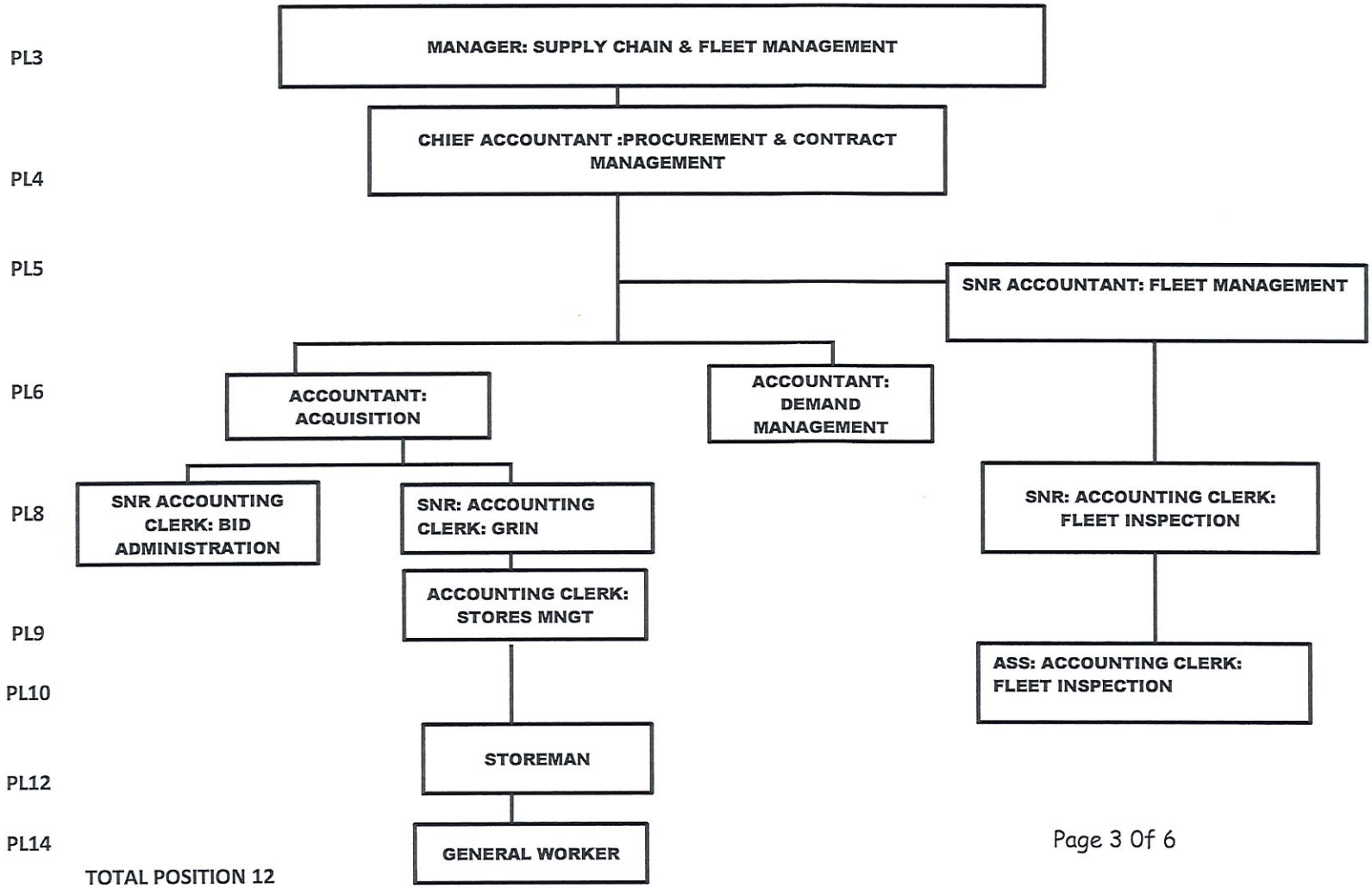
TOTAL POSITIONS 2

FINANCIAL CONTROL AND EXPENDITURE



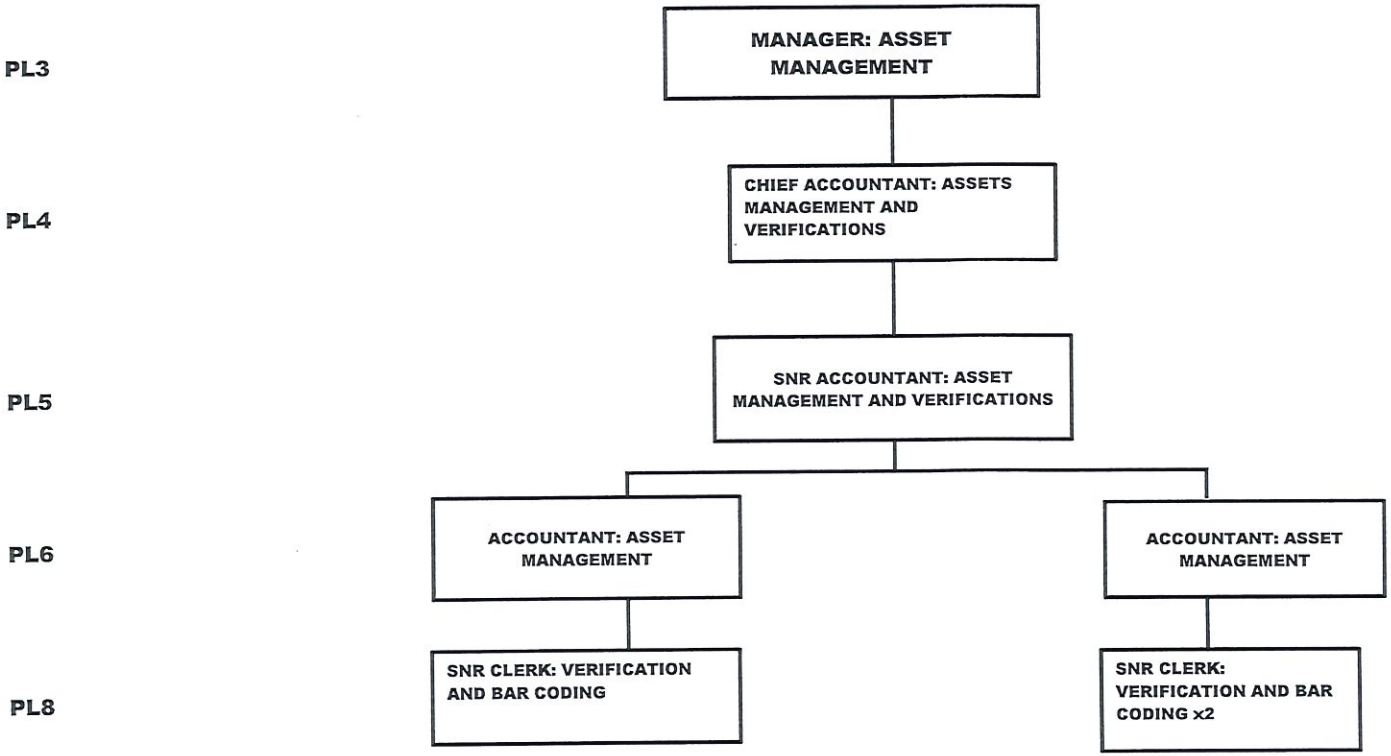
TOTAL POSITIONS 10

SUPPLY CHAIN MANAGEMENT



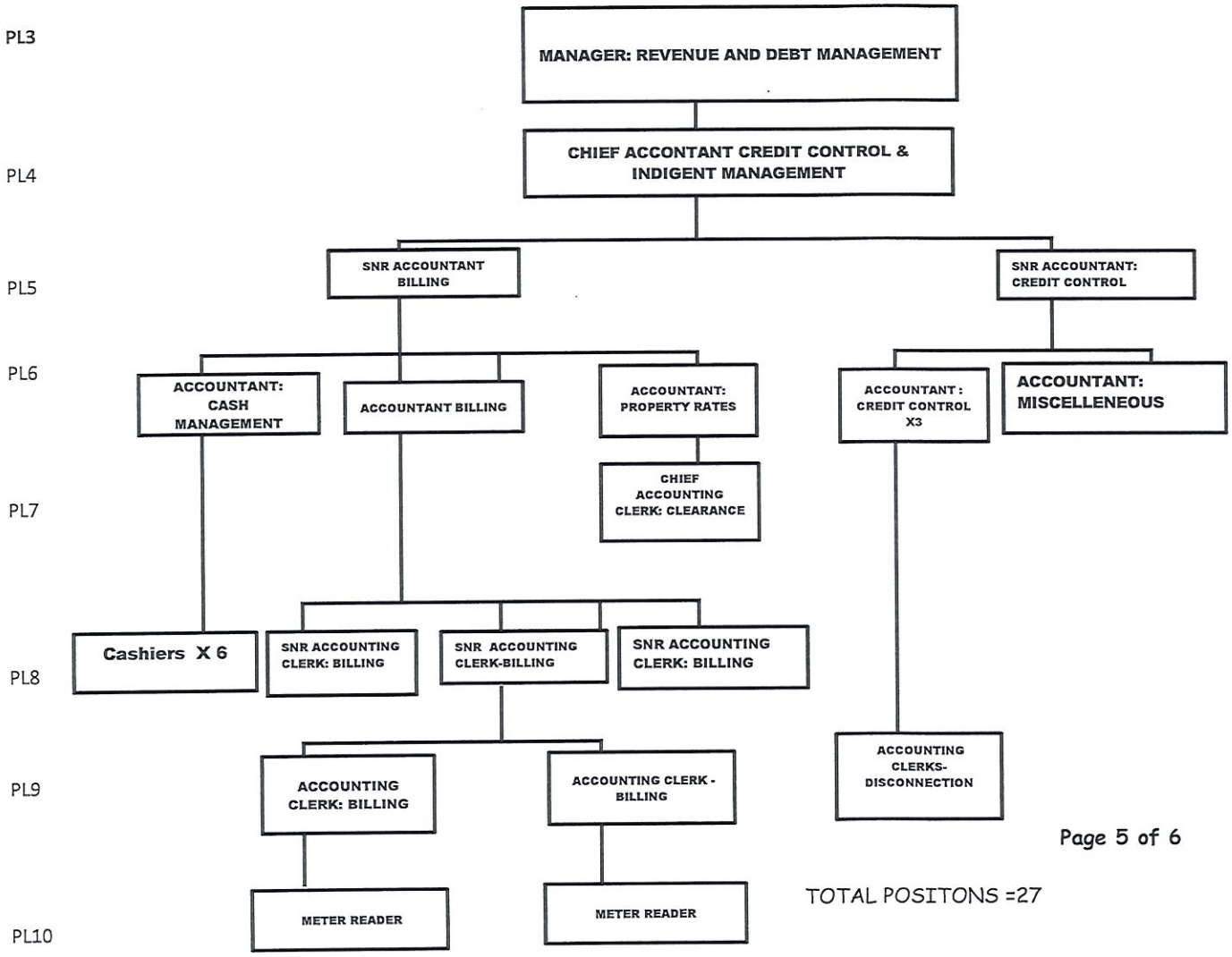
TOTAL POSITION 12

ASSET MANAGEMENT DIVISION



TOTAL POSITIONS = 8

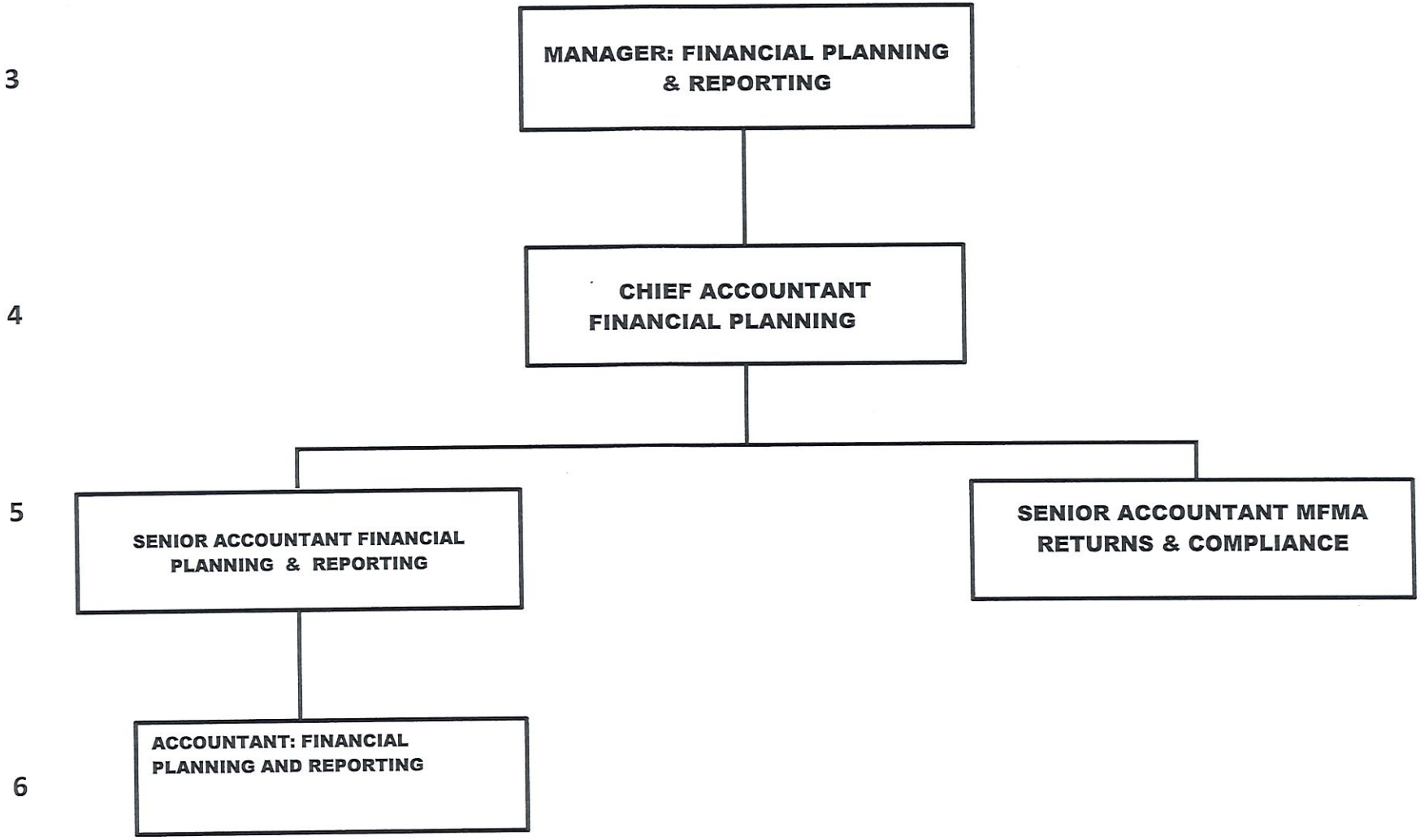
REVENUE AND DEBT MANAGEMENT



TOTAL POSITONS =27

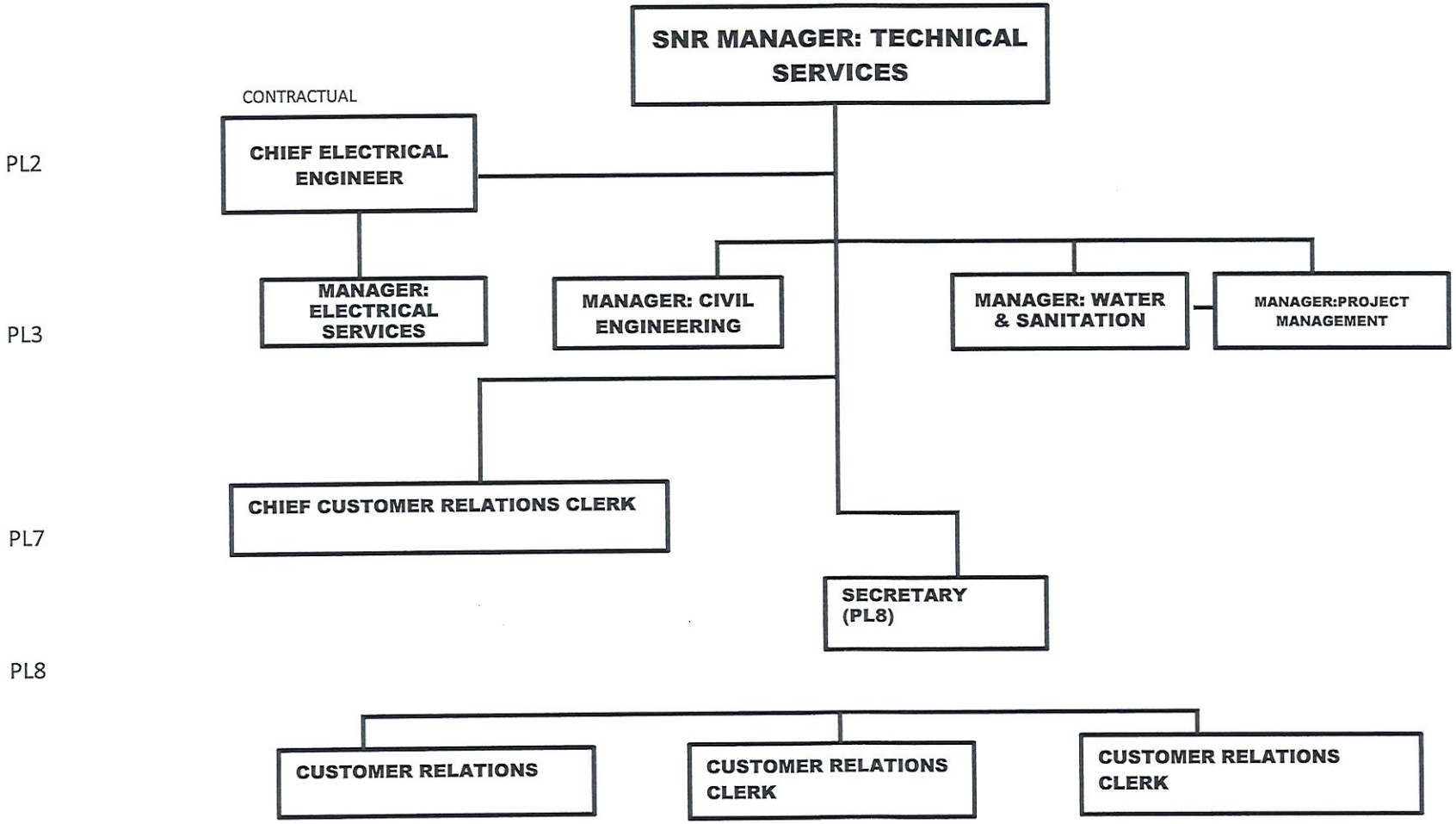
GRAND TOTAL 63

FINANCIAL PLANNING AND REPORTING DIVISION



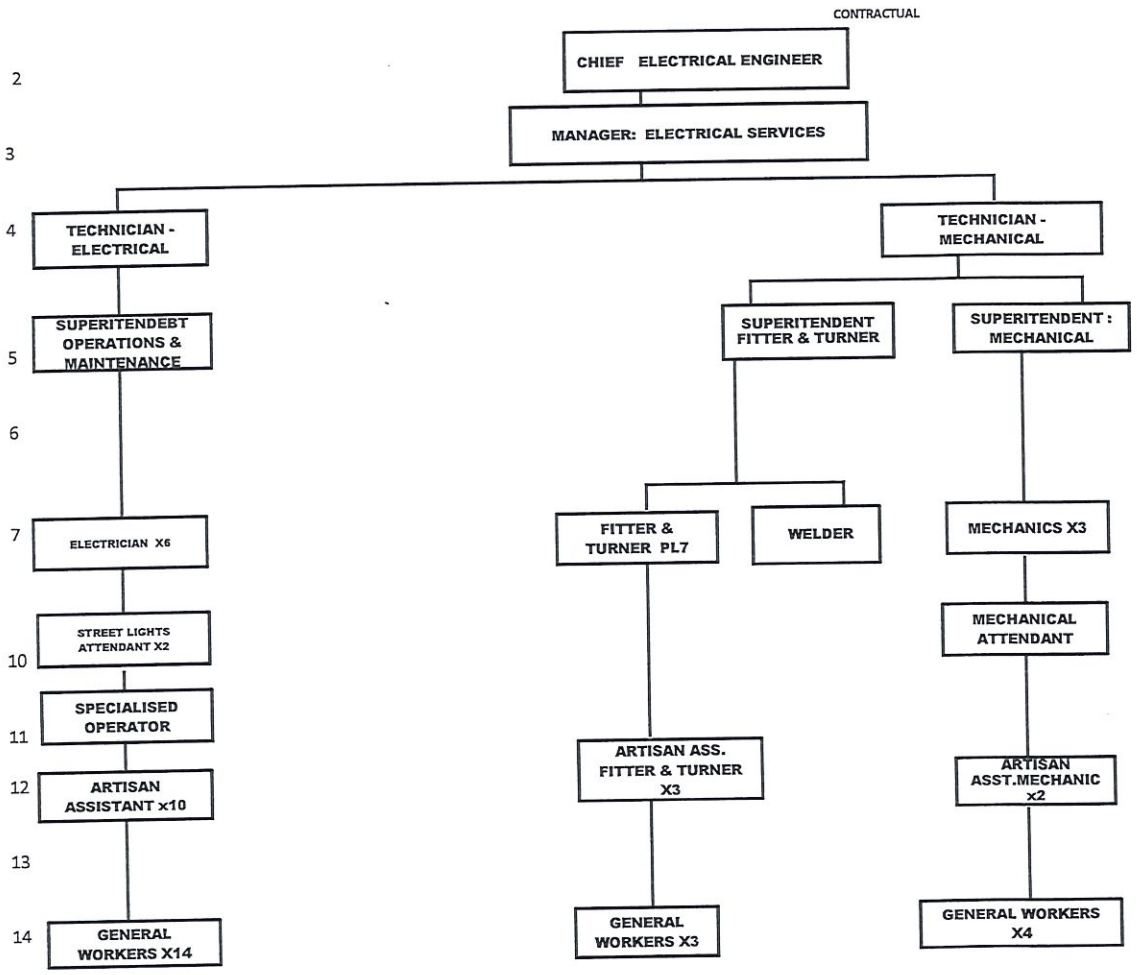
TOTAL POSITIONS = 5

DEPT OF TECHNICAL SERVICES



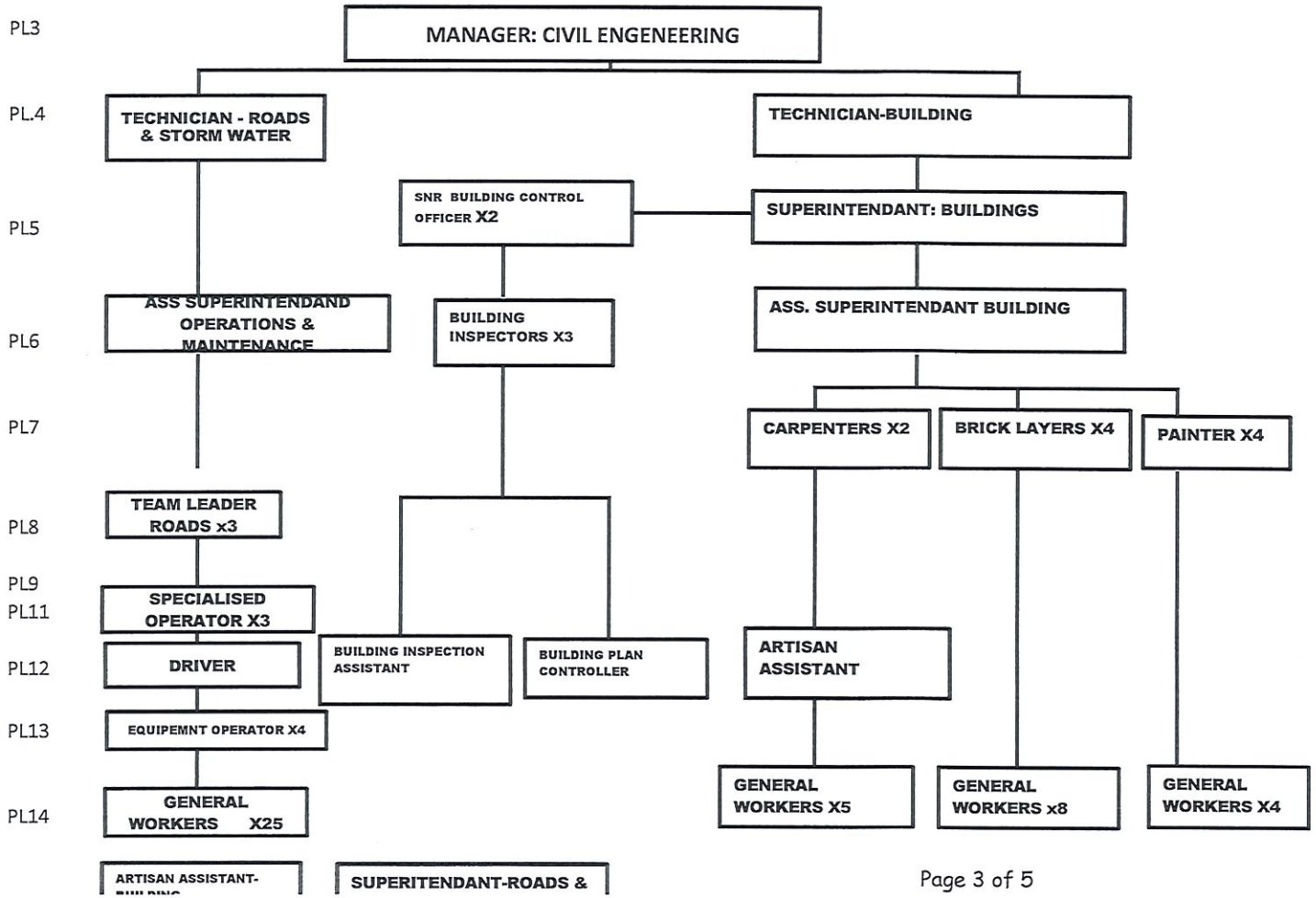
Total employees 5

ELECTRICAL & MECHANICAL DIVISION

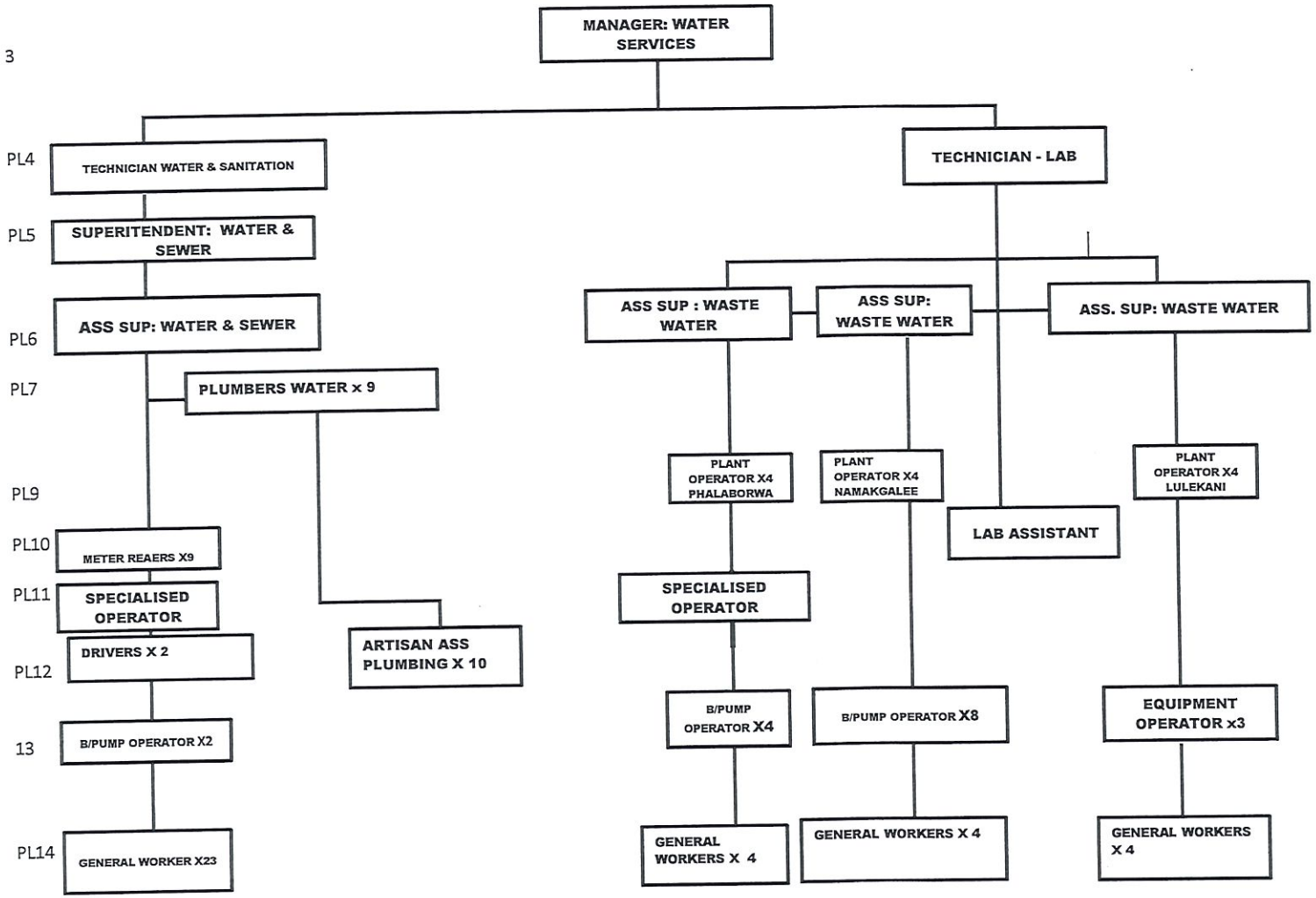


TOTAL POSITIONS 59

BUILDING, ROADS & STORM WATER

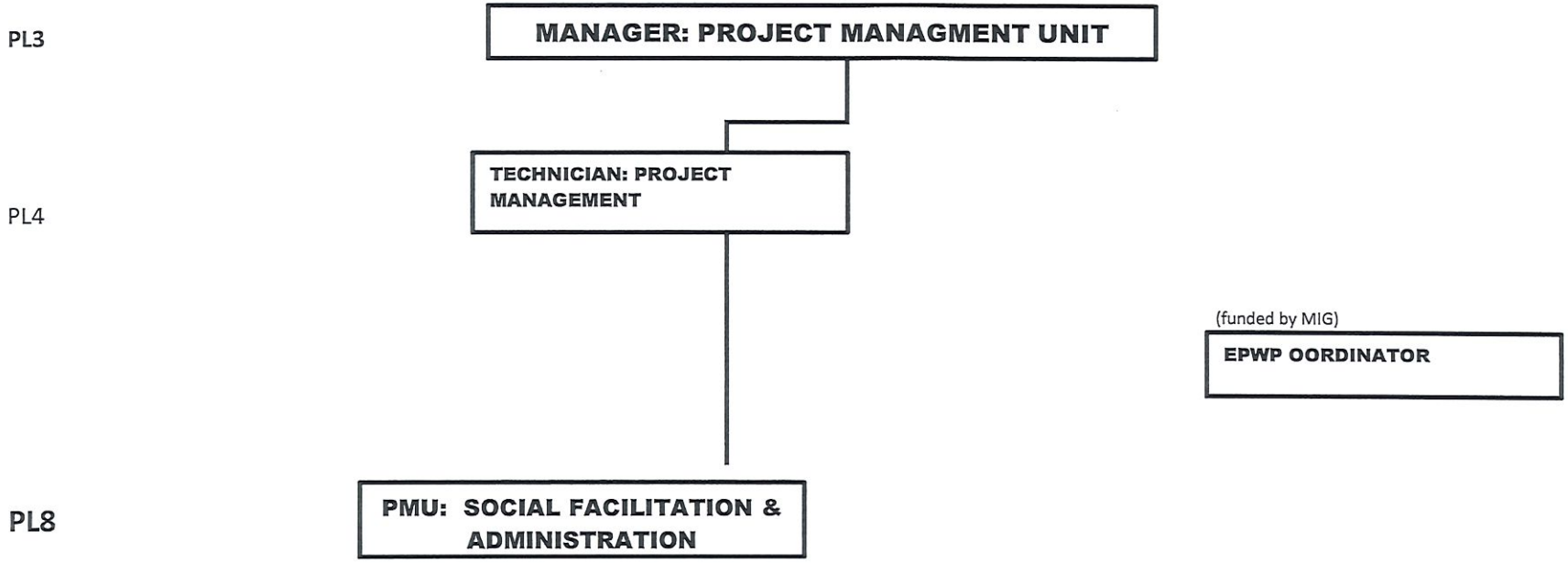


S



TOTAL POSITIONS 107

PROJECT MANAGEMENT UNIT



Total positions 4

24TH COUNCIL MEETING (VIRTUAL) HELD ON 30 JUNE 2020 AT 10H00

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
SPEAKER	E. HLUNGWANI	✓		
MAYOR	MM MALATJI	✓		
C/WHIP	DM RAPATSA	✓		
	SL MOHLALA	✓		
2	MM MALESA	✓		
16	T. NKUNA	✓		
18	MS MAGOMANE	✓		
	SP MASHUMU	✓		
11	SR DE BEER	✓		
1	NJ MAMPURU	✓		
3	PK MASHEGO	✓		
4	LM MATLALA	✓		
5	MJ VALOYI	✓		
6	ST MKANSI	✓		
7	KA PETA	✓		
8	TC MALATJIE	✓		
9	VM RAPATSA	✓		
10	SM SHAYI	✓		
13	KP MHLARHI	Apology		
14	EA MOKOENA-MASHELE	✓		
15	R MAKASELA	✓		
17	ME MOKGALAKA	✓		
	DR BAYANA	Apology		
	A. NGOBENI		✓	
	MMA MATHEBULA	✓		
	KO PILUSA	✓		
	NA SONO	✓		
	GH LAMOLA	✓		
	MS SEKWAKWA	✓		
	AN MMOLA	✓		
	TS NDHLOVU	Apology		
	Z. NDHLOVU		✓	
	B. RAMOTHWALA	✓		
	RJ MPHOGO	✓		
12	JA WILLIAMSON	✓		
	SK SHAYI	apology		

24TH COUNCIL MEETING (VIRTUAL) HELD ON 30 JUNE 2020 AT 10H00

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM	✓		
MR H. ZUNGU	SNR. MAN. (CSS)	✓		
MR HP MALULEKE	SNR. MAN.(P&D)	✓		
MR TJ MOGANO	CFO	✓		
MS SS MOKOENA	ACT. SNR MAN. (CORPS)	✓		
MR NOC MDUNGAZI	SNR. MAN. (TS)	✓		
MR CJ LOURENS	CHIEF ELECT. ENG.	✓		
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE	✓		
DR KKL PILUSA	MANAGER (MM)	✓		
MS L. TURBRIDGE	MANAGER (ADM)			
MR MT SEKWARI	MANAGER (RISK)	✓		
MR S. MASHALE	MANAGER (LEGAL)	✓		
MR JN MAHESU	SNR. COM. OFFICER	✓		
MS JJ VISSER	ADM OFFICER (COMMITTEES)	✓		
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				
MR KP RAVHUDZULO	CHAIRPERSON OF THE AUDIT COMMITTEE	✓		

24TH

~~41ST~~ COUNCIL MEETING HELD ON: 30TH JUNE 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
				✓
MS MI MOAKAMELA	MM			✓
MR H. ZUNGU	SNR. MAN. (CSS)			✓
MR HP MALULEKE	SNR. MAN.(P&D)			✓
MR TJ MOGANO	CFO			✓
MS SS MOKOENA	ACTING SNR MAN. (CORPS)			✓
MR NOC MDUNGAZI	SNR. MAN. (TS)			✓
MR CJ LOURENS	CHIEF ELECT. ENG.			✓
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			✓
DR KKL PILUSA	MANAGER (MM)			✓
MS L. TURBRIDGE	MANAGER (ADM)			✓
MR MT SEKWARI	MANAGER (RISK)			✓
MR S. MASHALE	MANAGER (LEGAL)			✓
MR JN MAHESU	SNR. COM. OFFICER			✓
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			✓
MS JJ VISSER	ADM OFFICER (COMMITTEES)			✓
MS L. KHOZA	MPAC RESEARCHER			X
OTHERS				
MR KP RAVHUDZULO	CHAIRPERSON OF THE AUDIT COMMITTE			✓

24TH ~~41ST~~ VIRTUAL COUNCIL MEETING HELD ON: 30TH JUNE 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			✓
SPEAKER	E. HLUNGWANI			✓
C/WHIP	DM RAPATSA			✓
	SL MOHLALA			✓
2	MM MALESA			✓
16	T. NKUNA			✓
18	MS MAGOMANE			✓
	SP MASHUMU			✓
11	SR DE BEER			✓
1	NJ MAMPURU			✓
3	PK MASHEGO			✓
4	LM MATLALA			?
5	MJ VALOYI			✓
6	ST MKANSI			✓
7	KA PETA			✓
8	TC MALATJIE			✓
9	VM RAPATSA			✓
10	SM SHAYI			✓
13	KP MHLARHI			APOLOGY
14	EA MOKOENA-MASHELE			✓
15	R MAKASELA			✓
17	ME MOKGALAKA			✓
	DR BAYANA			APOLOGY
	A. NGOBENI			✓
	MMA MATHEBULA			✓
	KO PILUSA			✓
	NA SONO			✓
	GH LAMOLA			✓
	MS SEKWAKWA			✓
	AN MMOLA			✓
	TS NDHLOVU			APOLOGY
	Z. NDHLOVU			?
	B. RAMOTHWALA			✓
	RJ MPHOGO			✓
12	JA WILLIAMSON			✓
	SK SHAYI			APOLOGY
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 15 June 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			✓
MR H. ZUNGU	SNR. MAN. (CSS)			✓
MR HP MALULEKE	SNR. MAN.(P&D)			✓
MR TJ MOGANO	CFO			✓
MS SS MOKOENA	ACTING SNR MAN. (CORPS)			✓
MR NOC MDUNGAZI	SNR. MAN. (TS)			✓
MR CJ LOURENS	CHIEF ELECT. ENG.			✓
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			✓
DR KKL PILUSA	MANAGER (MM)			✓
MS L. TURBRIDGE	MANAGER (ADM)			✓
MR MT SEKWARI	MANAGER (RISK)			✓
MR S. MASHALE	MANAGER (LEGAL)			✓
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			Apology.
MS JJ VISSER	ADM OFFICER (COMMITTEES)			✓
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				
M. Mahlo				✓

Special COUNCIL MEETING HELD ON: 15 June 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			✓
SPEAKER	E. HLUNGWANI			✓
C/WHIP	DM RAPATSA			✓
	SL MOHLALA			✓
2	MM MALESA			✓
16	T. NKUNA			✓
18	MS MAGOMANE			✓
	SP MASHUMU			Apology
11	SR DE BEER			✓
1	NJ MAMPURU			✓
3	PK MASHEGO			✓
4	LM MATLALA			✓
5	MJ VALOYI			✓
6	ST MKANSI			✓
7	KA PETA			✓
8	TC MALATJIE			
9	VM RAPATSA			✓
10	SM SHAYI			✓
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			Apology
15	R MAKASELA			
17	ME MOKGALAKA			
	DR BAYANA			✓
	A. NGOBENI			
	MMA MATHEBULA			✓
	KO PILUSA			✓
	NA SONO			✓
	GH LAMOLA			✓
	MS SEKWAKWA			
	AN MMOLA			✓
	TS NDHLOVU			✓
	Z. NDHLOVU			
	B. RAMOTHWALA			✓
	RJ MPHOGO			✓
12	JA WILLIAMSON			
	SK SHAYI			✓
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Virtual Meeting

Special COUNCIL MEETING HELD ON: 29 May 2020 @ 10h00

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			✓
MR H. ZUNGU Makhabuthi	SNR. MAN. (CSS)			✓ Apology
MR HP MALULEKE	SNR. MAN.(P&D)			✓
MR TJ MOGANO	CFO			✓
MS SS MOKOENA	ACT. SNR MAN. (CORPS)			✓
MR NOC MDUNGAZI	SNR. MAN. (TS)			✓
MR CJ LOURENS	CHIEF ELECT. ENG.			Apology
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			✓
DR KKL PILUSA	MANAGER (MM)			✓
MS L. TURBRIDGE	MANAGER (ADM)			✓
MR MT SEKWARI	MANAGER (RISK)			Apology
MR S. MASHALE	MANAGER (LEGAL)			✓
MR JN MAHESU	SNR. COM. OFFICER			✓
~~MR SE MTHOMBENI~~	~~SNR. ADMIN OFFICER~~ (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			✓
~~MS L. KHOZA~~	~~MPAC RESEARCHER~~			
OTHERS				
Makhabuthi				✓

Special COUNCIL MEETING HELD ON: 29 May 2020 @ 10h00

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			✓
SPEAKER	E. HLUNGWANI			✓
/WHIP	DM RAPATSA			✓
	SL MOHLALA			✓
2	MM MALESA			✓
16	T. NKUNA			✓
18	MS MAGOMANE			Apology
	SP MASHUMU			✓
11	SR DE BEER			Apology
1	NJ MAMPURU			✓
3	PK MASHEGO			✓
4	LM MATLALA			✓
5	MJ VALOYI			✓
6	ST MKANSI			✓
7	KA PETA			✓
8	TC MALATJIE			✓
9	VM RAPATSA			✓
10	SM SHAYI			✓
13	KP MHLARHI			✓
14	EA MOKOENA-MASHELE			✓
15	R MAKASELA			✓
17	ME MOKGALAKA			✓
				✓
	DR BAYANA			
	A. NGOBENI			✓
	MMA MATHEBULA			
	KO PILUSA			✓
	NA SONO			
	GH LAMOLA			✓
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			✓
	B. RAMOTHWALA			✓
	RJ MPHOGO			Apology
12	JA WILLIAMSON			✓
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			
	Rawhudzulu KP			✓

1st virtual meeting

Special COUNCIL MEETING HELD ON: 20 May 2020 @ 11h

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			✓
MR H. ZUNGU	SNR. MAN. (CSS)			✓
MR HP MALULEKE	SNR. MAN.(P&D)			✓
MR TJ MOGANO	CFO			✓
MS SS MOKOENA	ACT. SNR MAN. (CORPS)			✓
MR NOC MDUNGAZI	SNR. MAN. (TS)			✓
MR CJ LOURENS	CHIEF ELECT. ENG.			Apology
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			✓
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)			✓
MR MT SEKWARI	MANAGER (RISK)			✓
MR S. MASHALE	MANAGER (LEGAL)			✓
MR JN MAHESU	SNR. COM. OFFICER			✓
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			✓
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

1st Virtual meeting

Special COUNCIL MEETING HELD ON: 20 May 2020 @ 11h30

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			✓
SPEAKER	E. HLUNGWANI			✓
C/WHIP	DM RAPATSA			✓
	SL MOHLALA			✓
2	MM MALESA			✓
16	T. NKUNA			✓
18	MS MAGOMANE			✓
	SP MASHUMU			✓
11	SR DE BEER			Apology
1	NJ MAMPURU			✓
3	PK MASHEGO			✓
4	LM MATLALA			✓
5	MJ VALOYI			✓
6	ST MKANSI			✓
7	KA PETA			✓
8	TC MALATJIE			✓
9	VM RAPATSA			✓
10	SM SHAYI			✓
13	KP MHLARHI			✓
14	EA MOKOENA-MASHELE			✓
15	R MAKASELA			✓
17	ME MOKGALAKA			✓
	DR BAYANA			✓
	A. NGOBENI			✓
	MMA MATHEBULA			✓
	KO PILUSA			✓
	NA SONO			✓
	GH LAMOLA			✓
	MS SEKWAKWA			✓
	AN MMOLA			✓
	TS NDHLOVU			?
	Z. NDHLOVU			?
	B. RAMOTHWALA			?
	RJ MPHOGO			✓
12	JA WILLIAMSON			✓
	SK SHAYI			✓
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 26 March 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM	NO		
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO	NO		
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)		NO	
MR CJ LOURENS	CHIEF ELECT. ENG.			
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER		NO	
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 26 March 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA	NO		
16	T. NKUNA		NO	
18	MS MAGOMANE			
	SP MASHUMU			Apology
11	SR DE BEER			
1	NJ MAMPURU			
3	PK MASHEGO			
4	LM MATLALA			Apology
5	MJ VALOYI			
6	ST MKANSI			Apology
7	KA PETA			
8	TC MALATJIE			Apology
9	VM RAPATSA			
10	SM SHAYI			Absent
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			Absent
17	ME MOKGALAKA			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			
	KO PILUSA			Absent
	NA SONO			Apology
	GH LAMOLA			Apology
	MS SEKWAKWA			Apology
	AN MMOLA			Apology
	TS NDHLOVU			Apology
	Z. NDHLOVU			Apology
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 28 February 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		NO	
MR H. ZUNGU	SNR. MAN. (CSS)		NO	
MR HP MALULEKE	SNR. MAN.(P&D)		No	
MR TJ MOGANO	CFO			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)		NO	
MR NOC MDUNGAZI	SNR. MAN. (TS)		NO	
MR CJ LOURENS	CHIEF ELECT. ENG.		No	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	L. TurBridge
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		NO	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 28 February 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA			
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE			Apology
	SP MASHUMU			
11	SR DE BEER		NO	
1	NJ MAMPURU			Apology
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			Absent
8	TC MALATJIE			
9	VM RAPATSA			Apology
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
	DR BAYANA			
	A. NGOBENI			Absent
	MMA MATHEBULA			
	KO PILUSA			
	NA SONO			
	GH LAMOLA			Apology
	MS SEKWAKWA			
	AN MMOLA			Absent
	TS NDHLOVU			Absent
	Z. NDHLOVU			Absent
	B. RAMOTHWALA			
	RJ MPHOGO			Apology
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 6 February 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		NO	
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)		No	
MR TJ MOGANO	CFO		No	
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)		Y	
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.		No	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)		no	
MR JN MAHESU	SNR. COM. OFFICER		NO	
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		NO	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 6 February 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA			Apology
2	MM MALESA		NO	
16	T. NKUNA		No	
18	MS MAGOMANE		NO	
	SP MASHUMU		NO	
11	SR DE BEER			Apology
1	NJ MAMPURU		No	
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			Apology
8	TC MALATJIE		No.	
9	VM RAPATSA			Apology
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			
	KO PILUSA			
	NA SONO			
	GH LAMOLA			Apology
	MS SEKWAKWA			Apology
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			Apology
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

2,3rd COUNCIL MEETING HELD ON: 30 January 2020

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			
MR H. ZUNGU	SNR. MAN. (CSS)		NO	Apology
MR HP MALULEKE	SNR. MAN.(P&D)			Quorum (Acting)
MR TJ MOGANO	CFO		NO	
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
CJ LOURENS	CHIEF ELECT. ENG.			Apology
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE		NO	
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	L. Turbridge
MR MT SEKWARI	MANAGER (RISK)		No	
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			Apology
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		NO	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
S L. KHOZA	MPAC RESEARCHER			
OTHERS				
Motsoaledi NS	ACSS		NO	
Rankhuzulo KP	AC Chairperson		NO	
Mudau H.D	AGSA		NO	

23rd COUNCIL MEETING HELD ON: 30 January 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			
SPEAKER	E. HLUNGWANI			Apolo
C/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE		NO	
	SP MASHUMU		NO	
11	SR DE BEER		NO	
1	NJ MAMPURU			
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			Presc
7	KA PETA			Presc
8	TC MALATJIE			Peta K.A
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
	DR BAYANA			
	A. NGOBENI			Apolo
	MMA MATHEBULA			Presc
	KO PILUSA			
	NA SONO			Presen
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			Apolog
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 28 January 2020

AME FFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MI MOAKAMELA	MM			Apology
H. ZUNGU	SNR. MAN. (CSS)			Apology
HP MALULEKE	SNR. MAN.(P&D)			Apology
TJ MOGANO	CFO		✓	(Acting) Apology
PF NOGILANA-PHELA	SNR MAN. (CORPS)		✓	
NOC MDUNGAZI	SNR. MAN. (TS)			Apology
CJ LOURENS	CHIEF ELECT. ENG.			Apology
MM MAKHONGELA	CHIEF AUDIT EXECUTIVE		✓	
KKL PILUSA	MANAGER (MM)			
L. TURBRIDGE	MANAGER (ADM)		✓	L. Turbridge
MT SEKWARI	MANAGER (RISK)			
S. MASHALE	MANAGER (LEGAL)			Present
JN MAHESU	SNR. COM. OFFICER			
SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		N/A.	
JJ VISSER	ADM OFFICER (COMMITTEES)		a	
L. KHOZA	MPAC RESEARCHER			
HERS				
Boxabo N.S	ASMCSS		None	
DIOPE S	MANAGER: CIVIL ENG			

Special COUNCIL MEETING HELD ON: 28 January 2020

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO.	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA			
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE		NO	
	SP MASHUMU			
11	SR DE BEER			Absent
1	NJ MAMPURU			
3	PK MASHEGO	x		
4	LM MATLALA			go
5 P	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
~~19~~	~~PS DIKGALE~~			
	DR BAYANA			
	A. NGOBENI			Apology
	MMA MATHEBULA			
	KO PILUSA			Apology
	NA SONO			
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			Apology
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			Apology
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 19 December 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA		NO	
	SL MOHLALA			
2	MM MALESA		NO	
16	T. NKUNA			
18	MS MAGOMANE			Present
	SP MASHUMU			
11	SR DE BEER			
1	NJ MAMPURU			Absent
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			Apology
7	KA PETA			Absent
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			Absent
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			
	KO PILUSA			Apology
	NA SONO			
	GH LAMOLA			
	MS SEKWAKWA			Absent
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			
	B. RAMOTHWALA			Absent
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special Exco 19 December 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)	NO		
MR TJ MOGANO (Seconded)	CFO	NO		
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.		NO	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE		NO	
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE (TIMKANI)	MANAGER (ADM)			
MR MT SEKWARI	MANAGER (RISK)		No	
MR S. MASHALE	MANAGER (LEGAL)		NO	
MR JN MAHESU (Tom Matiebuka)	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				
MR H BEZUIDENHOUT	ACTING SNR MAN CSS			

22nd COUNCIL MEETING HELD ON: 28 November 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM A			Apology
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO O. Ndzimande (act)			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.		No	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	L Turbridge
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		No	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

2nd COUNCIL MEETING HELD ON: 28/November 2019.

	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
R	MM MALATJI			Present
ER	E. HLUNGWANI			
P	DM RAPATSA			
	SL MOHLALA			
	MM MALESA		No	
	T. NKUNA		No	
	MS MAGOMANE	—	—	
	SP MASHUMU			
	SR DE BEER	—	—	
	NJ MAMPURU			Apology
	PK MASHEGO			
	LM MATLALA			
	MJ VALOYI			
	ST MKANSI			
	KA PETA			
	TC MALATJIE			
	VM RAPATSA			
	SM SHAYI			
	KP MHLARHI			
	EA MOKOENA-MASHELE			
	R MAKASELA			
	ME MOKGALAKA			
	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			
	KO PILUSA			
	NA SONO			
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			Absent
	TS NDHLOVU			
	Z. NDHLOVU			
	B. RAMOTHWALA			
	RJ MPHOGO			
	JA WILLIAMSON			Apology
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 19 November 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM			
MR H. ZUNGU	SNR. MAN. (CSS)		X	
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.		No.	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE		No	
DR KKL PILUSA	MANAGER (MM)		No	
MS L. TURBRIDGE	MANAGER (ADM)		No	L. Turbridge
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		No	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 19 November 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		No	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE			Apology
	SP MASHUMU			
11	SR DE BEER			
1	NJ MAMPURU			
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			
	KO PILUSA			
	NA SONO			
	GH LAMOLA			Absent
	MS SEKWAKWA			Absent
	AN MMOLA			Absent
	TS NDHLOVU			Absent
	Z. NDHLOVU			
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			Apology
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 27 November 2014

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		No	
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)		No	
MR TJ MOGANO	CFO			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)		X	
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.			
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			Apology
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)			
MR MT SEKWARI	MANAGER (RISK)			Apology
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				
Bokwabupi DJS	SM CSS		X	
Mabotseng TJ			No	
Nelate RL	Chief Internal Auditor		No	

Special COUNCIL MEETING HELD ON: 5 November 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA			
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE			Apology
	SP MASHUMU		No	
11	SR DE BEER			Apology
1	NJ MAMPURU		No	
3	PK MASHEGO	Yes		
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			Apology
7	KA PETA		NO	
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			Apology
13	KP MHLARHI			Apology
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			Apology
	KO PILUSA			
	NA SONO			
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			Apology
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Makhubalo

21st COUNCIL MEETING HELD ON: 30 October 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		no.	
MR H. ZUNGU	SNR. MAN. (CSS)			
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)		X	
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.			
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		NO	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

21st COUNCIL MEETING HELD ON: 30 October 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA			Present
16	T. NKUNA			Apology
18	MS MAGOMANE			
	SP MASHUMU			
11	SR DE BEER			
1	NJ MAMPURU			Late
3	PK MASHEGO			
4	LM MATLALA			Absent
5	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			Late
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			Apology
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			Apology
	DR BAYANA			
	A. NGOBENI			Absent
	MMA MATHEBULA			
	KO PILUSA			Present
	NA SONO			
	GH LAMOLA			Present
	MS SEKWAKWA			
	AN MMOLA			Absent
	TS NDHLOVU			Apology
	Z. NDHLOVU			
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			Apology
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 4 October 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		NO	
MR H. ZUNGU	SNR. MAN. (CSS)		NO	
MR HP MALULEKE	SNR. MAN.(P&D)		NO	
MR TJ MOGANO	CFO			
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)		NO	
MR NOC MDUNGAZI	SNR. MAN. (TS)			Apology
MR CJ LOURENS	CHIEF ELECT. ENG.		No	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)		NO	
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 4 October 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
PEAKER	E. HLUNGWANI			
/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA			Present
16	T. NKUNA			Present
18	MS MAGOMANE			Present
	SP MASHUMU			
11	SR DE BEER			Apology
1	NJ MAMPURU			
3	PK MASHEGO			
4	LM MATLALA			Apology
5	MJ VALOYI			
6	ST MKANSI			Absent
7	KA PETA			Apology
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA		NO.	
	KO PILUSA			
	NA SONO			Absent
	GH LAMOLA			Apology
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			
	Z. NDHLOVU			
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

20th COUNCIL MEETING HELD ON: 28th August 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM	None		
MR H. ZUNGU	SNR. MAN. (CSS)	NONE		
MR HP MALULEKE	SNR. MAN.(P&D)		Ok	
MR TJ MOGANO	CFO	NONE	B	
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.	N		
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE	N	No	
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		No	L. Turbridge
MR MT SEKWARI	MANAGER (RISK)		No	
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER			
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				
ADV. LJ NEVONDWE	AUDIT COMMITTEE	NONE		

20th COUNCIL MEETING HELD ON: 28th August 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI		NO	
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA		NO	
2	MM MALESA		NO	
16	T. NKUNA		NO	
18	MS MAGOMANE			
	SP MASHUMU			
11	SR DE BEER			
1	NJ MAMPURU		NO	
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			
7	KA PETA			
8	TC MALATJIE			
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			Absent
	MMA MATHEBULA			
	KO PILUSA			Apology
	NA SONO			Apology
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			Apology
	Z. NDHLOVU			
	B. RAMOTHWALA			
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			Apology A.O
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

19th COUNCIL MEETING HELD ON: 31 July 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		NO	
MR H. ZUNGU	SNR. MAN. (CSS)		NO	
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO		Y	
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
MR CJ LOURENS	CHIEF ELECT. ENG.		Y	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE		Y	
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)			
MR MT SEKWARI	MANAGER (RISK)			
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER		NO	
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

19th COUNCIL MEETING HELD ON: 31 July 2019

WARD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MAYOR	MM MALATJI			Present
SPEAKER	E. HLUNGWANI			
C/WHIP	DM RAPATSA			
	SL MOHLALA			Apology
2	MM MALESA		No	
16	T. NKUNA		No	
18	MS MAGOMANE			Present
	SP MASHUMU			
11	SR DE BEER			
1	NJ MAMPURU			
3	PK MASHEGO			
4	LM MATLALA			
5	MJ VALOYI			
6	ST MKANSI			Absent
7	KA PETA			
8	TC MALATJIE			Absent
9	VM RAPATSA			
10	SM SHAYI			
13	KP MHLARHI			
14	EA MOKOENA-MASHELE			
15	R MAKASELA			
17	ME MOKGALAKA			Absent
19	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			
	MMA MATHEBULA			Mathebula
	KO PILUSA			
	NA SONO			
	GH LAMOLA			
	MS SEKWAKWA			
	AN MMOLA			
	TS NDHLOVU			Apology
	Z. NDHLOVU			
	B. RAMOTHWALA			Ramothwala
	RJ MPHOGO			
12	JA WILLIAMSON			
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Special COUNCIL MEETING HELD ON: 15 July 2019

NAME (OFFICIALS)	POSITION	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
MS MI MOAKAMELA	MM		NO	
MR H. ZUNGU	SNR. MAN. (CSS)		NO	
MR HP MALULEKE	SNR. MAN.(P&D)			
MR TJ MOGANO	CFO	No	No	
MS PF NOGILANA-RAPHELA	SNR MAN. (CORPS)			
MR NOC MDUNGAZI	SNR. MAN. (TS)			
CJ LOURENS	CHIEF ELECT. ENG.		X	
MS MM MAKHONGELA	CHIEF AUDIT EXECUTIVE			
DR KKL PILUSA	MANAGER (MM)			
MS L. TURBRIDGE	MANAGER (ADM)		X	
MR MT SEKWARI	MANAGER (RISK)		X	
MR S. MASHALE	MANAGER (LEGAL)			
MR JN MAHESU	SNR. COM. OFFICER		X	
MR SE MTHOMBENI	SNR. ADMIN OFFICER (COMMITTEES)			
MS JJ VISSER	ADM OFFICER (COMMITTEES)			
MS L. KHOZA	MPAC RESEARCHER			
OTHERS				

Special COUNCIL MEETING HELD ON: 15 July 2019

RD	NAME (COUNCILLORS)	DECLARATION OF INTEREST (YES)	(NO)	SIGNATURE
OR	MM MALATJI		NO	
KER	E. HLUNGWANI			
HIP	DM RAPATSA			
	SL MOHLALA			Present
	MM MALESA		NO	
5	T. NKUNA		NO	
3	MS MAGOMANE			Apology
	SP MASHUMU			Present
1	SR DE BEER	NO	NO	
	NJ MAMPURU			
	PK MASHEGO			
	LM MATLALA			
	MJ VALOYI			
	ST MKANSI			Absent
	KA PETA			
	TC MALATJIE			Absent
	VM RAPATSA			
0	SM SHAYI			
3	KP MHLARHI			
4	EA MOKOENA-MASHELE			Apology
5	R MAKASELA			Apology
7	ME MOKGALAKA			
9	PS DIKGALE			
	DR BAYANA			
	A. NGOBENI			Apology
	MMA MATHEBULA			Absent
	KO PILUSA			
	NA SONO			
	GH LAMOLA			
	~~NB MAAKE~~			Absent
	AN MMOLA			
	TS NDHLOVU			Apology
	Z. NDHLOVU			Absent
	B. RAMOTHWALA			
	RJ MPHOGO			
.2	JA WILLIAMSON			Absent
	SK SHAYI			
	CHIEF SELWANA			
	CHIEF MASHISHIMALE			
	CHIEF MASEKE			
	CHIEF MAJEJE			
	CHIEF MAKHUSHANE			

Ba-Phalaborwa Local Municipality
(Registration number LIM334)
Annual Financial Statements
for the year ended 30 June 2020
Published 31 October 2020

General Information

Nature of business and principal activities	Local government institution in the Mopani District, Limpopo
Mayoral committee	
Mayor	Cllr. MM Malatji
Speaker	Cllr. E Hlungwane
Chief Whip	Cllr. D Rapatsa
Executive Committee Members	Cllr. S L Mohlala - EXCO member
	Cllr. T Nkuna - EXCO member
	Cllr. M S Magomane - EXCO member
	Cllr. S R De Beer - EXCO member
	Cllr. M M Malesa - EXCO member
	Cllr. S P Mashumu - EXCO member
Councillors	Cllr. KO Pilusa - MPAC Chairperson
	Cllr. R Makasela
	Cllr. KA Peta
	Cllr. KP Mhlarhi
	Cllr. ST Mkanzi
	Cllr. B Ramothwala
	Cllr. NJ Mampuru
	Cllr. ME Mokgalaka
	Cllr. Z Ndlovu
	Cllr. EA Mokoena
	Cllr. PK Mashego
	Cllr. LM Matlala
	Cllr. TC Malatjie
	Cllr. PS Dikgale (Deceased)
	Cllr. TS Ndlovu
	Cllr. GH Lamola
	Cllr. A Ngobeni
	Cllr. MRS Williamson
	Cllr. SM Shayi
	Cllr. DR Bayana
	Cllr. MMA Mathebula
	Cllr. RJ Mphogo
	Cllr. NB Maake (Resigned)
	Cllr. MJ Valoyi
	Cllr. SK Shai
	Cllr. AN Mmola
	Cllr. VM Rapatsa
	Cllr. MS Sekwakwa
Grading of local authority	Grade 3
Accounting Officer	Moakamela MI
Chief Finance Officer (CFO)	Mogano TJ
Registered office	Civic Centre, Nelson Mandela Drive Phalaborwa 1390

General Information

Business address	Civic Centre Nelson Mandela Drive Phalaborwa 1390
Postal address	Ba-Phalaborwa Municipality Private Bag 01020 Phalaborwa 1390
Bankers	Standard Bank of South Africa ABSA Bank
Auditors	Auditor-General South Africa
Attorneys	Masengane KE Attorneys Isaiah Nyathi Attorneys Thomas & Swanepoel Inc Mathonsi Attorneys Sikhitha Daniels & Associates Ngcingwana Inc Bernhard Van Der Hoven Gerhard Wagenaar Rapela Inc Attorneys Kgohlishi Abie Mamabolo Incorporated Kgatla Attorneys Maboka Mangena Attorneys Mahowa Inc Attorneys Mahumani Inc Maponya Inc Matabane Inc Mohale Incorporated Verveen Attorneys Chidi Attorneys
Published	31 October 2020
Audit Committee Members	Ravhudzulo KP CA(SA) - Chairperson Adv Nevondwe LT - Member Mangoma L - Member Ngobeni SAB - Member

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

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position despite the impact of the Covid-19 pandemic, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing 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 5.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 October 2020 and were signed on its behalf by:

Moakamela MI

Phalaborwa

Saturday, 31 October 2020

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

2. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus (deficit) of R 594 543 781 and that the municipality's total assets exceed its total liabilities by R 632 616 223.

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

These accounting policies are consistent with the previous reporting perio

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Moakamela MI	South African

6. Auditors

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

Statement of Financial Position as at 30 June 2020

	Note(s)	2020 R	2019 Restated* R
Assets			
Current Assets			
Inventories	9	15 981 352	273 042 383
Receivables from non-exchange transactions	10&13	71 678 870	32 759 414
VAT receivable	11	-	1 625 545
Consumer debtors	12	62 173 421	37 388 455
Cash and cash equivalents	14	54 987 291	36 025 670
		204 820 934	**380 841 467**
Non-Current Assets			
Biological assets that form part of an agricultural activity	3	135 859	155 751
Investment property	4	480 399 000	215 068 571
Property, plant and equipment	5	750 598 954	809 587 355
Intangible assets	6	165 709	96 170
Heritage assets	7	317 000	317 000
		1 231 616 522	**1 025 224 847**
Total Assets		**1 436 437 456**	**1 406 066 314**
Liabilities			
Current Liabilities			
Other financial liabilities	18	13 578 588	12 330 042
Finance lease obligation	16	667 022	461 414
Payables from exchange transactions	20	543 624 873	329 259 271
VAT payable	21	3 698 215	-
Consumer deposits	22	4 339 318	4 240 625
Employee benefit obligation	8	903 202	1 107 000
Unspent conditional grants and receipts	17	15 058 376	4 244 051
Provisions	19	534 730	3 375 213
		582 404 324	**355 017 616**
Non-Current Liabilities			
Other financial liabilities	18	83 473 576	100 517 792
Finance lease obligation	16	140 979	634 859
Employee benefit obligation	8	33 461 695	38 752 000
Provisions	19	104 340 659	101 162 205
		221 416 909	**241 066 856**
Total Liabilities		**803 821 233**	**596 084 472**
Net Assets		**632 616 223**	**809 981 842**
Reserves			
Revaluation reserve	15	38 072 442	38 072 442
Accumulated surplus		594 543 781	771 909 400
Total Net Assets		**632 616 223**	**809 981 842**

* See Note 52

Statement of Financial Performance for the year ended 30 June 2020

	Note(s)	2020 R	2019 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	24	150 251 535	110 692 529
Rental of facilities and equipment	25	430 016	655 349
Agency services	27	6 015 271	5 743 618
Licences and permits	28	2 645 086	2 826 148
Other income	30	1 813 550	67 569 784
Interest revenue	31	30 774 651	23 103 037
Fair value adjustments	43	8 926 537	58 795 122
Actuarial gains	8	11 521 045	9 763 098
Total revenue from exchange transactions		**212 377 691**	**279 148 685**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	32	141 850 344	110 617 437
Transfer revenue			
Government grants & subsidies	33	182 872 154	184 634 386
Public contributions and donations	34	-	2 282 308
Fines, Penalties and Forfeits	26	864 248	2 087 641
Other transfer revenue	23	162 985	2 599
Total revenue from non-exchange transactions		**325 749 731**	**299 624 371**
Total revenue	23	**538 127 422**	**578 773 056**
Expenditure			
Employee related costs	35	(149 717 714)	(142 284 245)
Remuneration of councillors	36	(17 743 167)	(15 016 612)
Depreciation and amortisation	37	(74 785 298)	(74 076 280)
Impairments of debtors	38	(89 888 366)	(120 867 995)
Finance costs	39	(8 084 189)	(15 034 628)
Bulk purchases	40	(84 703 814)	(77 376 382)
Contracted services	41	(33 710 940)	(26 474 610)
Loss on disposal of assets and liabilities		(17 250 302)	(36 554)
Inventories losses/write-downs	9.1	(1 675 310)	(424 134)
General Expenses	42	(79 904 773)	(85 098 428)
Total expenditure		**(557 463 873)**	**(556 689 868)**
(Deficit) surplus for the year		**(19 336 451)**	**22 083 188**

* See Note 52

Statement of Changes in Net Assets for the year ended 30 June 2020

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 July 2018	**38 072 442**	**707 918 702**	**745 991 144**
Changes in net assets			
Surplus for the year	-	22 083 188	22 083 188
Correction of error 2018	-	41 907 510	41 907 510
Total changes	-	63 990 698	63 990 698
Opening balance as previously reported	38 072 442	716 539 215	754 611 657
Adjustments			
Correction of errors	-	(102 658 983)	(102 658 983)
Restated* Balance at 01 July 2019 as restated*	**38 072 442**	**613 880 232**	**651 952 674**
Changes in net assets			
Surplus for the year	-	(19 336 451)	(19 336 451)
Total changes	-	(19 336 451)	(19 336 451)
Balance at 30 June 2020	**38 072 442**	**594 543 781**	**632 616 223**
Note(s)	15		

* See Note 52

Cash Flow Statement for the year ended 30 June 2020

	Note(s)	2020 R	2019 Restated* R
Cash flows from operating activities			
Receipts			
Agency fees		6 014 756	6 605 161
Service revenue		108 501 714	115 753 891
Grants		198 162 505	187 536 951
Interest income		2 967 703	2 334 669
Rates		61 447 643	59 867 561
Water and sewerage		87 999 972	76 426 992
Traffic fines		858 488	429 671
Other income		5 245 231	6 423 632
		471 228 616	455 378 528
Payments			
Employee costs		(149 717 714)	(136 673 421)
Remuneration of councillors		(17 743 167)	(15 016 612)
Finance costs		(291 399)	(25 215)
Suppliers and other payments		(229 621 140)	(212 323 023)
		(397 373 420)	(364 038 271)
Net cash flows from operating activities	45	**73 824 592**	**91 340 257**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(30 774 699)	(52 275 343)
Proceeds from sale of property, plant and equipment	5	-	(36 554)
Purchases of heritage assets	7	-	(317 000)
Proceeds from sale of biological assets that form part of an agricultural activity	3	-	36 554
Net cash flows from investing activities		**(30 774 699)**	**(52 592 343)**
Cash flows from financing activities			
Repayment of other financial liabilities		(23 800 000)	(11 537 747)
Finance lease payments		(288 272)	1 005 282
Net cash flows from financing activities		**(24 088 272)**	**(10 532 728)**
Net increase/(decrease) in cash and cash equivalents		**18 961 621**	**28 215 186**
Cash and cash equivalents at the beginning of the year		36 025 670	7 810 484
Cash and cash equivalents at the end of the year	14	**54 987 291**	**36 025 670**

* See Note 52

Statement of Comparison of Budget and Actual Amounts for the Year Ended

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	159 709 793	-	**159 709 793**	150 251 535	**(9 458 258)**	
Rental of facilities and equipment	553 888	-	**553 888**	430 016	**(123 872)**	
Agency services	-	-	**-**	6 015 271	**6 015 271**	
Licences and permits	-	-	**-**	2 645 086	**2 645 086**	
Other income	2 000 498	-	**2 000 498**	1 813 550	**(186 948)**	
Licences and permits	13 124 058	-	**13 124 058**	-	**(13 124 058)**	
Agency fees	2 992 189	-	**2 992 189**	-	**(2 992 189)**	
Interest received - outstanding debtors	70 033 938	-	**70 033 938**	30 774 651	**(39 259 287)**	
Interest received - investment	2 202 135	-	**2 202 135**	-	**(2 202 135)**	
Total revenue from exchange transactions	**250 616 499**	**-**	**250 616 499**	**191 930 109**	**(58 686 390)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	139 526 002	-	**139 526 002**	141 850 344	**2 324 342**	
Transfer revenue						
Government grants & subsidies	156 352 300	298 000	**156 650 300**	182 872 154	**26 221 854**	
Fines, Penalties and Forfeits	499 060	-	**499 060**	864 248	**365 188**	
Other transfer revenue 2	-	-	**-**	162 985	**162 985**	
Total revenue from non-exchange transactions	**296 377 362**	**298 000**	**296 675 362**	**325 749 731**	**29 074 369**	
Total revenue	**546 993 861**	**298 000**	**547 291 861**	**517 679 840**	**(29 612 021)**	
Expenditure						
Personnel	(158 214 468)	-	**(158 214 468)**	(149 717 714)	**8 496 754**	
Remuneration of councillors	(18 868 469)	-	**(18 868 469)**	(17 743 167)	**1 125 302**	
Depreciation and amortisation	(75 358 107)	-	**(75 358 107)**	(74 785 298)	**572 809**	
Impairment loss/ Reversal of impairments	(33 338 483)	-	**(33 338 483)**	(89 888 366)	**(56 549 883)**	
Finance costs	(575 309)	-	**(575 309)**	(8 084 189)	**(7 508 880)**	
Bulk purchases	(100 992 000)	-	**(100 992 000)**	(84 703 814)	**16 288 186**	
Contracted Services	(51 139 810)	-	**(51 139 810)**	(33 710 940)	**17 428 870**	
General Expenses	(95 243 247)	-	**(95 243 247)**	(79 904 773)	**15 338 474**	
Other material	(2 449 053)	-	**(2 449 053)**	-	**2 449 053**	
Total expenditure	**(536 178 946)**	**-**	**(536 178 946)**	**(538 538 261)**	**(2 359 315)**	
Operating deficit	**10 814 915**	**298 000**	**11 112 915**	**(20 858 421)**	**(31 971 336)**	
Loss on disposal of assets and liabilities	-	-	**-**	(17 250 302)	**(17 250 302)**	
Fair value adjustments	-	-	**-**	8 926 537	**8 926 537**	
Actuarial gains/losses	-	-	**-**	11 521 045	**11 521 045**	
Inventories losses/write-downs	-	-	**-**	(1 675 310)	**(1 675 310)**	
	-	**-**	**-**	**1 521 970**	**1 521 970**	
Deficit before taxation	**10 814 915**	**298 000**	**11 112 915**	**(19 336 451)**	**(30 449 366)**	

Statement of Comparison of Budget and Actual Amounts for the Year Ended

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**10 814 915**	**298 000**	**11 112 915**	**(19 336 451)**	**(30 449 366)**	

Reconciliation

Accounting Policies

	Note(s)	2020 R	2019 R

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 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.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. The important is measured as the difference between the debtors carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

The important is measured as the difference between the debtors carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Contingent provisions on entity combinations

Contingencies recognised in the current year required estimates and judgments, refer to note on entity combinations.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Allowance for doubtful debts

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

1.5 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.6 Investment property

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

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

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

Accounting Policies

1.6 Investment property (continued)

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

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

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

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

Fair value

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

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

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

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

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

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.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

1.7 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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years
Infrastructure	Straight-line	2 - 100 years
Community	Straight-line	5 - 100 years
Other property, plant and equipment	Straight-line	3 - 20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Accounting Policies

1.7 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.9 Intangible assets

An asset is identifiable if it either:

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

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

Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

- 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 intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Accounting Policies

1.10 Heritage assets (continued)

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

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

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

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.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.11 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Accounting Policies

1.11 Financial instruments (continued)

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Accounting Policies

1.11 Financial instruments (continued)

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity 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
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
VAT receivable	Financial liability measured at amortised cost
Other financial liability	Financial liability measured at fair value

Accounting Policies

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

Operating leases - lessee

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

1.13 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.

Accounting Policies

1.13 Inventories (continued)

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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 was tested for impairment before the end of the current reporting period.

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 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 entity estimates the recoverable amount of that asset.

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

Accounting Policies

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also 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 was tested for impairment before the end of the current reporting period.

Value in use

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

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

Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

The municipality 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.

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

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

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

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

Accounting Policies

1.16 Employee benefits (continued)

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

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

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity 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 municpality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity 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 entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

Accounting Policies

1.16 Employee benefits (continued)

Insured benefits

Where the entity pays insurance premiums to fund a post-employment benefit plan, the municipality treats such a plan as a defined contribution plan unless the municipality will have (either directly or indirectly through the plan) a legal or constructive obligation to either:

- pay the employee benefits directly when they fall due; or
- pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods.

If the municipality retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality 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, an 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.

Accounting Policies

1.16 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.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipaliy to reimburse it for employee benefits already paid.

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity 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 entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

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

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

The amount determined as a defined benefit liability may be negative (an asset). The municipality 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.

Accounting Policies

1.16 Employee benefits (continued)

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;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] 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.

Accounting Policies

1.16 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.16 Employee benefits (continued)

Termination benefits

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

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

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

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

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

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

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

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

Accounting Policies

1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.17 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.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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

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

1.18 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

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

Accounting Policies

1.19 Revenue from exchange transactions (continued)

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Accounting Policies

1.19 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.20 Revenue from non-exchange transactions

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

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

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

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

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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

Apart from Services in kind, which are not recognised, 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.

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.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.21 Investment income

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

1.22 Borrowing costs

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

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

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Accounting Policies

1.24 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.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

1.27 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.28 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.29 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Accounting Policies

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.31 Land inventory

Initial recognition and measurement.

Land inventory is a tangible asset that is held for sale or distribution in the ordinary course of operations.

Land inventory shall be recognised as an asset if and only if
- it is probable that future economic benefits or service potential associated with the item will flow tothe municipality; and
- the cost of the land inventory can be measured reliably..

Inventories that qualify for recognition as assets is initially measured at cost. Inventories are measured at the lower of cost and current replacement cost. When inventories are acquired at no cost, or for nominal consideration, their costs is its fair value as at the date of acquisition.

Subsequent measurement

Inventories are measured at the lower of cost or current replacement cost where they are held for distribution at no charge or for a nominal charge.

Land registered in the name of the municiaplity earmarked for human settlements at a fee and where there is no uncertainty regarding date of release is classified as land inventory held for sale

1.32 Value Added Taxation

The municipality accounts for value added taxation on the payment basis.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

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 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the is not yet set by the Minister of Finance.

The municipality has adopted the for the first time when the Minister sets the effective date for the .

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The municipality has adopted the guideline for the first time in the 2018/2020 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

Notes to the Annual Financial Statements for the year ended 30 June 2020

2. New standards and interpretations (continued)

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality has adopted the interpretation for the first time in the 2020/2020 annual financial statements.

The impact of the interpretation is set out in note Changes in Accounting Policy.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality has adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

Notes to the Annual Financial Statements for the year ended 30 June 2020

2. New standards and interpretations (continued)

The impact of the interpretation is not material.

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

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 subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures 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 July 2019

The municipality has adopted the standard for the first time in the 2020/2020 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

Notes to the Annual Financial Statements for the year ended 30 June 2020

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

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality has adopted the standard for the first time in the 2020/2020 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 2020 or later periods:

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

Notes to the Annual Financial Statements for the year ended 30 June 2020

2. New standards and interpretations (continued)

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:
- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

The municipality has adopted the interpretation for the first time in the 2018/2020 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

Notes to the Annual Financial Statements for the year ended 30 June 2020

2. New standards and interpretations (continued)

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:
- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:
- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2020 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 annual financial statements.

Notes to the Annual Financial Statements for the year ended 30 June 2020

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Directive 7 (revised): The Application of Deemed Cost

This Directive was originally issued by the Accounting Standards Board (the Board) in December 2009. Since then, it has been amended by:

- Consequential amendments when the following Standards of GRAP were amended to clarify some of the principles:
  - GRAP 105 Transfer of Functions Between Entities Under Common Control
  - GRAP 107 Mergers
- Consequential amendments arising from GRAP 110 *Living and Non-living Resources* issued in December 2017.
- Consequential amendments arising from the following Standards of GRAP in May 2018:
  - GRAP 34 *Separate Financial Statements*
  - GRAP 35 *Consolidated Financial Statements*
  - GRAP 36 *Investments in Associates and Joint Ventures*
  - GRAP 37 *Joint Arrangements*
  - GRAP 38 *Disclosure of Interests in Other Entities*

The effective date of this Directive coincides with the effective dates of the applicable Standards of GRAP, as determined by the Minister of Finance. If an entity has assets that it previously could not recognise and/or measure in accordance with the Standards of GRAP on their initial adoption on the transfer date or the merger date because information about the acquisition cost of the assets was not available, an entity applies this Directive to those assets. The fair value of those assets is determined at the date of adopting the Standards of GRAP on the transfer date or the merger date in accordance with the Directive's Appendix paragraph A3.

The effective date of this revised directive is for years beginning on or after 01 April 2020.

The municipality expects to adopt the directive for the first time in the 2019/2020 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

3. Biological assets that form part of an agricultural activity

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in timber plantation - Consumable	135 859	-	135 859	155 751	-	155 751

Reconciliation of biological assets that form part of an agricultural activity - 2020

	Opening balance	Gains or losses arising from changes in fair value	Total
Trees in timber plantation - Consumable	155 751	(19 892)	135 859

Reconciliation of biological assets that form part of an agricultural activity - 2019

	Opening balance	Disposals	Gains or losses arising from changes in fair value	Total
Trees in timber plantation - Consumable	104 526	(36 554)	87 779	155 751

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

3. Biological assets that form part of an agricultural activity (continued)

Methods and assumptions used in determining fair value

The effective date of valuation was 30 June 2020. The municipality engaged the services of an expert valuer for the biological assets who used the open market value of the flowers and trees at year end. The details of the valuer are Rampotile Jairus Nkgapele, Smart inputs agriculture solutions.

The assumptions are based on the current market values

The excess or deficit is recognised in the surplus of deficit for the year.

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

4. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	480 399 000	-	480 399 000	215 068 571	-	215 068 571

Reconciliation of investment property - 2020

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	215 068 571	256 384 000	8 946 429	480 399 000

Reconciliation of investment property - 2019

	Opening balance	Additions	Transfers received (Inventory)	Transfers received (PPE)	Fair value adjustments	Total
Investment property	36 853 306	127 827 000	59 768 338	10 230 000	(19 610 073)	215 068 571

Pledged as security

There are no investment properties 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.

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

5. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	80 016 293	-	80 016 293	80 016 293	-	80 016 293
Buildings	328 118 481	(239 455 848)	88 662 633	327 029 276	(227 409 753)	99 619 523
Infrastructure	824 964 028	(465 369 065)	359 594 963	887 598 115	(492 966 828)	394 631 287
Community	404 835 259	(301 603 446)	103 231 813	404 311 208	(277 206 287)	127 104 921
Library books	-	(69 538)	(69 538)	69 538	(69 538)	-
Capital work in progess (WIP)	101 196 781	-	101 196 781	84 265 969	-	84 265 969
Other property, plant and equipment (Movables)	44 067 726	(26 101 717)	17 966 009	52 062 962	(28 113 600)	23 949 362
Total	**1 783 198 568**	**(1 032 599 614)**	**750 598 954**	**1 835 353 361**	**(1 025 766 006)**	**809 587 355**

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	80 016 293	-	-	-	-	-	80 016 293
Buildings	99 619 523	1 089 205	-	-	(12 046 095)	-	88 662 633
Infrastructure	394 631 287	541 219	10 130 870	(14 933 016)	(30 775 397)	-	359 594 963
Community	127 104 921	524 051	-	-	(24 397 159)	-	103 231 813
Library books	-	-	-	-	(69 538)	-	(69 538)
Work in Progress	84 265 969	27 061 682	(10 130 870)	-	-	-	101 196 781
Other property, plant and equipment	23 949 362	1 558 542	-	(2 306 379)	(4 920 666)	(314 850)	17 966 009
	809 587 355	**30 774 699**	**-**	**(17 239 395)**	**(72 208 855)**	**(314 850)**	**750 598 954**

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Total
Land	98 673 485	-	(18 657 192)	-	-	80 016 293
Buildings	111 622 415	-	-	-	(12 002 892)	99 619 523
Infrastructure	372 596 434	1 277 734	56 015 550	-	(35 258 431)	394 631 287
Community	146 899 038	393 583	-	2 778 928	(22 966 628)	127 104 921
Capital work in progress	97 915 407	42 366 112	(56 015 550)	-	-	84 265 969
Other property, plant and equipment (Movables)	19 101 565	8 237 914	-	-	(3 390 117)	23 949 362
	846 808 344	**52 275 343**	**(18 657 192)**	**2 778 928**	**(73 618 068)**	**809 587 355**

Pledged as security

There are no assets pledged as security

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Total
Opening balance	84 265 971	84 265 971
Additions/capital expenditure	27 061 682	27 061 682
Transferred to completed items	(10 130 870)	(10 130 870)
	101 196 783	**101 196 783**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

5. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Total
Opening balance	89 382 293	89 382 293
Transferred to completed items	(5 116 322)	(5 116 322)
	84 265 971	**84 265 971**

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.

Notes to the Annual Financial Statements for the year ended 30 June 2020

*RestatedFigures in Rand

6. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 349 483	(2 183 774)	165 709	2 279 945	(2 183 775)	96 170

Reconciliation of intangible assets - 2020

	Opening balance	Impairment reversal	Total
Computer software, other	96 170	69 539	165 709

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	547 641	(451 471)	96 170

Pledged as security

Carrying value of intangible assets pledged as security:

Used to secure (borrowings) (banking facilities) (other: specify) granted to the municipality of R - (2019: R -).- refer to note .

Used to secure (borrowings) (banking facilities) (other: specify) granted to the municipality of R - (2019: R -).- refer to note .

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

7. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	317 000	-	317 000	317 000	-	317 000

Reconciliation of heritage assets 2020

	Opening balance	Total
Historical monuments	317 000	317 000

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical monuments	317 000	317 000

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

8. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality has a policy to subsidise the post-employment health care costs of employees that are covered by the municipality sponsored health care arrangements at retirement.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2020 by One Pangaea Enterprise Solutions (Pty) Ltd, a fellow of the Actuarial Society of South Africa.

The Projected Unit Credit Method was used to value the post-retirement medical aid plan liabilities.

The liability in respect of active members has been proportioned between past service and future service. The liability in respect of current pensioners is fully accounted for.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(34 364 897)	(39 859 000)
Non-current liabilities	(33 461 695)	(38 752 000)
Current liabilities	(903 202)	(1 107 000)
	(34 364 897)	**(39 859 000)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	39 859 000	43 758 000
Benefits paid	(1 107 000)	(946 000)
Net expense recognised in the statement of financial performance	(4 443 045)	(2 953 000)
	34 308 955	**39 859 000**

Net expense recognised in the statement of financial performance

Current service cost	2 316 000	2 045 000
Interest cost	4 762 000	4 527 000
Actuarial (gains) losses	(11 521 045)	(9 525 000)
	(4 443 045)	**(2 953 000)**

Calculation of actuarial gains and losses

Actuarial (gains) losses arising from changes in financial assumptions	(3 916 598)	(3 238 000)
Actuarial (gains) losses arising from experience adjustments	(7 604 447)	(6 287 000)
	(11 521 045)	**(9 525 000)**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

8. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	13,94 %	10,68 %
Long term price inflation	8,67 %	6,99 %
Medical inflation increase rate	10,17 %	8,49 %
Net discount rate	3,42 %	2,01 %

Discount rate

The discount rate reflects the estimated timing of benefit payments which is oftenly achieved by applying a single wighted average discount rate that reflects the estimated timing and amount of benefit payments and the currency in which the benefits are to be paid. The discount rate that reflects the time value of money is the best approximated by reference to market yields at the reporting date on government bonds. The municipality used the average nominal yield curve produced by the JSE (accessed through Inet BFA data service) for SA Government bonds with duration of between 15 and 20 years as at 30 June 2020. The discount rate was 13.94% (2019: 10.68%)

Future Medical Inflation

The general inflation assumption was used to estimate the base rate for determining the rate at which the future medical subsidies will increase. South Africa has experienced high medical cost inflation in recent years and the assumption used was that medical cost will outstrip general inflation by about 1.5% per annum. The medical cost inflation rate was therefore set at 10.17% (2019: 8.49%)

Net Discount Rate

Even though the actual values used for the discount rate and the expected increase in salary are important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate in the valuation is 3.42% (2019: 2.01%) per annum (derived from a discont rate of 10.22% and the expected medical inflation rate of .....

Pre-retirement mortality

The SA85/90 light mortality table, rated down by 1 year, was used in the valuation for the mortality of in-service members. This is the most recent South African Life table and is also the table most often used Life Insurers.

Post-retirement mortality

The PA90 ultimate mortality table down by 2 years was used in the valuation for the mortality of Continuation Members. An allowance for future mortality improvement at the rate of 1% p.a. has been allowed for.

Assumed Retirement Age.

The Normal Retirement Age is 65 years. We have assumed that employees will retire at age 63, which implicitly allows for the expected rates of early retirement.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

8. Employee benefit obligations (continued)

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 increase
Effect on the aggregate of the service cost and interest cost	-	(5 558 000)
Effect on defined benefit obligation	-	(5 558 000)

Amounts for the current and previous four years are as follows:

	2020 R	2019 R	2018 R	2017 R	2016 R
Defined benefit obligation	34 364 897	39 859 000	43 758 000	36 946 000	38 285 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes recognised as an expense	-	14 448 556

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

9. Inventories

Consumable stores	15 981 352	16 658 383
Land inventories	-	256 384 000
	15 981 352	**273 042 383**

9.1 Inventory write-downs

Stock count variances	(54 614)	715 985
Inventory write down	(1 620 696)	(1 140 119)
	(1 675 310)	**(424 134)**

Inventory write-downs

It is the municipality's policy to make inventory write downs for obsolete and expried stock. During the current year, the assessment of inventory for impairment resulted in write downs reported above.

Land Inventory

This relates to parcels that the municipality intends to develop for the future distribution of the community.

Included in the disclosure note for land inventory is land that belongs to the municipality which is illegally occupied.

Inventory pledged as security

No inventory was pledged as security.

Inventory expensed

Inventory issued during the current year	667 380	9 436 361

10. Receivables from non-exchange transactions

Consumer debtors - Rates	71 621 210	32 759 414
Consumer debtors - Other (Specified)	57 660	-
	71 678 870	**32 759 414**

Receivables from non-exchange transactions pledged as security

There are no receivables from non-exchange transactions that were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings to historical information about counterparty default rates:

11. VAT receivable

VAT	-	1 625 545

VAT is payable to SARS on receipt basis. No interest is payable to SARS if the VAT is paid over timeously. However, interest for late payments charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are made before the due date.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R
12. Consumer debtors		
Gross balances		
Electricity	66 639 052	41 633 343
Refuse	109 234 305	87 849 312
Other (specify)	83 760 749	120 378 854
	259 634 106	**249 861 509**
Less: Allowance for impairment		
Electricity	(29 653 444)	(18 305 947)
Refuse	(95 283 489)	(81 191 516)
Sundry Debtors	(72 523 752)	(112 975 591)
	(197 460 685)	**(212 473 054)**
Net balance		
Electricity	36 985 608	23 327 396
Refuse	13 950 816	6 657 796
Other (specify)	11 236 997	7 403 263
	62 173 421	**37 388 455**
Electricity		
Current (0 -30 days)	5 581 985	5 997 276
31 - 60 days	2 526 585	2 488 752
61 - 90 days	2 064 636	1 606 311
91 - 120 days	1 732 553	1 263 800
121 - 365 days	1 478 651	1 267 196
> 365 days	37 824 277	29 010 008
	51 208 686	**41 633 343**
Refuse		
Current (0 -30 days)	1 812 792	1 668 587
31 - 60 days	1 625 343	1 387 174
61 - 90 days	1 801 514	1 255 381
91 - 120 days	1 411 826	1 185 709
121 - 365 days	1 402 236	1 204 168
> 365 days	94 425 770	43 223
	102 479 482	**87 849 312**
Sundry Services		
Current (0 -30 days)	752 043	773 244
31 - 60 days	735 094	733 159
61 - 90 days	829 454	704 199
91 - 120 days	720 859	718 100
121 - 365 days	696 781	682 375
> 365 days	116 052 796	2 584 374
	119 787 026	**120 378 854**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(212 473 054)	(174 980 781)
Contributions to allowance	(25 754 688)	(37 492 273)
Debt impairment written off against allowance	40 767 057	-
	(197 460 685)	**(212 473 054)**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

12. Consumer debtors (continued)

Consumer debtors pledged as security

There are no receiables from exchange transactions that were pledged as security.

Credit quality of consumer debtors

The credit quality of consumer debtors 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.

Fair value of consumer debtors

13. Receivables from non exchange transactions

Gross balances		
Consumer debtors - Rates	429 317 813	327 041 577
Consumer debtors - Other (Specified)	30 689 373	29 912 475
	460 007 186	**356 954 052**
Less: Allowance for impairment		
Consumer debtors - Rates	(357 696 603)	(294 282 163)
Consumer debtors - Other (Specified)	(30 631 713)	(29 912 475)
	(388 328 316)	**(324 194 638)**
Net balance		
Consumer debtors - Rates	71 621 210	32 759 414
Consumer debtors - Other (Specified)	57 660	-
	71 678 870	**32 759 414**
Rates		
Current (0 -30 days)	9 938 819	10 148 776
31 - 60 days	7 906 456	7 932 439
61 - 90 days	7 507 909	7 157 664
91 - 120 days	6 554 828	6 780 441
121 - 365 days	5 882 962	6 543 661
> 365 days	356 481 432	288 478 596
	394 272 407	**327 041 577**
Other (specify)		
Current (0 -30 days)	57 660	-

Summary of debtors by customer classification

Reconciliation of allowance for impairment		
Balance at beginning of the year	(324 194 638)	(240 818 914)
Contributions to allowance	(81 466 854)	(83 375 724)
Reversal of allowance	405 661 492	324 194 638
	-	-

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

14. Cash and cash equivalents (continued)

Cash on hand	233	1 758
Bank balances	2 624 674	18 629 231
Short-term deposits	52 362 384	17 394 681
	54 987 291	**36 025 670**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
Standard Bank - Baa3	56 550 221	19 787 635
115739	122 345	115 739
	56 672 566	**19 903 374**

Cash and cash equivalents pledged as collateral

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
Standard Bank - Cheque Account - 330-451-3670001	3 220 820	1 555 402	534 717	1 562 604	21 779 406	(1 584 576)
Standard Bank - Investment Account - 238-711-102-001	15 215 924	5 241 598	4 224 526	15 215 924	5 241 598	4 224 526
Standard Bank - Investment Account - 238-711-102-002	30 154 159	5 459 534	3 262 220	30 154 159	5 459 534	3 262 220
Standard Bank - Investment Account - 238-711-102-004	6 540 870	6 259 979	1 134 086	6 540 870	6 259 979	1 134 086
Standard Bank - Investment Account - 238-711-102-005	348 081	330 220	310 829	348 081	330 220	310 829
Standard Bank - Investment Account - 243-098-804-000	948 022	940 902	358 354	948 022	940 902	358 290
ABSA Bank - Call Account - 406-162-3641	2 181	2 631	3 030	2 181	-	3 030
ABSA Bank - Fixed Deposit - 206-427-0257	120 164	113 108	100 321	120 164	-	100 321
Total	**56 550 221**	**19 903 374**	**9 928 083**	**54 892 005**	**40 011 639**	**7 808 726**

The difference between the cash book balance and bank statements for the Standard Bank - Cheque Account - 220-451-3670001 was caused by unpresented cheques, outstanding deposits and outstanding transfers at year end.

15. Revaluation reserve

Opening balance	38 072 442	38 072 442

Revaluation surplus relating to property, plant and equipment

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

16. Finance lease obligation

Minimum lease payments due		
- within one year	701 102	550 580
- in second to fifth year inclusive	140 979	682 841
	842 081	1 233 421
less: future finance charges	(34 080)	(137 148)
Present value of minimum lease payments	**808 001**	**1 096 273**

Present value of minimum lease payments due		
- within one year	842 081	1 233 421
- in second to fifth year inclusive	(34 080)	(137 148)
	808 001	**1 096 273**

Non-current liabilities	140 979	634 859
Current liabilities	667 022	461 414
	808 001	**1 096 273**

Ba-Phalaborwa Local Municipality has finance leases for laptops with Vodacom as well as ipads with Mobile Telephone Networks (Pty) Ltd which were entered into in the current year.

The monthly repayments were R67 354. The interest rate is 7

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure grant	11 368 413	4 064 075
Integrated Electrification Programme	2 819 004	32 346
Financial Management Grant	723 329	-
Electricity Effeciency Demand Side Management Grant	147 630	147 630
	15 058 376	**4 244 051**

Movement during the year		
Balance at the beginning of the year	4 244 051	1 341 486
Additions during the year	10 814 325	187 536 950
Income recognition during the year	-	(184 634 385)
	15 058 376	**4 244 051**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R
18. Other financial liabilities		
At amortised cost		
Lepelle Northern Water Terms and conditions	97 052 164	112 847 834
Non-current liabilities		
At amortised cost	83 473 576	100 517 792
Current liabilities		
At amortised cost	13 578 588	12 330 042

Nature of the financial liability

- The Municipality has a concessionary loan with Lepelle Northern Water (LNW). The debt of R174 100 000 arose when the Municipality was still a Water Supply Authority. In terms of the settlement agreement signed between Lepelle Northern Water and the Municipality, the debt is repayable in monthly installments of R1 700 000 and bears no interest. This has been discounted at 7.5% to reflect the time value of money. The loan is unsecured.
- The nominal value of the loan balance as at 30 June 2020 was 100 200 000 (2019: R124 800 000) translating to ninteen (19) month's installments in respect of the loan was in default as at the end of the year. There were still outstanding as at the date of authorisation of the financial statements for issue. There were no renegotiations that took place between the Municipality and LNW. The Municipality is putting concerted efforts to settle the installment in arrears

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

19. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Interest charge	Actuarial (gain)/loss	Total
Environmental rehabilitation	99 183 370	(7 364 740)	-	(867 082)	7 631 863	149 926	98 733 33
Employee benefit cost	5 892 058	559 371	(408 600)	496 131	(846 943)	-	5 692 01
	105 075 428	**(6 805 369)**	**(408 600)**	**(370 951)**	**6 784 920**	**149 926**	**104 425 35**

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Interest Charge	Actuarial (gain)/loss	Total
Environmental rehabilitation	88 190 992	4 836 207	-	6 156 171	-	99 183 370
Provision 1	5 372 192	509 940	(994 981)	468 362	336 506	5 692 019
	93 563 184	**5 346 147**	**(994 981)**	**6 624 533**	**336 506**	**104 875 389**

Non-current liabilities	104 340 659	101 162 205
Current liabilities	534 730	3 375 213
	104 875 389	**104 537 418**

Environmental rehabilitation provision

The provision for landfill sites rehabilitation relates to estimated cost for the rehabilitation of three (3) land fill sites operated by the municipality.

The evaluation, audit and computation of the provision for the rehabilitation of the sites was carried out by Environmental & Sustainability Solutions CC.

Phalaborwa landfill site is expected to be used for the next year and it is estimated that R70 016 840 (2019: R66 650 284) will be spent to rehabilitate the site

Namakgale landfill site has reached its useful life and it is estimated that R30 741 234 (2019: R29 557 380) will be spent to rehabilitate the site

Gravelotte landfill site has been recommended for closure as it does not comply with minimum requirements of a landfill site. The estimated costs for rehabilitating the site is R15 459 441 (2019: R15 113 112) will be spent to rehabilitate the site

Employee benefit cost provision - Long service awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of uniterrupted service and every five years thereafter to employees. The provision is an estimate of the long service based on the historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plans assets and the present value of the defined obligation were carried out as at 30 June 2020 by One Pangaea Enterprise Solutions (Pty) Ltd, a fellow of the Actuarial Society of South Africa. .

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

As at 30 June 2020 382 (2019: 392) employees were eligible for Long-service awards.

Social benefits provision

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

19. Provisions (continued)

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

20. Payables from exchange transactions

Trade payables	66 336 619	35 773 289
Sundry payables	22 011 820	11 005 280
Accrued leave pay	20 956 311	14 690 907
Accrued bonus	2 534 709	2 442 906
Retentions	8 501 257	9 782 513
Other Creditors	555 909	(52 435)
Payroll Accruals	(307 643)	(1 056 680)
Mopani District Municipality (Water and Sanitation)	423 035 891	256 673 491
	543 624 873	**329 259 271**

21. VAT payable

Tax refunds payables	3 698 215	-

22. Consumer deposits

Electricity	4 339 318	4 240 625

23. Revenue

Service charges	150 251 535	110 692 529
Rental of facilities and equipment	430 016	655 349
Agency services	6 015 271	5 743 618
Licences and permits	2 645 086	2 826 148
Other income	1 813 550	67 569 784
Interest received - investment	30 774 651	23 103 037
Property rates	141 850 344	110 617 437
Indigent Support FBS	182 872 154	184 634 386
Public contributions and donations	-	2 282 308
Fines, Penalties and Forfeits	864 248	2 087 641
Other transfer revenue	162 985	2 599
	517 679 840	**510 214 836**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	150 251 535	110 692 529
Rental of facilities and equipment	430 016	655 349
Agency services	6 015 271	5 743 618
Licences and permits	2 645 086	2 826 148
Other income - (rollup)	1 813 550	67 569 784
Interest received - investment	30 774 651	23 103 037
	191 930 109	**210 590 465**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

23. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	141 850 344	110 617 437
Transfer revenue		
Government grants & subsidies	182 872 154	184 634 386
Public contributions and donations	-	2 282 308
Fines, Penalties and Forfeits	864 248	2 087 641
Other transfer revenue	162 985	2 599
	325 749 731	**299 624 371**

24. Service charges

Sale of electricity	130 868 593	95 540 483
Refuse removal	19 382 942	15 152 046
	150 251 535	**110 692 529**

25. Rental of facilities and equipment

Premises		
Hiring of municipal halls	112 912	236 238
Rent received from investment property	202 169	352 251
	315 081	**588 489**
Facilities and equipment		
Hiring of stadium	65 173	6 676
Advertisement of billboards	49 762	60 184
	114 935	**66 860**
	430 016	**655 349**

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26. Fines, Penalties and Forfeits

Library fines	5 760	14 016
Municipal Traffic Fines	858 488	2 073 625
	864 248	**2 087 641**

27. Agency services

Water and Sanitation	6 014 386	3 505 378
Vehicle Licenses	885	2 238 240
	6 015 271	**5 743 618**

28. Licences and permits

Drivers licences	424 555	599 022
Licences	2 119 317	2 080 189
Roadworthy certification	101 214	146 937
	2 645 086	**2 826 148**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

29. Other revenue

Other income	1 813 550	67 569 784

30. Other income

Building plan fees	58 896	127 391
Cemetery fees	140 823	185 280
Clearance certificates	53 069	28 982
Connection fees	593 612	857 482
Sundry income	501 200	1 300 597
Selling bid documents	1 894	13 912
Selling of municipal land	464 056	114 785
Write-back of receivable	-	64 941 355
	1 813 550	**67 569 784**

31. Interest revenue

Interest revenue		
Bank	2 967 703	2 334 669
Interest charged on trade and other receivables	27 806 948	20 768 368
	30 774 651	**23 103 037**

32. Property rates

Rates received		
Residential	141 850 344	110 617 437
Valuations		
Residential	5 599 889	5 110 185
Commercial	2 745 945	2 374 108
State	441 201	533 318
Municipal	1 175 045	868 345
Agriculture	3 723 673	2 966 292
Other	2 452 165	255 965
	16 137 918	**12 108 213**

The last general valuation came into effect on 01 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

33. Government grants and subsidies

Operating grants		
Equitable share	150 928 976	132 485 000
Financial management grant	1 956 671	2 215 000
Municipal infrastructure grant	24 721 663	42 372 925
Integrated national electrification grant	3 707 557	6 161 510
Local government sector education training authority grant	264 917	399 951
Expanded public works programme grant	1 142 000	1 000 000
Government grant (operating) 11	(147 630)	-
Government grant (operating) 13	298 000	-
	182 872 154	**184 634 386**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	33 943 178	52 149 386
Unconditional grants received	150 928 976	132 485 000
	184 872 154	**184 634 386**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive an annual subsidy which is funded from the grant.

Municipal infrastructure grant

Balance unspent at beginning of year	4 064 075	-
Current-year receipts	7 304 338	46 437 000
Conditions met - transferred to revenue	-	(42 372 925)
	11 368 413	**4 064 075**

Conditions still to be met - remain liabilities (see note 17).

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sports complex infrastructure as part of the upgrading of previously disadvantaged areas.

The Municipality applied for roll over of the unspent portion of the grant to be approved by National Treasury.

Integrated national electrification grant

Balance unspent at beginning of year	32 346	1 193 856
Current-year receipts	2 786 658	5 000 000
Conditions met - transferred to revenue	-	(6 161 510)
	2 819 004	**32 346**

Conditions still to be met - remain liabilities (see note 17).

The grant is received from the National Government for electrification projects within the previously disadvantaged communities of the municipality.

The Municipality applied for roll over of the unspent portion of the grant to be approved by the National Treasury.

Financial management grant

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

33. Government grants and subsidies (continued)

Current-year receipts	2 215 000	2 215 000
Conditions met - transferred to revenue	(1 491 671)	(2 215 000)
	723 329	-

The Financial Management Grant (FMG) is paid to the municipality to help implement the financial reforms required by the MFMA 2003. The grant also pays for the cost of the financial management internship programme, i.e. salary of the financial management interns.

Local government sector education training authority grant

Current-year receipts	451 254	399 951
Conditions met - transferred to revenue	(451 254)	(399 951)
	-	-

Expanded public works programme grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

The grant was received from the Department of Public Works for the creation of jobs in the municipal area and to incentivise provincial department to expand work creation efforts through the use of labour intensive delivery methods in identified focus area e.g road maintenance of building and other economic and social infrastructure.

The Energy Efficiency Demand Site Management Program (EEDSM) grant

Balance unspent at beginning of year	147 630	-
Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	-	(4 852 370)
	147 630	**147 630**

Conditions still to be met - remain liabilities (see note 17).

The EEDSM programme is managed by the Department of energy. The grant is for the planning and implementation of energy effecient technologies such as traffic signals, street and building lighting, as well as water service infrastructure.

34. Public contributions and donations

Public contributions and donations	-	2 282 308

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

35. Employee related costs

The employee costs below are split between key management personnel and other employees as tabulated below:

Breakdown of employee costs	**2020**	**2019**
Key management personnel	7 938 996	5 960 857
Other employees	141 778 718	136 323 388
	149 717 714	**142 284 245**

Basic	78 841 192	76 147 972
Medical aid - company contributions	5 965 266	5 619 233
UIF	610 363	631 156
WCA	667 201	1 862 032
SDL	1 096 928	1 069 763
Other payroll levies	323 720	286 347
Short term benefit 2	37 456	35 593
Short term benefit 3	324 034	520 500
Defined contribution plans	15 225 581	14 448 556
Travel, motor car, accommodation, subsistence and other allowances	15 424 853	14 235 333
Overtime payments	5 388 515	4 602 345
Long-service awards	7 740 335	4 260 006
13th Cheques	6 311 879	5 984 263
Acting allowances	2 703 174	2 251 445
Housing benefits and allowances	591 215	593 896
Defined benefits and allowances	7 342 502	7 551 805
Stipends	1 123 500	2 184 000
	149 717 714	**142 284 245**

Remuneration of municipal manager - Moakamela MI

Annual Remuneration	650 248	631 970
Travel Allowance	417 342	406 536
Contributions to UIF, Medical and Pension Funds	176 613	10 229
Other benefits	90 434	68 401
Cellphone allowance	18 000	18 000
	1 352 637	**1 135 136**

Remuneration of chief finance officer - Mogano TJ

Annual Remuneration	548 957	521 868
Car Allowance	345 490	335 708
Contributions to UIF, Medical and Pension Funds	64 592	10 124
Other benefits	124 797	149 112
Cellphone allowance	24 000	24 000
	1 107 836	**1 040 812**

Remuneration of director planning and development services - Maluleke HP

Annual Remuneration	535 742	521 868
Car Allowance	345 490	335 708
Contributions to UIF, Medical and Pension Funds	154 283	25 541
Other benefits	77 642	86 058
Cellphone Allowance	24 000	24 000
	1 137 157	**993 175**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

35. Employee related costs (continued)

Remuneration of director corporate services - Zungu H

Annual Remuneration	548 958	521 868
Car Allowance	345 490	335 708
Contributions to UIF, Medical and Pension Funds	102 089	9 095
Other befits	39 491	46 126
Cellphone allowance	24 000	24 000
	1 060 028	**936 797**

Remuneration of director technical services - Mdungazi

Annual Remuneration	497 840	403 303
Car Allowance	265 202	231 252
Contributions to UIF, Medical and Pension Funds	186 840	115 172
Other benefits	209 279	82 396
Cellphone allowance	24 000	22 000
Acting Allowance	-	52 296
	1 183 161	**906 419**

Remuneration of corporate department - F Nogilana-Raphela

Annual Remuneration	397 585	448 007
Car Allowance	173 160	217 053
Contributions to UIF, Medical and Pension Funds	176 537	134 561
Other benefits	233 218	57 091
Cellphone Allowance	18 000	24 000
Bonus	-	36 000
Bonus Taxable	-	31 802
	998 500	**948 514**

Director Corporate Services - Mokoena SS (Acting 01 April - 30 June 2020)

Annual Remuneration	454 790	-
Car Allowance	203 328	-
Contributions to UIF, Medical and Pension Funds	166 332	-
Cellphone allowance	24 444	-
Acting allowance	20 850	-
Other benefits	229 933	-
	1 099 677	**-**

Procurements and infrastructure (planning, transport and environmental affairs)

Finance and economics development

Chief of police

Risk assurance services

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

36. Remuneration of councillors

Executive Committee	5 815 612	5 166 709
Councillors	11 893 372	9 702 352
Other	34 183	147 551
	17 743 167	**15 016 612**

37. Depreciation and amortisation

Property, plant and equipment	74 785 298	73 624 810
Intangible assets	-	451 470
	74 785 298	**74 076 280**

38. Impairment of assets

Impairments		
Trade and other receivables	89 888 366	120 867 995
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		

Receivables were impaired following objective evidence of non-recovery using history and knowledge of the customers.

The impairments disclosed above consists of the following:

Impairment	**2020**	**2019**
Consumer debtors	58 174 647	37 492 271
Receivables from non exchange transactions	23 292 207	83 375 724
	81 466 854	**120 867 995**

39. Finance costs

Non-current borrowings	8 004 331	8 762 251
Finance leases	-	90 991
Late payment of suppliers	79 858	25 215
Discounting of provisions	-	6 156 171
	8 084 189	**15 034 628**

40. Bulk purchases

Electricity - Eskom	84 703 814	77 376 382

Included in the bulk electricity purchases is the 23.59% (2019: 21.3%) which relate to distribution losses. Ba-Phalaborwa Municipality is billed by the power utility, Eskom on a monthly basis for electricity used/or supplied to the municipality based on readings. COnsequently, the amount paid to Eskom includes electricity losses of R16 529 679.76 (2019: R16 516 508). The loss in terms of Units amounted to 18 140 121 (2019: 17 222 601 kWh)

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R
41. Contracted services		
Presented previously		
Information Technology Services	11 701 768	10 466 663
Agency Services	467 355	552 554
Operating Leases	2 730 366	893 237
Actuarial and Accounting Services	6 828 222	8 324 076
Insurance	1 676 210	1 290 295
Outsourced Services		
Meter Management	1 466 686	(602 316)
Consultants and Professional Services		
Business and Advisory	1 572 217	571 826
Legal fees	7 268 116	4 978 275
	33 710 940	**26 474 610**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

42. General expenses

Accommodation	1 788 965	3 439 734
Advertising and marketing campaigns	1 455 171	1 793 493
Auditors remuneration	5 975 733	5 060 445
Bank charges	291 399	293 765
Cleaning	9 685	432 302
Commission paid	2 181 235	2 794 524
Consulting and professional fees	252 927	-
Consumables	8 423 996	2 467 214
Entertainment	53 261	553 624
Energy effeciency and demand side management	-	411
Bursaries	663 087	578 059
Hire of equipment	5 617 206	4 185 373
Internet and connectivity	87 463	70 922
IT expenses	157 815	145 009
Indigent support	2 859 348	1 753 472
Expanded Public Works Programme	1 329 048	1 000 060
Motor vehicle licence fees	(69 011)	200 253
Electricity non-bulk purchases	3 836 680	6 973 856
Occupational health and Safety	660 580	337 707
Fuel and oil	1 903 232	2 875 617
Placement fees	78 579	38 125
Postage and courier	516 473	738 094
Printing and stationery	565 318	1 850 984
Promotions	168 500	-
Protective clothing	1 129 220	1 171 594
Project maintenance costs	824 095	323 835
Repairs and maintenance	16 667 342	20 792 762
Public participation	2 189 548	2 208 406
Staff welfare	427 472	828 959
Subscriptions and membership fees	3 608 174	3 108 482
Telephone and fax	1 796 002	2 094 117
Training	1 600 624	1 616 475
Travel - local	2 156 108	2 773 900
Title deed search fees	10 359	218 342
Assets expensed	-	26 539
Utilities - Water	-	1 922 823
Pounding	351 450	390 340
Audit and risk committee remuneration	688 000	779 118
Financial management grant expenses	9 320 890	6 100 417
Landfill site restoration expenses	-	2 057 279
Strategic Sessions	328 799	764 830
Loud hailing	-	337 167
	79 904 773	**85 098 428**

43. Fair value adjustments

Investment property (Fair value model)	-	58 707 343
Investment property - (Fair value model)	8 926 537	87 779
	8 926 537	**58 795 122**

44. Auditors' remuneration

Fees	5 975 733	5 060 445

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

45. Cash generated from operations

(Deficit) surplus	(19 336 451)	22 083 188
Adjustments for:		
Depreciation and amortisation	74 785 298	74 076 280
Gain on sale of assets and liabilities	17 250 302	36 554
Fair value adjustments	(8 926 537)	(58 795 122)
Finance costs - Finance leases	-	90 991
Impairment deficit	89 888 366	120 867 995
Movements in retirement benefit assets and liabilities	(5 494 103)	(3 899 000)
Movements in provisions	337 971	7 960 176
Donations received	-	(2 282 308)
Finance Costs Other	-	8 787 466
Inventory losses/write-downs	1 620 696	424 134
Other non-cash items	-	(3 312 013)
Changes in working capital:		
Inventories	257 061 031	(4 012 510)
Receivables from exchange transactions	(81 513 131)	-
Consumer debtors	(24 784 966)	(37 255 982)
Other receivables from non-exchange transactions	(54 840 727)	(82 549 743)
Payables from exchange transactions	214 365 602	42 226 065
VAT	18 173 262	3 875 346
Unspent conditional grants and receipts	10 814 325	2 902 565
Consumer deposits	98 693	116 175
	489 499 631	**91 340 257**

46. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Other receivables from non-exchange transactions	41 873 257	41 873 257
Consumer debtors	38 382 895	38 382 895
Cash and cash equivalents	54 874 705	54 874 705
	135 130 857	**135 130 857**

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	32 759 414	32 759 414
Consumer debtors	37 388 455	37 388 455
Cash and cash equivalents	36 025 670	36 025 670
VAT Receivable	1 625 545	1 625 545
	107 799 084	**107 799 084**

Financial liabilities

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

46. Financial instruments disclosure (continued)

	At amortised cost	Total
Other financial liabilities	112 847 834	112 847 834
Trade and other payables from exchange transactions	329 259 277	329 259 277
Finance Lease	1 096 273	1 096 273
Consumer deposits	4 240 625	4 240 625
	447 444 009	**447 444 009**

Financial instruments in Statement of financial performance

2020

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	26 978 077	26 978 077
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(15 448 929)	(15 448 929)
Impairment loss	(81 513 131)	(81 513 131)
	(69 983 983)	**(69 983 983)**

2019

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	23 103 037	23 103 037
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(15 034 628)	(15 034 628)
Impairment loss	(120 867 995)	(120 867 995)
	(112 799 586)	**(112 799 586)**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R
47. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	40 592 707	59 465 394
Total capital commitments		
Already contracted for but not provided for	40 592 707	-
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational Expenditure	24 321 801	29 552 553
Orders already issued		
• Operational Expenditure - Purchase Order	1 355 617	3 352 415
Total operational commitments		
Already contracted for but not provided for	24 321 801	-
Not yet contracted for and authorised by accounting officer	1 355 617	-
	25 677 418	**-**
Reconciliation of total commitments		
Total operational commitments		
Already contracted for but not provided for	23 764 323	29 450 330
Not yet contracted for and authorised by accounting officer	1 355 617	3 352 415
	25 119 940	**32 802 745**

Total Commitments	**2019**
Authorised capital expenditure	59 465 394
Authorised operational expenditure	32 802 745
	92 268 139

Total commitments		
Authorised capital expenditure	40 592 707	-
Authorised operational expenditure	25 677 418	-
	66 270 125	**-**

This committed expenditure relates to various projects and will be financed by grants and subsidies as well as internally generated revenue.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

48. Contingencies

Litigation is in the process against the municipality relating to various disputes detailed below;		
Makwande Chartered Accountants and Business Advisors [1]	-	2 734 105
Tlhoala Dynamic (Pty) Ltd [2]	3 039 811	3 039 811
LE Thom [3]	1 294 797	1 294 797
Thaki William Mojapelo and Masako Mary Mojapelo [4]	16 046 000	16 046 000
Tippuprox (Pty) Ltd [5]	5 528 500	5 528 500
Millioniers Club CC [6]	1 650 000	1 650 000
Malatji Khensani Eulender [7]	1 200 000	1 200 000
Thaki William Mojapelo and Masako Mary Mojapelo [8]	-	300 000
Kgopotso Lekgothwane [9]	2 600 000	2 600 000
Christoffel Smith [10]	112 758	89 115
Lwazi Engineering [11]	1 259 715	1 259 715
Juxtapose (Pty) Ltd [12]	3 690 587	3 690 587
M L Nkosi Electrical Contractors cc and Soma Construction cc [13]	1 929 975	1 929 975
R Shai [14]	120 000	184 702
Ba-Phalaborwa Municipality [15]	800 000	650 000
Sebatane Daniel Mohlatlole [16]	-	189 300
Frans Johannes Meintjies N O and others [17]	300 000	800 000
Morare Freddy Masekwameng SMAWU obo Mkansi and others [18]	-	224 000
Thamsanqa Vernon Mdluli [19]	-	140 000
Imatu obo Venter [20]	-	108 976
TT Thete [21]	100 000	-
SAMRO NPC [22]	793 829	-
	40 465 972	**43 659 583**

Litigation is in the process against the municipality relating to various disputes below:

1. Makwande Chartered Accountants

The matter relates to the preparation of annual financial statements for the year ended 30 June 2009. The claimant failed to perform the deliverables and the contract was subsequently terminated. The claimant is now claiming unpaid fees debt amountng to R2 734 105 including estimated legal fees. The management and lawyers representing the municipality consider the likelihood of an action against the municipality being successful as unlikely. The R2 734 105 represents the total possible liability by the municipality, according to the legal advisors. Makwande Chartered Accountants requested the court to ammend their claim. The municipality opposed the ammendment based on the fact contract entered into by the municipality can only be in writing. The court ruled in favour of the municipality.

2. Tlhoala Dynamic (Pty) Ltd.

The abovementioned entity was contracted by the municipality to compile and maintain the valuation roll. They are claiming they wew underpaid by R2 689 811 and are, therefore, suing for the shortfall. Included in the amount above is the estimated legal costs resulting in a total contingent liability of R3 039 811. The municipality's lawyers are unable to ascertain the likelihood of the action against the municipality being successful and court process is ongoing. The municipality also has a counter claim against the claimant over monies overpaid to it. The matter is set for 06 November 2020.

3. LE Thom

LE Thom cites that they could not perform certain contractual obligations after being prevented from doing so by the municipality. The municipality on the other hand, claims failure to perform was not caused by the municipality. The claim including estimated legal costs amounts to R1 294 797. The lawyers of the municipality are unable to ascertain the likelihood of action against the municipality being successful. The matter was postponed by the plaintiff in order to ammend their claim.

4. Thaki William Mojapelo and Masako Mary Mojapelo

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

48. Contingencies (continued)

The plaintiffs bought erven 26, 27 and 28 in the industrial area and they allege that the municplaity failed to transfer the properties in their names. As such, they are seeking cancellation of the sale agreement and refund of the purchase price which is alleged to be R46 250 with interest or the transfer of the properties and payment of R15.5 million in damages for loss of business. The legal advisors estimate that the possible cost including legal fees to be R16 046 520. The lawyers of the municipality are unable to ascertain the likelihood of action against the municipality being successful.

5. Tippuprox (Pty) Ltd

The company is suing the municipality for a tender they were previously awarded only to be cancelled following uncovering of misrepresentations made during the bidding process by the director of the company. The company raised a claim against the municipality which the legal advisors estimated including legal fees to be R5 528 500. The lawyers of the municipality are unable to ascertain the likelihood of action against the municipality being successful. The matter erroneously placed on unoppsed court roll. The municipality also has a counter claim amounting to R650 000 in this case. The matter is set down for 8th February 2021.

6. Millionaires Club CC

The claim arose due to a contractual dispute between the plaintiff and the municipality over unpaid invoices. The municipality cites that these are invalid while the plaintiff believes they have a valid claim. The municipality has since also issued summons against its former employees, i.e erstwhile Municipal Manager, Directors Technical Services and Project Management UNit Manager. The claim is estimated by legal counsel to be R1 650 000 including estimated legal fees. The lawyers of the municipality are unable to ascertain the likelihood of action against the municipality being successful. The municipality also has a counter claim amounting to R776 262 in this case.

7. Malatji Khensani Eulender

Malatji Khensani Eulender is suing the municipality for damages following bodily injuries suffered by her child when a water tank fell on her while extracting water. She argues that the municipality had erected poor quality tank stand which could not fully support the weight of the water tank. The legal advisors confirmed the total possible liability to be R1.2 million. The lawyers of the municipality are uncertain the likelihood of action against the municipality being successful. The matter is currently on trial and has been postponed to a later.

8. Thaki William Mojapelo and Masako Mary Mojapelo 2

The plaintiffs is requesting the court to nullify the approval of sale of erf 3644 between the estate of the late Jackson Mogudi and Chimakala Group by the municipality citing that they owned erf in dispute. The municipality approved because the records at the deeds office confirms that the erf is owned by the estate of the late Mogudi and not plaintiffs. The legal advisors confirmed the total possible liability to be R300 000. The municipality's legal advisors and management consider the likelihood of the action against the municipality being successful as unlikely.

9. Kgopotso Lekgothwane

Summons against the municipality amounting to R2.6 million for an alleged gross negligence by the municipality to barricade a ditch which had been dug up by municipal workers, resulting in the plaintiff falling in it and subsequently resulting in serious injuries suffered by the plaintiff. The legal advisors confirmed that thee total possible liability including legal costs to be R2.6 million. The parties to the dispute are currently exhanging pleadings.

10. Christoffel Smith

Christoffel Smith issued summons amounting to R14 115 for alleged damages caused to his vehicle by a pothole allegedly on a municipal road. The legal advisors confirmed the total possible liability to be R89 115 including legal fees. Parties to the dispute are currently exchanging pleadings.

11. Lwazi Engineering

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

48. Contingencies (continued)

Lwazi Engineering is demanding payment amounting to R1 009 715, being the amount allegedly due and payable to them for the worked performed during the upgrading of Tambo Street project at Namakgale. While Tshiamiso 135 demands payment of R1 168 669 for work they allege that they did the work based on specifications which had been made by the municipality's engineers being Lwazi engineering, which turned out to be incorrect. The municipality then paid Lwazi Engineering only R1 009 715 with the balance being their liability for Tshiamiso 135. The legal advisors confirmed the total possible liability to be R1 259 715. The municipality's lawyers and management consider the likelihood of action against the municipality being successful as unlikely. The plaintiff has indicated that they want to withdraw the matter against the municipality and that each party pays its cost. The matter is awaiting a formal notice of withdrawal.

12. Juxtapose (Pty) Ltd

Juxtapose (Pty) Ltd was engaged by the municipality to perform design work for the extension of municipal offices for an amount of R1 766 988. Juxtapose (Pty) Ltd allege that they did the work of which R768 642 is outstanding and further that they were orrally requested to do further work which amounted to R2 471 945. The total amount being claimed is R3 240 587. The legal advisors confirmed that the total possible liability to be R3 690 587. The municipality's lawyers and management consider the likelihood of action against the municpality being successful as unlikely as the entity is under liquidation. The process will continue once the liquidator is appointed.

13. ML Nkosi Electricity Contractors cc and Soma Construction cc

ML Nkosi Electrical Contractors cc and Soma COnstruction cc demand payment from the Ba-Phalaborwa Municipality amounting to R1 579 974.73 for work done. The abovementioned plaintiffs submitted a bid amounting to R19 541 461.41 but were awarded the contract amounting to R18 541 461.41. The municipality entered into an agreement with these service providers to make ammendments to the contract amount, the scope of works as well as the duration of the contract within four months of entering to the contract. The municipality's lawyers and management management consider the likelihood of the action against the municipality being sucessful as unlikely. Parties to the dispute are currently exchanging pleadings.

14. R Shai

The municipality was granted a demolition order against R Shair for contravening Municipal Bulding Regulations By Laws when she built a house without approved building plans. R Shai is attempting to have the order overturned. The municipality's lawyers and managementr consider the likelihood of the action against the municipality being successful as unlikely. The estimated legal costs are R120 000.

15. Ba-Phalaborwa

This matter relates to the ransfer of properties sold to various residents at Namakgale and registration of owners to obtain deeds of grants at Lulekani. Transfers at Namakgale have been concluded, with Lulekani still outstanding. The estimated legal costs are R800 000.

16. Sebatane Daniel Mohlatlole

Sebatane Daniel Mohlatlole claims an mount of R69 299.69 against the municipality for alleged damages to his furniture caused by water flowing from the street into his house. He alleges that the municipality failed to maintain its drainage system while he also built a parameter wall that blocks easy flow of water from his property. The estimated legal costs amounts to R120 000.

17. Frans Johannes Meintjies NO and others

Frans Johannes Meintjies NO and others have applied to the high court to get the categorization of their farms in terms of Municipal Property Rates Act and Policy as reflected in the Council Resolution for the 2015/6, 2016/17 and 2017/18 financial years declared invalid, declaring the applicable law invalid and seek costs orders against the municipality. The estimated legal costs are R300 000. The matter is being opposed.

18. SAMWU obo Mkansi and others

This relates to employment issues where the complainants are suing the municipality citing unfiar labour practices. The legal advisors confirmed the total liability to be R224 000. The matter is being defended.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

48. Contingencies (continued)

19. Thamsanqa Vernon Mdluli

Referral to the Bargaining Council for alleged unfair dismissal. Employee was dismissed for allegations of various acts of misconduct. He is challenging the fairness of the dismissal. The estimated legal costs are R140 000.

20. Imatu obo Venter

Referral to the Bargaining Council for alleged unfair discrimination against the employee on the basis that she was not shortlisted for a position she had applied for. The matter was dismissed and currently on review.

21. TT Thete

Mr TT Thete has interdicted the municipality from disconnecting electricity supply to his properties while he does not pay for the same services. Legal costs amounts to R100 000. 00

22. SAMRO NPC

South African Music Rights Organisation NPC is suing the municipality an amount of R593 828.78 for letting people play music in its various venues per signed contract. The municipality cannot afford same as it did not generate same.

Molau Devyton Malatji issued summons against the municiplaity amounitng to R 10 million for alleged illegal termination of the brickyard lease agreement. Molau Devyton Malatji brought the mattere back to court because the matter had previously been dismissed and struck off the court roll on the basis of his absence from court. The legal advisors confirmed the total possible liability to be R10 300 000. The municipality's lawyers and management consider the likelihood of the action against the municpality being successful as unlikely.

Contingent assets

	2020	2019
Ziyaphenduka Promotions CC [1]	-	600 000
Geldenhys estate [2]	200 000	222 000
Mavambo ITS [3]	3 559 810	3 059 810
Mbiyani Florence Chauke [4]	80 000	-
Khavi Mabaso [5]	80 000	-
PP Marais [6]	80 000	-
Doctor Nkuna [7]	80 000	-
Doctor Nkuna 2 [8]	180 000	-
	4 259 810	**3 881 810**

1. Ziyaphenduka Promotions CC

The municipality is suing the abovementioned party and the summons were issued to enforce them to account for all monies collected during the Marula Festival. The municipality obtained an order wherein the abovementioned party was ordered to furnish the municipality with all accounts to enable the municipality to claim its 20% of the proceeds generated plus the remaining R600 000. Ziyaphenduka failed to honour the court order and the municipality has applied for a contempt of court order.

2. Geldenhys' estate

The matter relates to the acqusition of two properties of the late GJ Geldenhys namely, erf 141, 142, 241 and 242 Leydsdorp with a total value of R222 000 to be transferred to Ba-Pahalaborwa local municipality owing to the fact that the deceased was insolvent at point of death and that he owed the municipality rates and taxes which amount far exceeds the comined value of the properties in question using the orignially agreed terms despite the changes which were subsequently agreed upon. Application for the transfer in question has been lodged.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

48. Contingencies (continued)

3. Mavambo ITS

The municipality is suing Mavambo ITS to repay the municipality R3 059 810 as a resulting of overpayments made by the municipality. The municipality argues that Mavambo ITS continued to bill the municipality using the initially agreed terms despite the changes which were subsequently agreed upon. Mavambo ITS, on the other hand, disputes this allegation and believe that the municipality owes them R177 130. Summons has been issued against Mavambo ITS.

4. Mbiyani Florence Chauke.

The former employee negligently infringed Greater Kruger Tourism cc's copyright resulting in the municipality having to pay R200 000 in settlement fees. Summons have been issued against the former employee to recover the settlement fees paid by the municipality.

5. Khavi Mabaso

The defendant erected a structure on municipal servitude. The estimated legal cost amounts to R80 000. Application is still to be lodged.

6. P P Marais

The defendant has invadaed a farm belonging to the municipality. The estimated legal cost amounts to R80 000. Application is still to be lodged.

7. Mr. Doctor Nkuna

the time he was refunded, he already had a title deed. The municipality is applying to court to get the ownership revert to it. The defendant was erroneously sold an erf zone for religious purpose. He was refunded. However, by . Application is still to be lodged.

8. Mr. Doctor Nkuna

On or about 2000, the Ba-Phalaborwa municipality undertook to get Mr Mojapelo a tittle deed for erf 3644 after the sale between him and the late Mr. Mogudi. The municipality did not transfer until the same erf was later sold to Charmakala Group. The Office of the Public Protector opted the municipality gets Mr. Mojapelo the tittle deed as originally intended. The municipality requested the court to nullify the sale of erf 3644 between the estate of the late Jackson MOgodu and Charmakala Group.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

49. Related parties

Relationships

Accounting Officer	Moakamela MI
Other members of key management	T J Mogano - Chief Financial Officer
	H Zungu - Director Community Services
	S S Mokoena - Acting Director Corporate Services
	S Muhumani - Acting Director Technical Services
	H P Maluleke - Director Planning and Development
Mayor	Cllr. M M Malatji
Speaker	Cllr. E Hlungwani
Chief Whip	Cllr. D Rapatsa
Executive committee members	Cllr. S L Mohlala
	Cllr. T Nkuna
	Cllr. MS Magomane
	Cllr. S R de Beer
	Cllr. M M Malesa
	Cllr. SP Mashumu
	Cllr. K O Pilusa - MPAC Chairperson
	Cllr. R Makasela
	Cllr. K A Peta
	Cllr. K P Mhlarhi
	Cllr. S T Mkanzi
	Cllr. B Ramothwala
	Cllr. N J Mampuru
	Cllr. M E Mokgalaka
	Cllr. Z Ndlovu
	Cllr. E A Mokoena
	Cllr. P K Mashego
	Cllr. L M Matlala
	Cllr. T C Malatjie
	Cllr. P S Dikgale
	Cllr. T S Ndlovu
	Cllr. G H Lamola
	Cllr. A Ngobeni
	Cllr. M R S Williamson
	Cllr. S M Shayi
	Cllr. D R Bayana
	Cllr. M M A Mathebula
	Cllr. R J Mphogo
	Cllr. N B Maake
	Cllr. M J Valoyi
	Cllr. S K Shai
	Cllr. A N Mmola
	Cllr. V M Rapatsa

Related party balances

Related party transactions

Remuneration of management

Management class: Councillors

2020

Notes to the Annual Financial Statements for the year ended 30 June 2020

***RestatedFigures in Rand**

49. Related parties (continued)

Name	Remuneration	Total
Executive committee	5 815 612	5 815 612
Councillors	11 927 555	11 927 555
	17 743 167	**17 743 167**

2019

Name	Remuneration	Total
Executive Committee	5 166 709	5 166 709
Councillors	9 849 903	9 849 903
	15 016 612	**15 016 612**

Management class: Executive management

2020

Name	Basic salary	Contributions	Travel Allowance	Cellphone	Other benefits received	Total
Moakamela MI	650 248	176 613	417 342	18 000	90 434	1 352 637
Mogano TJ	548 957	64 592	345 490	24 000	124 797	1 107 836
Maluleke HP	535 742	154 283	345 490	24 000	77 642	1 137 157
Zungu H	548 958	102 089	345 490	24 000	39 491	1 060 028
Mdungazi N	497 840	186 840	265 202	24 000	209 279	1 183 161
Nogilana-Raphela F	397 585	176 537	173 160	18 000	233 218	998 500
Mokoena SS	454 790	166 332	203 328	24 444	250 783	1 099 677
	3 634 120	**1 027 286**	**2 095 502**	**156 444**	**1 025 644**	**7 938 996**

2019

Notes to the Annual Financial Statements for the year ended 30 June 2020

*RestatedFigures in Rand

49. Related parties (continued)

Name	Basic salary	Contributions	Termination benefits	Other long-term benefits	Other benefits received	Total
Moakamela MI	631 970	10 229	406 536	18 000	68 401	1 135 136
Mogano TJ	521 868	10 124	335 708	24 000	149 112	1 040 812
Maluleke HP	521 868	25 541	335 708	24 000	86 058	993 175
Zungu H	521 868	9 095	335 708	24 000	46 125	936 796
Mdungazi N	403 303	115 172	231 252	22 000	134 692	906 419
Nogilana-Raphela F	448 007	134 561	217 053	24 000	124 893	948 514
	3 048 884	**304 722**	**1 861 965**	**136 000**	**609 281**	**5 960 852**

50. Principals and Agencies

The municipality has an agency relationship with Mopani District Municipality. Under this agreement the municipality carries out water service functions as a Water Services Provider (WSP) to the residents for and on behalf of Mopani District Municipality as the Water Services Authority. The Municipality receives agency fees for these services in terms of the agency agreement.

	2020	2019
MDM Account - Amount owed to/(by) Principal	517 724 665	329 259 277

Heading	2020	2019
Agency fees	3 771 211	3 505 378

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

51. Change in estimate

Property, plant and equipment

As at 30 June 2020, the municipality reassessed the useful ives of movable assets with a carrying amount of R273 336 and resulted in change in estimate because the assets are still in use despite reaching end of initially estimate useful lives.

The Prospective effect of change in estimate has been accounted as follows;

Heading	2020	2019
Depreciation - Other property, plant and equipment	251 475	451 118

52. Prior-year adjustments

During the year, the municipality discovered material errors that effect previous financial years. All the errors were errors were corrected retrospectively. Consequently, presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Errors details and the effect on surplus/deficit	2019	Accumulated Surplus (inc)/dec	Total
Adjustment of land owned by the municipality as verified through land audit	-	(102 658 983)	(102 658 893)
Reversal of land from investment property to land inventory	123 158 000	-	123 158 000
Prior period adjustments - movables	-	10 990 493	10 990 493
Prior period adjustments - infrastructure	-	7 671 831	7 671 831
	123 158 000	**(83 996 659)**	**39 161 431**

The impact of corrections of these errors as well as reclassifications on the Statement of Financial Performance and Statement of Financial Porsition are as follows:

Statement of financial position

2020

	Note	As previously reported	Correction of error
Inventories	9	252 543 366	(102 658 983)
Investment properties	4	338 226 571	(123 158 000)
Property plant and equipment	5	812 906 017	22 525 807
		1 403 675 954	**(203 291 176)**

Statement of financial performance

53. Risk management

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 and net-settled derivative 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 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

53. Risk management (continued)

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur financial losses.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is reviewed by the CFO annually and authorised by the executive mayoral committee.

The maximum credit Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2020	2019
Receivables from non-exchange transactions	71 678 870	32 759 414
Consumer debtors	62 173 421	37 388 455
Cash and cash equivalents	54 987 291	36 025 670

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk.

The municipality does not have any financial instruments that are affected by price risk.

54. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus (deficit) of R 594 543 781 and that the municipality's total assets exceed its liabilities by R 632 616 223.

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.

Despite the impact of Covid-19, which affected the municipality's operations since March when the state of national disaster was declared, the municipality is able to continue operating as a going concern. It is worth noting that the ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality through government grants and subsidies as well as revenue from exchange and non exchange transactions.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

55. Events after the reporting date

There are no material adjusting events after the reporting date.

56. Unauthorised expenditure

Opening balance as previously reported	420 832 213	321 172 617
Opening balance as restated	**420 832 213**	**321 172 617**
Add: Expenditure identified - current	82 984 375	99 659 596
Closing balance	**503 816 588**	**420 832 213**

The unauthorised expenditure for the year was due to overspending of the municipal budget. The overspending was experienced in non cash items of finance costs, impairment adjustments and depreciation of property, plant and equipment.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	82 984 375	99 659 596

Analysed as follows: non-cash

Depreciation and amortisation	-	2 443 096
Finance charges	7 508 880	14 489 828
Loss on disposal of property, plant and equipment	17 250 302	-
Provision of impairment	56 549 883	82 265 984
Biological assets	-	36 554
Inventories losses/write downs	1 675 310	424 134
	82 984 375	**99 659 596**

Unauthorised expenditure: Budget overspending – per municipal department:

Finance	12 893 762	99 659 596

57. Fruitless and wasteful expenditure

Opening balance as previously reported	14 065 858	14 021 227
Opening balance as restated	**14 065 858**	**14 021 227**
Add: Expenditure identified - current	422 519	44 631
Closing balance	**14 488 377**	**14 065 858**

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

57. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Interest - Eskom	56 537	-
Interest - SARS (PAYE, SDL, VAT)	-	5 377
Interest - Telkom	3 254	7 479
Interest - Auditor General South Africa	19 701	31 775
Interest charged - Sebata EMS	343 027	-
	422 519	**44 631**

58. Irregular expenditure

Opening balance as previously reported	257 225 149	217 158 517
Opening balance as restated	**257 225 149**	**217 158 517**
Add: Irregular Expenditure - current	18 945 999	40 066 632
Closing balance	**276 171 148**	**257 225 149**

Notes to the Annual Financial Statements for the year ended 30 June 2020

		2020 R	2019 R

58. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Tenders where adviertisement was less than minimum required timeframe	[1]	-	2 212 987
Awards without valid B-BBEE certificates	[1]	-	363 671
Construction contracts not advertised on CIDB website	[1]	-	569 457
Bids awarded to bidders without a valid tax clearance certificate	[1]	-	2 553 538
Various operational procurement made without following proper supply chain procedures	[2]	11 739 650	21 232 440
Values applicable to each evaluation criteria not clearly indicated in the invitation to submit tender	[1]	3 382 429	856 936
Proof of B-BBEE of a subcontractor not attached	[1]	-	3 132 233
Provision of services on expired contract	[1]	16 091	4 524 624
		15 138 170	**35 445 886**

59. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 706 829	1 374 270
Amount paid - current year	(1 706 829)	(1 374 270)
	-	-

Medical Aid Deductions

Current year subscription / fee	11 686 574	12 413 013
Amount paid - current year	(11 686 574)	(12 413 013)
	-	-

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	-	47 271
Current year subscription / fee	5 973 291	5 833 718
Amount paid - current year	(5 973 291)	(5 880 989)
	-	-

PAYE and UIF

Current year subscription / fee	22 928 649	23 753 227
Amount paid - current year	(22 928 649)	(23 753 227)
	-	-

Pension Deductions

Current year subscription / fee	24 467 591	24 310 854
Amount paid - current year	(24 467 591)	(24 310 854)
	-	-

VAT

VAT receivable	(3 698 215)	265 782 727
VAT payable	-	264 157 182
	(3 698 215)	**529 939 909**

VAT output payables and VAT input receivables are shown in note.

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. M M Malatji	576	-	576
Cllr. N C Mohlala	643	-	643
Cllr. M M Malesa	155	-	155
Cllr. T Nkuna	117	-	117
Cllr. M S Magomane	226	-	226
Cllr. N J Mampuru	1 609	-	1 609
Cllr. S T Mkanzi	703	-	703
Cllr. V M Rapatsa	2 942	-	2 942
Cllr. S M Shayi	2 154	-	2 154
Cllr. J M Williamson	2 020	-	2 020
Cllr. K P Mhlarhi	117	-	117
Cllr. A Ngobeni	351	-	351
Cllr. N A Sono	1 100	-	1 100
Cllr. R J Mphogo	998	-	998
Cllr. B Ramothwala	1 198	-	1 198
Cllr. G H Lamola	447	-	447
	15 356	**-**	**15 356**

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. M M Malatji	2 676	-	2 676
Cllr. S L Mohlala	827	-	827
Cllr. M S Magomane	363	-	363
Cllr N J Mampuru	754	-	754
Cllr. S T Mkansi	732	-	732
Cllr. K A Peta	985	-	985
Cllr. J A Williamson	2 068	-	2 068
Cllr. K P Mhlarhi	111	-	111
Cllr E A Mokoena-Mashele	1 957	2 161	4 118
Cllr P S Dikgale	245	-	245
Cllr A Ngobeni	520	-	520
Cllr. N A Sono	1 216	-	1 216
Cllr. R J Mphogo	976	-	976
Cllr B Ramothwala	864	-	864
Cllr G H Lamola	581	-	581
Cllr PJ Shayi	367	-	367
	15 242	**2 161**	**17 403**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2019	Highest outstanding amount	Aging (in days)
Cllr. E A Mokoena-Mashele	2 161	90

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

60. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Several goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Description	Reason for deviation	Supplier	Amount
Windows based traffic contravention system including IT equipment	Request for quotation was published on the municipal website and only one company responded. Could not obtain a minimum of three quotations. The appointment was made to obtain interruption of service.	Total Computer Services (PTY) LTD	177 752
Eviction services around Ba-Phalaborwa for all invaded parks and open spaces in Namakgale	Request for quotation was advertised on the municipal website and only one quote was received. Non implementation of the court order would have resulted in fruitless and wasteful expenditure being incurred by the Municipality	The A Team Task Force	160 000
Hiring of refuse compactor truck	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	Todipjane Transport and Trading	194 166
Repair of vehicle allocated to the Mayor	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	Mercurius Motors	118 471
Refuse Compactor Truck including Diesel for removal of waste in Ba-Phalaborwa	The municipal refuse compactor truck had a mechanical breakdown and as a matter of urgency, a refse truck was required to remove refuse in the Ba-Phalaborwa area to avoid disruption of basic services and the resultant environmental and health hazzards.	Mampudidi Property and Development	83 500

Notes to the Annual Financial Statements for the year ended 30 June 2020

			2020 R	2019 R
60. Deviation from supply chain management regulations (continued)				
Annual renewal of Municipal Box and Private Bag Mail	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	SAPO (South African Post Office)		2 260
Repair of Vehicle allocated to the Mayor	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	Mercurius Motors		98 227
Disinfection for Covid-19 at revenue cashiers' point and Licencing Cashiers' point	Emergency procurement due to COVID-19. The service was not advertised on the municipal website and the stipulated three quotations could not be obtained due to the emergency nature of the service.	Bushveld Pest Control		4 276
Gazetting of the Tariff Book and Property Rates By-Laws for the 2020/21 Financial year	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	Government Printing Works		66 579
Publication of Notice for supplementary valuation	The municipality could not advertise the RFQ on the municipal website and obtain the minimum of three quotations because the service is rendered by a sole provider.	Government Printing Works		254 211
				1 159 442

61. Budget differences

Material differences between budget and actual amounts

1. Interest on long outstanding debtors

The excess of actual expenditure over the final budget of R13m is due to increase the debtors collection period. Consumers are taking longer to pay their accounts and thus interest is charged on the accounts.

2. Government and grants and subsidies

The National Government increased the municiplaity's equitable share allocation for the 2019/20 financial year.

3. Impairment losses

The increase is due additional impariment recognised as a result of reassessment of useful lives of various asset categories. .

4. Bulk purchases

Notes to the Annual Financial Statements for the year ended 30 June 2020

	2020 R	2019 R

61. Budget differences (continued)

The excess of actual expenditure over the final budget of R16.2m for bulk purchases is as a result of increase in Eskom tariffs.

5.Contracted Services

Contracted services for the year increased by R17.4m due to additional projects contracted by the municipality.

6. Fair value adjustments

The adjustments of R8.9m emanated from adjustments for fair value of assets for the year ended 30 June 2020.

7. Actuarial gains/loses

An increase is due to a change in the actuarial estimates determined by actuarial scientists.

Schedule of external loans as at 30 June 2020

	Loan Number	Redeemable	Balance at 30 June 2019 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2020 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock			-	-	-	-	-	-
Structured loans								
Lepelle Northern Water			112 847 834	-	39 595 669	73 252 165	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			112 847 834	-	**39 595 669**	**73 252 165**	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			112 847 834	-	39 595 669	73 252 165	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-

Schedule of external loans as at 30 June 2020

	Loan Number	Redeemable	Balance at 30 June 2019 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2020 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			112 847 834	-	39 595 669	73 252 165	-	-

Ba-Phalaborwa Local Municipality
Ba-Phalaborwa Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	327 029 276	1 288 003	-	-	-	-	328 317 279	(227 409 753)	-	-	(12 002 892)	-	(239 412 645)	88 904 634
	327 029 276	1 288 003	-	-	-	-	328 317 279	(227 409 753)	-	-	(12 002 892)	-	(239 412 645)	88 904 634
Infrastructure														
Road Network	661 478 697	-	-	-	-	-	661 478 697	(378 099 495)	-	-	(17 486 271)	-	(395 585 766)	265 892 931
Storm water network	26 956 491	-	-	-	-	-	26 956 491	(8 922 717)	-	-	(198 731)	-	(9 121 448)	17 835 043
Bridges	15 215 045	-	-	-	-	-	15 215 045	(3 718 846)	-	-	(46 486)	-	(3 765 332)	11 449 713
Transmission & Electricity network	195 891 082	-	-	-	-	-	195 891 082	(101 745 091)	-	-	(3 993 517)	-	(105 738 608)	90 152 474
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	899 541 315	-	-	-	-	-	899 541 315	(492 486 149)	-	-	(21 725 005)	-	(514 211 154)	385 330 161
Community Assets														
Buildings	295 187 237	-	-	-	-	-	295 187 237	(192 055 761)	-	-	(9 839 575)	-	(201 895 336)	93 291 901
Carports	4 048 962	-	-	-	-	-	4 048 962	(1 014 463)	-	-	(134 965)	-	(1 149 428)	2 899 534
Guard rooms	78 421	-	-	-	-	-	78 421	(5 443)	-	-	(2 614)	-	(8 057)	70 364
Other facilities	2 967 883	-	-	-	-	-	2 967 883	(1 807 535)	-	-	(133 730)	-	(1 941 265)	1 026 618
Pavings	9 668 751	-	-	-	-	-	9 668 751	(3 670 519)	-	-	(483 438)	-	(4 153 957)	5 514 794
Perimeter fencing	5 917 079	-	-	-	-	-	5 917 079	(2 479 986)	-	-	(236 683)	-	(2 716 669)	3 200 410
Signs	36 431	-	-	-	-	-	36 431	(12 391)	-	-	(2 429)	-	(14 820)	21 611
Stadium with separated buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streetlights	809 488	-	-	-	-	-	809 488	(482 325)	-	-	(20 237)	-	(502 562)	306 926
Landfill sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety and emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	318 714 252	-	-	-	-	-	318 714 252	(201 528 423)	-	-	(10 853 671)	-	(212 382 094)	106 332 158

Ba-Phalaborwa Local Municipality
Ba-Phalaborwa Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical mouments	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	26 774 943	554 000	(2 655 792)	-	-	-	24 673 151	(6 956 969)	2 544 473	-	(8 662 603)	(168 945)	(13 244 044)	11 429 107
Plant & equipment	5 856 922	601 297	(1 547 511)	-	-	-	4 910 708	(2 117 265)	1 157 670	-	(1 207 810)	(10 661)	(2 178 066)	2 732 642
Computer Equipment	4 455 606	282 193	(1 467 781)	-	-	-	3 270 018	(1 461 684)	960 747	-	(1 106 250)	(106 722)	(1 713 909)	1 556 109
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	13 888 569	122 050	(3 564 347)	-	-	-	10 446 272	(5 579 958)	2 496 964	-	(3 100 567)	(28 226)	(6 211 787)	4 234 485
Office Equipment	1 086 922	165 882	(327 887)	-	-	-	924 917	(287 854)	86 178	-	(126 314)	(297)	(328 287)	596 630
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	52 062 962	1 725 422	(9 563 318)	-	-	-	44 225 066	(16 403 730)	7 246 032	-	(14 203 544)	(314 851)	(23 676 093)	20 548 973

Ba-Phalaborwa Local Municipality
Ba-Phalaborwa Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	327 029 276	1 288 003	-	-	-	-	328 317 279	(227 409 753)	-	-	(12 002 892)	-	(239 412 645)	88 904 634
Infrastructure	899 541 315	-	-	-	-	-	899 541 315	(492 486 149)	-	-	(21 725 005)	-	(514 211 154)	385 330 161
Community Assets	318 714 252	-	-	-	-	-	318 714 252	(201 528 423)	-	-	(10 853 671)	-	(212 382 094)	106 332 158
Heritage assets	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	52 062 962	1 725 422	(9 563 318)	-	-	-	44 225 066	(16 403 730)	7 246 032	-	(14 203 544)	(314 851)	(23 676 093)	20 548 973
	1 597 664 805	**3 013 425**	**(9 563 318)**	**-**	**-**	**-**	**1 591 114 912**	**(937 828 055)**	**7 246 032**	**-**	**(58 785 112)**	**(314 851)**	**(989 681 986)**	**601 432 926**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	155 749	-	-	-	-	(19 892)	135 857	-	-	-	-	-	-	135 857
	155 749	**-**	**-**	**-**	**-**	**(19 892)**	**135 857**	**-**	**-**	**-**	**-**	**-**	**-**	**135 857**
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total														
Land and buildings	327 029 276	1 288 003	-	-	-	-	328 317 279	(227 409 753)	-	-	(12 002 892)	-	(239 412 645)	88 904 634
Infrastructure	899 541 315	-	-	-	-	-	899 541 315	(492 486 149)	-	-	(21 725 005)	-	(514 211 154)	385 330 161
Community Assets	318 714 252	-	-	-	-	-	318 714 252	(201 528 423)	-	-	(10 853 671)	-	(212 382 094)	106 332 158
Heritage assets	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	52 062 962	1 725 422	(9 563 318)	-	-	-	44 225 066	(16 403 730)	7 246 032	-	(14 203 544)	(314 851)	(23 676 093)	20 548 973
Agricultural/Biological assets	155 749	-	-	-	-	(19 892)	135 857	-	-	-	-	-	-	135 857
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 597 820 554	**3 013 425**	**(9 563 318)**	**-**	**-**	**(19 892)**	**1 591 250 769**	**(937 828 055)**	**7 246 032**	**-**	**(58 785 112)**	**(314 851)**	**(989 681 986)**	**601 568 783**

Ba-Phalaborwa Local Municipality

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	108 546 484	-	-	(28 530 192)	-	-	80 016 292	-	-	-	-	-	-	80 016 292
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	327 029 276	-	-	-	-	-	327 029 276	(215 406 860)	-	-	(12 002 892)	-	(227 409 752)	99 619 524
	435 575 760	**-**	**-**	**(28 530 192)**	**-**	**-**	**407 045 568**	**(215 406 860)**	**-**	**-**	**(12 002 892)**	**-**	**(227 409 752)**	**179 635 816**
Infrastructure														
Brides	14 967 765	-	-	247 280	-	-	15 215 045	(3 531 749)	-	-	(193 578)	-	(3 725 327)	11 489 718
Electricity network	179 966 187	173 043	-	17 261 331	-	-	197 400 561	(95 216 693)	-	-	(6 201 404)	-	(101 418 097)	95 982 464
Rail network	97 982	-	-	-	-	-	97 982	(73 486)	-	-	(6 532)	-	(80 018)	17 964
Stormwater network	520 930 998	1 104 689	-	36 882 840	-	-	558 918 527	(350 460 512)	-	-	(27 219 657)	-	(377 680 169)	181 238 358
Dams and reservoirs	125 332 392	-	-	1 624 099	-	-	126 956 491	(8 395 957)	-	-	(560 210)	-	(8 956 167)	118 000 324
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	841 295 324	**1 277 732**	**-**	**56 015 550**	**-**	**-**	**898 588 606**	**(457 678 397)**	**-**	**-**	**(34 181 381)**	**-**	**(491 859 778)**	**406 728 828**
Community Assets														
Buildings	207 761 716	-	-	-	-	-	207 761 716	(126 351 567)	-	-	(6 926 195)	-	(133 277 762)	74 483 954
Carports	4 048 962	146 400	-	-	-	-	4 195 362	(879 498)	-	-	(134 965)	-	(1 014 463)	3 180 899
Guard rooms	78 421	-	-	-	-	-	78 421	(2 829)	-	-	(4 018)	-	(6 847)	71 574
Other facilities	2 652 199	-	-	-	-	-	2 652 199	(1 582 643)	-	-	(123 102)	-	(1 705 745)	946 454
Pavings	9 668 751	247 183	-	-	-	-	9 915 934	(3 187 082)	-	-	(457 048)	-	(3 644 130)	6 271 804
Perimeter fencing	5 951 757	-	-	-	-	-	5 951 757	(2 248 791)	-	-	(237 141)	-	(2 485 932)	3 465 825
Signs	36 431	-	-	-	-	-	36 431	(25 706)	-	-	(2 429)	-	(28 135)	8 296
Stadium with separated buildings	87 312 943	-	-	-	-	-	87 312 943	(55 942 894)	-	-	(2 910 431)	-	(58 853 325)	28 459 618
Streetlights	809 488	-	-	-	-	-	809 488	(463 088)	-	-	(20 237)	-	(483 325)	326 163
Landfill sites	82 818 029	-	-	-	-	2 778 928	85 596 957	(63 555 562)	-	-	(12 151 061)	-	(75 706 623)	9 890 334
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	401 138 697	**393 583**	**-**	**-**	**-**	**2 778 928**	**404 311 208**	**(254 239 660)**	**-**	**-**	**(22 966 627)**	**-**	**(277 206 287)**	**127 104 921**

Ba-Phalaborwa Local Municipality
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Appendix B

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical monuments	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
	317 000	-	-	-	-	-	**317 000**	-	-	-	-	-	-	**317 000**
Work in progress														
Work in progress	97 915 407	42 366 113	-	(56 015 550)	-	-	**84 265 970**	-	-	-	-	-	-	84 265 970
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	97 915 407	**42 366 113**	-	**(56 015 550)**	-	-	**84 265 970**	-	-	-	-	-	-	**84 265 970**
Other assets														
Computer Equipment	3 093 843	1 361 763	-	-	-	-	**4 455 606**	(2 128 574)	-	-	(424 988)	-	**(2 553 562)**	1 902 044
Furniture & Fittings	12 755 318	1 133 252	-	-	-	-	**13 888 570**	(9 869 936)	-	-	(1 189 336)	-	**(11 059 272)**	2 829 298
Machiney and equipment	4 697 970	1 158 952	-	-	-	-	**5 856 922**	(3 263 750)	-	-	(526 920)	-	**(3 790 670)**	2 066 252
Office equipment	959 197	127 725	-	-	-	-	**1 086 922**	(172 487)	-	-	(99 988)	-	**(272 475)**	814 447
Vihicles	22 318 721	4 456 222	-	-	-	-	**26 774 943**	(16 960 567)	-	-	(1 135 021)	-	**(18 095 588)**	8 679 355
Library books	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	43 825 049	**8 237 914**	-	-	-	-	**52 062 963**	**(32 395 314)**	-	-	**(3 376 253)**	-	**(35 771 567)**	**16 291 396**

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Appendix B

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	435 575 760	-	-	(28 530 192)	-	-	407 045 568	(215 406 860)	-	-	(12 002 892)	-	(227 409 752)	179 635 816
Infrastructure	841 295 324	1 277 732	-	56 015 550	-	-	898 588 606	(457 678 397)	-	-	(34 181 381)	-	(491 859 778)	406 728 828
Community Assets	401 138 697	393 583	-	-	-	2 778 928	404 311 208	(254 239 660)	-	-	(22 966 627)	-	(277 206 287)	127 104 921
Heritage assets	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
Work in progress	97 915 407	42 366 113	-	(56 015 550)	-	-	84 265 970	-	-	-	-	-	-	84 265 970
Other assets	43 825 049	8 237 914	-	-	-	-	52 062 963	(32 395 314)	-	-	(3 376 253)	-	(35 771 567)	16 291 396
	1 820 067 237	**52 275 342**	**-**	**(28 530 192)**	**-**	**2 778 928**	**1 846 591 315**	**(959 720 231)**	**-**	**-**	**(72 527 153)**	**-**	**(1 032 247 384)**	**814 343 931**
Agricultural/Biological assets														
Trees and flowers	104 525	-	-	-	87 778	(36 554)	155 749	-	-	-	-	-	-	155 749
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	104 525	**-**	**-**	**-**	**87 778**	**(36 554)**	**155 749**	**-**	**-**	**-**	**-**	**-**	**-**	**155 749**
Intangible assets														
Computer software	2 279 945	-	-	-	-	-	2 279 945	(1 732 305)	-	-	(451 470)	-	(2 183 775)	96 170
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2 279 945	**-**	**-**	**-**	**-**	**-**	**2 279 945**	**(1 732 305)**	**-**	**-**	**(451 470)**	**-**	**(2 183 775)**	**96 170**
Investment properties														
Investment property	43 303 307	-	-	-	-	-	43 303 307	-	-	-	-	-	-	43 303 307
	43 303 307	**-**	**-**	**-**	**-**	**-**	**43 303 307**	**-**	**-**	**-**	**-**	**-**	**-**	**43 303 307**
Total														
Land and buildings	435 575 760	-	-	(28 530 192)	-	-	407 045 568	(215 406 860)	-	-	(12 002 892)	-	(227 409 752)	179 635 816
Infrastructure	841 295 324	1 277 732	-	56 015 550	-	-	898 588 606	(457 678 397)	-	-	(34 181 381)	-	(491 859 778)	406 728 828
Community Assets	401 138 697	393 583	-	-	-	2 778 928	404 311 208	(254 239 660)	-	-	(22 966 627)	-	(277 206 287)	127 104 921
Heritage assets	317 000	-	-	-	-	-	317 000	-	-	-	-	-	-	317 000
Work in progress	97 915 407	42 366 113	-	(56 015 550)	-	-	84 265 970	-	-	-	-	-	-	84 265 970
Other assets	43 825 049	8 237 914	-	-	-	-	52 062 963	(32 395 314)	-	-	(3 376 253)	-	(35 771 567)	16 291 396
Agricultural/Biological assets	104 525	-	-	-	87 778	(36 554)	155 749	-	-	-	-	-	-	155 749
Intangible assets	2 279 945	-	-	-	-	-	2 279 945	(1 732 305)	-	-	(451 470)	-	(2 183 775)	96 170
Investment properties	43 303 307	-	-	-	-	-	43 303 307	-	-	-	-	-	-	43 303 307
	1 865 755 014	**52 275 342**	**-**	**(28 530 192)**	**87 778**	**2 742 374**	**1 892 330 316**	**(961 452 536)**	**-**	**-**	**(72 978 623)**	**-**	**(1 034 431 159)**	**857 899 157**

Audit Committee Report to the Council for the financial year ended 30 June 2020

We are pleased to present our report for the financial year ended 30 June 2020.

Audit committee members

The Audit Committee was able to meet four (4) times during the financial year under review as per the approved terms of reference. The Internal Auditor is the permanent invitees to the Audit Committee, and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

The members of the audit committee are all independent members of the Municipality and include:

Name of the Member	Status
Mr. Ravhudzulo KP CA(SA), RA	Chairperson
Mr. Ngobeni SAB	Member
Ms. Mangoma A	Member
Adv. Nevondwe LT	Member

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King III Report on the Best Practices on Corporate Governance for South Africa. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The systems of internal controls applied by the Municipality over financial and risk management have slightly improved. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the Municipality have been fairly designed, however they are not fully efficient and effective. This is as a result of failure to identify corrective actions and suggested enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, it was noted that the Municipality received a qualified audit opinion for the year under review which is the same opinion as compared to prior year. We recommended that management should implement an action plan to address all the findings raised by the Auditor General in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

Evaluation of Annual Financial Statements

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Municipality management;
- Reviewed the Municipality compliance with legal and regulatory provisions;
- Reviewed the Auditor General's management report and audit report
- Reviewed significant adjustments resulting from the audit.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. Internal audit performed the audit of internal controls of the Municipality and through the information provided. The Audit Committee noted some improvement in the effectiveness of the internal controls during the financial year. The Committee has noted that there is a need to improve monitoring, oversight and implementation by Management in managing internal controls.

Risk management

The Audit Committee is satisfied that risk management is continually improving within the Municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.

Pre-determined objectives

The Audit Committee is satisfied that preparation and reporting on pre-determined objectives of the Municipality is improving. It was recommended that continuous training should be provided to the Performance Management System Officers.

Auditor-General of South Africa

The Audit Committee in consultation with management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remained independent throughout the financial year.

Reporting

The Audit Committee tabled its quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

Appreciation

The Audit Committee wishes to thank Municipality Council, management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the Municipality.

Mr K.P Ravhudzulo CA(SA), RA
Chairperson