


- 
1. Public Comments are invited for this Annual Report
  2. Pages for comments are provided at the back of this copy

# LEPHALALE LOCAL MUNICIPALITY

## ANNUAL REPORT 2016-17

---

## TABLE OF CONTENTS

CHAPTER 1 .....	7
COMPONENT A: MAYOR'S FOREWORD .....	7
COMPONENT B: EXECUTIVE SUMMARY .....	10
MUNICIPAL MANAGER'S OVERVIEW .....	10
MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	14
SERVICE DELIVERY OVERVIEW .....	18
ORGANISATIONAL DEVELOPMENT OVERVIEW .....	23
FINANCIAL HEALTH OVERVIEW .....	23
AUDITOR GENERAL REPORT .....	24
STATUTORY ANNUAL REPORT PROCESS .....	24
RISK ASSESSMENT .....	25
CHANGE MANAGEMENT .....	26
CHAPTER 2: GOVERNANCE .....	27
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....	27
POLITICAL GOVERNANCE .....	27
ADMINISTRATIVE GOVERNANCE .....	30
COMPONENT B: INTERGOVERNMENTAL RELATIONS .....	31
INTERGOVERNMENTAL RELATIONS .....	31
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	32
PUBLIC MEETINGS .....	32
IDP PARTICIPATION AND ALIGNMENT .....	34
COMPONENT D: CORPORATE GOVERNANCE .....	37
RISK MANAGEMENT .....	37
ANTI-CORRUPTION AND FRAUD .....	38
SUPPLY CHAIN MANAGEMENT .....	39
BY-LAWS .....	39
WEBSITES .....	40
PUBLIC SATISFACTION ON MUNICIPAL SERVICES .....	40
CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....	41
COMPONENT A: BASIC SERVICES .....	42
WATER PROVISION .....	42
Bulk water infrastructure. ....	42
Water availability in rural areas. ....	44
WASTE WATER (SANITATION) PROVISION .....	46
Current status of sanitation in rural areas. ....	47
Sanitation resources in rural areas. ....	47

Age, Condition and remaining useful life of Sanitation assets in the Municipality .....	47
<b>ELECTRICITY</b> .....	49
Network overview. ....	49
<b>WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)</b> .....	51
Refuse removal. ....	52
Waste transport and transfer.....	52
Waste storage. ....	52
Waste Education.....	53
<b>HUMAN SETTLEMENTS/ HOUSING</b> .....	54
Lephalale Development Nodes.....	55
<b>FREE BASIC SERVICES AND INDIGENT SUPPORT</b> .....	57
<b>COMPONENT B: ROAD TRANSPORT</b> .....	57
<b>ROADS</b> .....	57
Road network at regional level.....	58
<b>TRANSPORT (INCLUDING VEHICLE LICENSING &amp; PUBLIC BUS OPERATION)</b> .....	60
<b>WASTE WATER (STORMWATER DRAINAGE)</b> .....	63
<b>COMPONENT C: PLANNING AND DEVELOPMENT</b> .....	64
The SDF within the context of municipal planning. ....	64
<b>LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)</b> .....	65
EPWP implementation programme, CWP, etc. ....	66
<b>COMPONENT D: COMMUNITY &amp; SOCIAL SERVICES</b> .....	68
<b>LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)</b> .....	68
<b>CEMETORIES AND CREMATORIALS</b> .....	72
<b>CHILD CARE; AGED CARE; SOCIAL PROGRAMMES</b> .....	72
<b>COMPONENT E: ENVIRONMENTAL PROTECTION</b> .....	72
<b>POLLUTION CONTROL</b> .....	72
Water quality. ....	73
<b>BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)</b> .....	73
<b>COMPONENT F: HEALTH</b> .....	75
<b>CLINICS</b> .....	75
<b>AMBULANCE SERVICES</b> .....	76
<b>HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC</b> .....	76
<b>COMPONENT G: SECURITY AND SAFETY</b> .....	76
<b>POLICE</b> .....	76
<b>FIRE</b> .....	77
<b>OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)</b> .....	77

COMPONENT H: SPORT AND RECREATION .....	78
<b>SPORT AND RECREATION</b> .....	78
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES .....	80
<b>EXECUTIVE AND COUNCIL</b> .....	80
<b>FINANCIAL SERVICES</b> .....	80
<b>HUMAN RESOURCE SERVICES</b> .....	81
Institutional study conducted.....	82
Career planning succession and retention policy. ....	82
<b>INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES</b> .....	83
<b>PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES</b> .....	83
<b>PROPERTY&amp; LEGALSERVICES</b> .....	83
Risk Management.....	83
<b>Supply chain committees</b> .....	83
COMPONENT J: MISCELLANEOUS.....	84
COMPONENT K: Organisational performance score card .....	85
Pre-determined Objectives Performance.....	85
Project Implementation .....	120
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) .....	124
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	124
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE .....	126
<b>PERFORMANCE REWARDS</b> .....	128
CONSLUSION.....	129
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....	130
<b>SKILLS DEVELOPMENT AND TRAINING</b> .....	130
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE .....	132
<b>EMPLOYEE EXPENDITURE</b> .....	132
CHAPTER 5: FINANCIAL PERFORMANCE .....	134
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....	134
<b>STATEMENTS OF FINANCIAL PERFORMANCE</b> .....	134
<b>GRANTS</b> .....	135
<b>ASSET MANAGEMENT</b> .....	136
Existing <b>ASSET MANAGEMENT, (Repairs and maintanance.)</b> .....	138
<b>FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS</b> .....	139
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET .....	140
<b>CAPITAL EXPENDITURE</b> .....	140
<b>SOURCES OF FINANCE</b> .....	141
<b>CAPITAL SPENDING ON 5 LARGEST PROJECTS</b> .....	142
<b>BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW</b> .....	143

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....	144
<b>CASH FLOW</b> .....	144
<b>BORROWING AND INVESTMENTS</b> .....	145
<b>PUBLIC PRIVATE PARTNERSHIPS</b> .....	145
COMPONENT D: OTHER FINANCIAL MATTERS.....	145
<b>SUPPLY CHAIN MANAGEMENT</b> .....	145
<b>GRAP COMPLIANCE</b> .....	145
CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS .....	146
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2015-16 .....	146
<b>AUDITOR GENERAL REPORTS 2015-16</b> .....	146
COMPONENT B: AUDITOR-GENERAL OPINION 2016/17.....	147
<b>AUDITOR GENERAL REPORT 2016/17</b> .....	147
Report of the auditor-general to Limpopo provincial legislature and the council of Lephalale Local Municipality.....	147
Report on the audit of the financial statements .....	147
Opinion.....	147
Basis for opinion .....	147
Emphasis of matters .....	147
Other matter .....	148
Responsibilities of accounting officer for the financial statements .....	148
Auditor-general's responsibilities for the audit of the financial statements.....	148
Report on the audit of the annual performance report .....	149
Introduction and scope.....	149
Key performance area 2 – Service delivery and infrastructure development.....	149
Other matters .....	150
Report on audit of compliance with legislation .....	150
Introduction and scope.....	150
Other information .....	151
Internal control deficiencies .....	152
GLOSSARY .....	153
APPENDICES.....	155
<b>APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE</b> .....	155
<b>APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES</b> .....	156
<b>APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE</b> .....	159
<b>APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY</b> .....	159
<b>APPENDIX E – WARD REPORTING</b> .....	161
<b>APPENDIX F – WARD INFORMATION</b> .....	161
<b>APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2008/09</b> .....	161
<b>APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS</b> .....	164

<b>APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE .....</b>	<b>165</b>
<b>APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS.....</b>	<b>165</b>
<b>APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE .....</b>	<b>166</b>
<b>APPENDIX K(i) – REVENUE COLLECTION PERFORMANCE BY VOTE .....</b>	<b>166</b>
<b>APPENDIX K(ii) – REVENUE COLLECTION PERFORMANCE BY SOURCE.....</b>	<b>167</b>
<b>APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG .....</b>	<b>168</b>
<b>APPENDIX M – CAPITAL EXPENDITURE – NEW &amp; UPGRADE/RENEWAL PROGRAMMES.....</b>	<b>168</b>
<b>APPENDIX M(i) – CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME .....</b>	<b>168</b>
<b>APPENDIX M(ii) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME .....</b>	<b>168</b>
<b>APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2016/17 .....</b>	<b>169</b>
<b>APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2016/17 .....</b>	<b>169</b>
<b>APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS .....</b>	<b>169</b>
<b>APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION .....</b>	<b>169</b>
<b>APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY .....</b>	<b>170</b>
<b>APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71 .....</b>	<b>170</b>
<b>VOLUME II: ANNUAL FINANCIAL STATEMENTS .....</b>	<b>171</b>



#### Vision

Lephalale Local Municipality is currently one of the fastest growing municipalities in the country and governs a town that has the potential to become the future hub of power generation in South Africa. The municipality is working hand in hand with several stakeholders to build a vibrant city situated at the heart of the Waterberg coalfield. This coalfield is estimated to contain between 40 and 50% of SA's remaining coal reserves. Conventional wisdom is that the future of SA coal mining depends on the development of this extensive deposit of coal surrounding the town of Lephalale. There is no doubt that Lephalale will soon be a forerunner in the mining sector and energy production.

It is against this background that the vision of the Lephalale Local Municipality shows our dedication to the improvement and empowerment of local communities through the many opportunities for economic growth afforded to it.

Our vision is ***“a vibrant city and energy hub of Africa”***.

We have made it our mission to be ***committed to rural development, provision of quality, sustainable and affordable services, financial viability and good governance, local economic development and job creation”***.

We endeavour to do this by being:

- **Community orientated:** Provide and deliver sustainable services and activities for the whole community
- **Transparent:** Invite and encourage democratic public participation in council's activities
- **Committed:** Focus and concentrate on council's core activities in a consistent manner
- **Business orientated:** Subscribe to, and comply with, the best business practices
- **Full of integrity:** Conduct council's business in a fair, responsible, flexible, equitable and honest manner
- **Accountable:** Report regularly to all stakeholders regarding council's actual performance
- **Environmentally friendly:** with all the development in Lephalale, the municipality will focus on taking care of the environment

- **Able to empower:** to be seen empowering our people economically.
- **Performance Management:** Continually evaluate and monitor performance against predetermined objectives and set targets.

In recent years the development of the Waterberg has been designated a priority in the National Development Plan with road, rail and water infrastructure development taking precedence to ensure that power stations in South Africa are in future supplied with enough coal. The financial year 2016/17 has come and gone with its share of triumphs and tribulations, this is a year where the serious down scaling of the Medupi project started in terms of the workforce as the projects nears its completion. The commissioning of a Solar plant at Tomburke by Enel ensured the first production of renewable energy from Lephalale Municipality

#### ***Some of the key projects are***

- ❖ Eskom's Medupi Power Station
- ❖ Enel Solar Power from Tom- Burke
- ❖ Proposed Sekoko coal mine at Steenbokpan
- ❖ Mokolo Crocodile River Water Augmentation Project
- ❖ Opening of New Coal Mines - Waterberg Coal is planning to build a mine that will supply 10Mt/year to Eskom over a 30-year period. Resource Generation (Resgen), have also announced ambitious projects for the Waterberg and construction of the Boikarabelo mine started earlier this year. The mine will produce 6Mt/year when completed.
- ❖ Exxaro Expansion - Exxaro's open-cast Grootegeluk multiproduct mine is being expanded to supply coal to Eskom's Medupi power station, to which it will eventually supply 14,6 Mt/year. The mining company is also endeavouring to develop a new mine, Thabametsi, which could supply up to 17Mt/year to power stations and 2,8Mt/year to other markets. The group has proposed construction of a privately owned 600MW power station in partnership with independent power producer GDF Suez, which would be supplied by coal from Thabametsi.
- ❖ Agricultural Corridor – The municipality is working with several stakeholders in establishing agricultural projects which transfer skills to local farmers to create sustainable farming enterprises through the selling of produce to local markets.
- ❖ SIP 1 From National Government ( Special Infrastructure Project 1 )
- ❖ Rail - Transnet has committed to a phase 1 upgrade of the existing railway line from Lephalale to Mpumalanga via Thabazimbi, Rustenburg and Pyramid, from its current capacity of 4Mt/year to 23Mt/year by 2018 at a cost of around R5bn. Phase 2 calls for the construction of a new heavy-haul rail line from Thabazimbi to Ogies at a cost of around R32bn, which would eventually push coal volumes railed to more than 100Mt/year.
- ❖ The Construction of an asphalt roads on roads in the rural villages through the public private partnership between Road Agency Limpopo(RAL) and Exxaro mining company.

#### **Key Policy Developments**

Three (3) of the municipal by-laws were brought to council for approval. 3 have been approved one was sent for gazetting. New by-laws for Spluma, Roads and Traffic and child care Facilities were developed under the guidance of the Millennium goals, the 12 national outcomes and the Provincial growth and development strategy. The IDP is aligned to the outcomes based delivery approach.

#### **Key Service Delivery Improvements**

At the heart of any local municipality are the services it renders to the community. It is also by the amount and quality of these services that it is often evaluated. Looking at the Annual Performance report for 2016-17, it is clear that the Lephalale Municipality is committed to providing the best possible delivery of services to all residents residing within the Municipal boundaries. Despite many challenges, the level of service delivery is improving year by year and the amount of residents who have access to basic services continues to grow.

The Annual Performance Report shows that the WSA managed to eradicate the back log on all formal settlements. About 32488 households have access to basic level of water.

This means that in in terms of national standards, the majority of people residing in formal or proclaimed settlements have access to basic and high level water supply.

In some instances the Municipality has provided tankers and boreholes to ensure that all households have water at least within 200m of each dwelling. There are however still many challenges as the town grows at a rapid pace and informal settlements mushroom around town. New extensions and farm dwellers on private land also pose a challenge when it comes to water supply.

Of the total households 19942 urban households are receiving waste removal services on monthly basis and about 6759 households at rural villages has access to Waste removal services. This equates to a total of 26701 households



receiving basic level waste removal. To ensure that weekly refuse removal services are also rendered in rural areas the municipality acquired two Roll-on Roll-off trucks and 30 Roll on Roll off bins for 10 villages

A total of 33004 (97%) of households within the municipal area have access to basic level of electricity. The mandate to provide electricity in rural areas currently lies with Eskom.

A total of 32109 households have at least basic level of sanitation i.e. Ventilated Improved Pit latrines (VIP) or better.

The Lephalale Municipality remains committed to rural development and the provision of quality, sustainable and affordable services and will continue to do so with the aim to more effectively serve the Lephalale community.

**Public Participation:** Our Municipality follows a development-communication approach, which means that our public participation programmes are responsive to the needs of the community within the context of government's mandated programme to improve lives of all community members.

### **Future Actions**

It is estimated that Lephalale will grow between four and five times its current size by 2030, if all foreseen developments take place within the projected time frames. This has necessitated the drafting of a CBD development plan to coordinate future developments.

The draft report of the Lephalale CBD development plan was made public early December 2013.

The CBD proposes the construction of both a northern and a southern bypass route to direct regional traffic around Lephalale town. The bypass routes are extensions of the regional road network. The bypass will likely stimulate the northwards expansion of Lephalale CBD and the Onverwacht light industrial area. Once fully developed, the strip will also serve as an interface between the mining activities to the north and the town, while protecting the residential fabric of the town.

The main objective of the Lephalale CBD Development Plan is to revitalize the Central Business Districts and thereby also upgrades the living conditions of people within the Lephalale and Marapong areas; creating an integrated and functional urban environment and rehabilitating the dysfunctional components of the CBD areas with economic development

The municipality is embarking on consultation process with communities about their needs and Ward committees are to be closely monitored. Establishment of courtesy centre and the community participation unit within the municipality

The Municipality has plans to involve the local communities to build the new city and the first city to be built in the democratic dispensation.

### **Agreements and Partnerships**

Under the banner of Local Economic Development the Lephalale Municipality, Exxaro, Anglo and Shanduka Black Umbrellas launched an Enterprise Development Incubator and Hub with the aim to accelerate the development, sustainability and ultimate independence of Small, Medium and Micro suppliers and enterprises in Lephalale. The aim is to collaborate with partners in the private sector, government and civil society to address low levels of entrepreneurship and high failure rate of black owned and emerging businesses. The Municipality continues to partner with Exxaro, Eskom, Waterberg coal, Boikarabelo and Resgen in improving infrastructure in Lephalale. Through the Lephalale Development Forum, the Municipality in partnership with strategic stakeholders coordinates infrastructure related initiatives. Furthermore there has been a major agreement between Roads Agency Limpopo, Exxaro mining company and Lephalale Municipality for construction of 2 roads through the rural villages, from Sefithogo to Letlora and a road from Tshetlhong to Motswedding. These projects will cover three wards within the Municipality and benefit 13 rural communities.

### **Conclusion**

Growing a town into a major city and eventually into South Africa's energy hub, takes a collective effort and in Lephalale major role-players are working together to do just that. The year 2016-17 has been a year of improvement and lives have been bettered through this collective effort. We have seen economic growth projects improve the GDP and the earning ability of the community. The social standards have improved, and infrastructure development has improved. Lephalale Municipality will continue its mandate of delivering quality services to its community.



(Signed by :)

Mayor/Executive Mayor

## MUNICIPAL MANAGER'S OVERVIEW



Section 152 (1) of the Constitution sets out the objectives of Local Government as follows:

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

Section 152 (2) states that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153 of the Constitution sets out the Developmental duties of municipalities as follows:

A Municipality – must:

- (a) Structure and manage its administrative and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and
- (b) Participate in national and provincial development programs.

The constitution requires us to prioritize the delivery of basic services. It is widely accepted that basic needs and basic services refer to the same set of functions/services being water, electricity, sanitation and refuse removal.

Our municipality is one of the fastest economically growing Municipality in the country, if not in the continent. The economic boom brought some challenges to us. Administratively, we oiled our service delivery machinery to meet both the infrastructure and human resources challenges. The report will outline projects undertaken to meet water, sanitation and other infrastructure challenges.

This report will reflect on our actual performance, identifies our key successes and some of the challenges faced during the 2016-17 financial year in terms of the strategic (SDBIP and IDP) performance.

The five year long term plan is contained in the Integrated Development Plan (IDP) which is the Master Plan for service delivery within local government sphere. From the IDP we derive the Service Delivery and Budget Implementation Plan (SDBIP) and similarly the Performance Plans for Management are derived from the SDBIP. These strategic documents are fully aligned. The annual report looks back at the SDBIP and IDP for a period of one year and the outcomes help with the Annual Planning and results in the review of the five year Master Plan (IDP).

This annual report provides feedback in terms of our actual performance against the milestones and targets as set for the period under review, being the 2016/17 financial year.

The current national government measures itself against the following priority areas in terms of the National Development Plan:

- Transition to a low-carbon economy

- An inclusive and integrated rural economy
- Reversing the spatial effects of apartheid
- Improving the quality of education, training and innovation
- Quality health care for all
- Social protection
- Building safer communities
- Reforming the public services
- Fighting corruption
- Transforming society and uniting the country

As a Municipality, we acknowledge the national priorities and as far it applies to the mandate of the municipality, our priorities are aligned thereto.

The following tabular matrix plots how the strategic objectives of the municipality align to the different objectives and priorities developed from various spheres of government:

**Table 1:** Alignment of Lephalale Strategic Objectives to National and Provincial development plans.

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME OUTPUTS 9	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
Improving infrastructure	6 An efficient, competitive and responsive economic infrastructure network	Improved access to Basic Services	Public infrastructure investment programme Water Resource Development and Demand Management	Provide quality and well maintained infrastructural services in all municipal areas	Satisfied community members
An economy that will create more jobs	4 Decent employment through inclusive economic growth	Implement the Community work programme and Co-operatives supported Deepen democracy through a refined ward committee model	Regional economic development and integration programme Enterprise development (SMMES and cooperatives development)	Create a conducive environment for businesses to invest and prosper	Sustainable economy
An inclusive and integrated rural economy	7 Vibrant, equitable and sustainable rural communities with food security for all		Agriculture and rural development Industrial development programme		
Reversing the spatial effect of apartheid	8 Sustainable human settlements and improved quality of household life	Actions supportive of the Human Settlement outcomes		Rational planning to bridge first and second economies and provide adequate land for development	Sustainable development
Transition to a low-carbon economy	10 Environment assets and natural resources that are		Environmental and natural resources development	Protect the environment and improve	Safe, healthy and clean living

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME OUTPUTS 9	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
	well protected and continually enhanced		programme Green economy and creation of green jobs	community well-being	conditions
Quality health care for all	2 A long and healthy life for all South Africans		Health care development programme		
Social protection	11 Create a better South Africa and contribute to a better and safer Africa and World		Safety and security	Capacitate disadvantaged groups	Quality life for disadvantaged groups
Transforming society and the country					
Building safer communities	3 All people in South Africa feel and are safe				
Improving quality of education, training and innovation	1 Improved quality of basic education		Education and skills development programme		
Fighting corruption		Implement a differentiated approach to municipal financing, planning and support	Corporate Governance	Enhance revenue and financial management	Financial Viability and Prosperous institution
	9 - A responsive, accountable, effective and efficient local government system	Single Window of co-ordination	Corporate Governance	Responsible, accountable, effective and efficient corporate governance	Public confidence
Reforming the public service	12 - An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance and professionalism	Best Governance ethos
	5- Skilled and capable workforce to support an inclusive growth path	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance and professionalism	Best Governance ethos

For service delivery performance statistics the number of households used in this report is **34249** from the division of electricity in the Municipality as verified during installation of new electrical connections. It however has to be acknowledged that according to the new community survey of 2016 by Stats SA the number of households for Lephalale Local Municipality is **43002**. The community survey outlines the levels of service delivery per key performance area in the Municipality but that is not yet verified and cannot be part of this report.

There are **96 indicators in the 2016/17** Higher level SDBIP after adjustments during the mid- year budget reviews. The Overall SDBIP achievement is **53 indicators achieved target** as predetermined, **5 indicators exceed target**, whereas **24 indicators over exceeded target** by big margins and only **14 indicators had an average performance** which is a good performance for the institution as a whole. The institutional performance is at 4.0 for key performance indicators and 3.9 for project implementation. The **overall SDBIP performance is 3.95**.

**The following were achieved per department:**

- 1.1. Office of the Municipal Manager:** Out of the 24 indicators, 17 indicators have achieved target, 1 indicators exceeded target, 3 targets over exceeded and 3 indicators had an average performance. All indicators aggregate in the key performance area good governance and public participation. All indicators aggregate in the key performance area good governance and public participation.
- 1.2. Budget and Treasury:** 20 indicators are applicable for the financial year, from the 20 measured indicators 14 achieved targets, 4 indicators over exceeded the target as planned and 2 had an average performance. The prescribed, section 43 key performance indicators like debt coverage, cost coverage and liquidity ratio the Municipality has done fairly well.
- 1.3. Corporate Support Services:** The department has 14 indicators, out the 14 measured indicators 5 achieved target, 2 exceeded targets and 4 over exceeded and 3 indicators had an average performance. Importantly council meeting were attended as scheduled, the aggregate to give performance to the 2 two key performance areas, Good Governance and Public participation as well as Transformation and Organizational Development. Importantly council meeting were attended as scheduled.
- 1.4. Social Services:** The department has 13 indicators the department reported actuals for all the indicators which resulted in 6 indicators out 13 having achieved target, 6 indicators over exceeded the planned target and only 1 having an average performance, Weekly Refuse removal is enjoyed by over 19942 households in urban areas, 8 library campaigns done, safety forum are successfully held.
- 1.5. Infrastructure Services:** The department has 12 indicators, where 8 indicators achieved target as planned, 2 indicators over exceeded target and only 2 indicators had average performance where target was not achieved as planned. All the service delivery indicators, prescribed by section 43 achieved the planned target with an exception of sanitation where VIP targets were achieved as planned. The infrastructure capital projects depicted a good progress of above 73% on construction and those at design stage as part of forward planning are completed and procurement stage for construction.
- 1.6. Development Planning** has 13 indicators, after adjustment SDBIP, out of the 13 measured indicators 3 achieved target as planned, 2 indicators exceeded target, 5 indicators over exceeded the target, and 3 indicators had an average performance. The indicators in this department are derivatives of the key performance areas, spatial planning and local economic development

## 1. Background:

Lephalale Municipality is authorized to exercise and perform the following powers and functions as set out in schedule 4, part A and B of the Constitution of the Republic of South Africa, act 108 of 1996:

**Table 2:** Assessment of powers and functions

Service	Authority for the service		Description of function performed by Municipality
	Local Municipality	District Municipality	
Air pollution	Yes		Air pollution control by monitoring the institutions that are more likely to pollute the air
Building regulation	Yes		Enforcing the national building regulations
Bulk supply of Electricity	Yes		Supply maintain all electricity functions
Fire fighting		Yes	Provide firefighting services
Local tourism & LED	Yes		Provide LED and Tourism enhancement support
Municipal planning	Yes		Forward planning; Land use control; Policy development; GIS
Municipal health services		Yes	Provision of municipal health services through inspections, investigations and control
Municipal public transport	Yes		Ensure that accessible, safe, adequate and affordable public transport is provided
Municipal roads and storm water	Yes		Provision, upgrading and maintenance of roads and storm water systems
Trading regulation	Yes		By-law and regulation enforcement
Bulk supply of water	Yes		Provision of potable water
Sanitation	Yes		Provision of hygienic sanitation systems
Billboards & the display	Yes		Regulation, control and display of advertisement and billboards
Cemetery, funeral parlours & crematoria	Yes		Provision of graves to the community for internment of deceased
Street cleansing	Yes		Sweeping streets, picking litter, and emptying of street bins
Noise pollution	Yes		Control of noise pollution
Control of public nuisance	Yes		Control of public nuisance and inspection thereof issuing of notices
Control of undertakings that sell liquor to the public		Yes	Regulated by liquor Act – custodian SAPS and liquor board
Street trading	Yes		By-law and regulation enforcement
Licensing & undertakings to sell food to the public	Yes		Quality control, Safety and hygiene regulation
Refuse removal, refuse dump & solid waste disposal	Yes		Waste collection; waste transport and Landfill management
Public places	Yes		Maintaining and provision of sports facilities
Traffic and parking	Yes		Enforcement of Road Traffic Act
Occupational health & safety	No		Competency of the Department of labour
Municipal parks & recreation	Yes		Establishment and maintenance of parks
<b>Additional Functions Performed</b>			
Housing	No	No	Department of Cooperative Governance, Housing and Traditional Affairs as per agreement with the Municipality
Library, Arts & Culture	No	No	Department of Sports, Arts and Culture with the Municipality as per agreement
Registering Authority	No	No	Department of Transport with the Municipality as per agreement



This section describes the geographical area within which Lephalale Municipality is located within Waterberg District and Limpopo Province at large. In addition this section provides information on demographic profile and the status of service delivery covering the following key performance areas: spatial development, environmental issues, infrastructure investment (service delivery) local economic development, financial management, institutional management and public participation.

## 2. Executive Summary:

The Municipality is located in the north western part of Waterberg District of Limpopo Province of the Republic of South Africa. It borders with four local municipalities (Blouberg, Modimolle, Mogalakwena and Thabazimbi). Its north-western border is also part of the international border between South Africa and Botswana. The Lephalale municipality is the biggest Municipality in the Limpopo province (covering 14 000km<sup>2</sup>). The town of Lephalale is located a mere 280 km from Tshwane and a recognized gateway to Botswana and other Southern African Countries.

The town Lephalale (Ellisras/Onverwacht/Marapong) is located approximately 40 km from the border of Botswana. It is situated between 23°30' and 24°00' south latitude 27°30' and 28°00' east longitude.

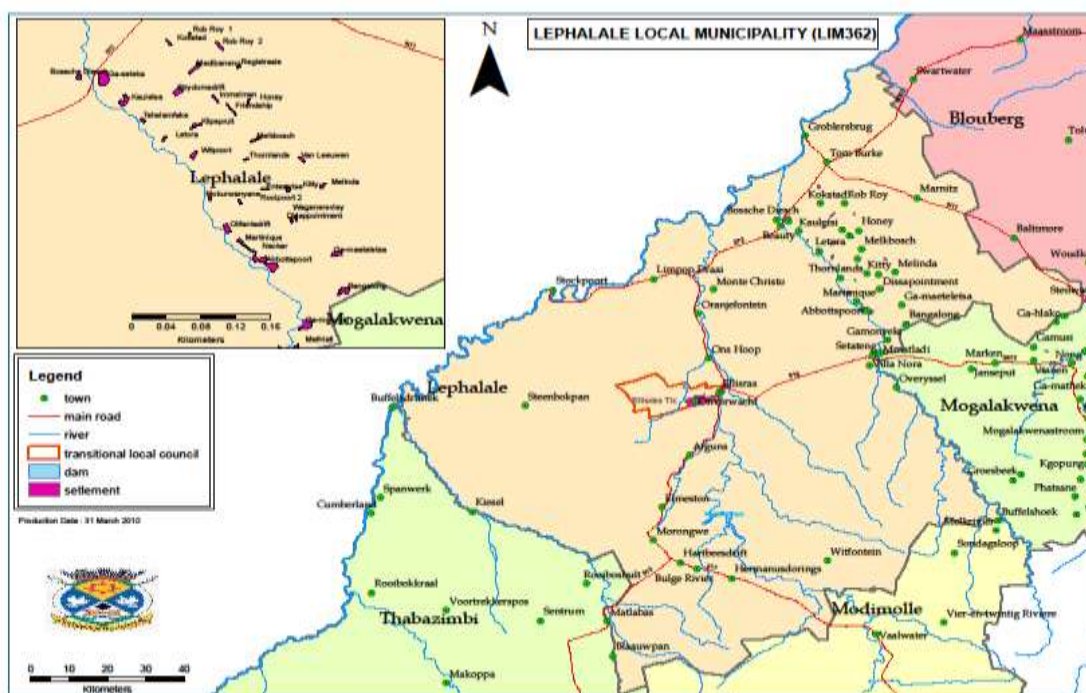
Lephalale Municipal area's contribution of mining to GDP is significant at 59.21%. Electricity contributes 11.33% to the GDP and its contribution to the Waterberg electricity sector is at 69.65%. Other sectors that have a significant contribution to the Waterberg GDP per sector include agriculture, mining, and manufacturing. Agriculture (38.85%) is the sector that employs the largest part of the workforce and is followed by community services (15.71%).

Nestled at the spur of the Waterberg Mountains, Lephalale is a place of peace and breath-taking beauty. Discover why Lephalale is called "the heartland of the Waterberg bushveld". As part of the Waterberg biosphere, Lephalale area is richly blessed with pristine natural beauty and an abundance of fauna and flora. Lephalale offers an infinite variety of scenic contrasts and encompass the unique Waterberg wilderness with its extraordinary beauty which boasts superb vistas, mountain gorges, clear streams and rolling hills. Rich in geological sites and rock art is a strong draw-card for the region, suggesting its links to many previous generations.

Hence, the importance of tourism industry to the economy of the area is likely to continue to grow into the future. This is likely to be related to the hunting and ecotourism industries, but could also be linked to any expansion of the industrial operations and the related business tourism. Agriculture especially red meat is one the potential economic activity which is likely to grow in the municipal area. Lephalale Local Municipality has been blessed with natural resources that give it a competitive and comparative advantage in Mining, Energy, Tourism and Agriculture.

Both social infrastructure and economic infrastructure indicators show that much must still be done to improve the quality of life of the people of Lephalale.

Figure 1: Lephalale Municipality geographic location



### 3. Demographics

The community survey of 2016 projected a 21.8% in male population compared to 13.5% of females with the overall increase of 18% against 35.8% in 2011. The increase in population may be linked to the skills development centres and job opportunities in the Municipality as a result of the Waterberg coalfield. The community survey suggested a population increase, considerably higher than the provincial growth rate of 0.84% per year for the last five years. The household size has declined from 3.9 in 2011 census to 3.2 in the 2016 community survey. Almost 58.4% of the population is economically active in terms of age. The youth represent 40.7% of the population

**Table 3:** Age and gender profile.

Age	0-4	5-9	10-14	15-19	20-24	25-29	30-	35-	40-	45-	50-54	55-	60-64	65-69	70-74	75+	Total
Male	851	585	5991	6618	8389	12019	786	585	444	419	3013	223	1494	847	399	500	78320
Femal	793	612	5948	5288	6920	6357	536	413	293	266	2200	177	1355	918	834	118	61919
Total	164	119	11939	11906	15308	18376	132	998	737	685	5213	400	2849	1765	1233	168	14024
%	11.9 %	8.7	8.6%	8.7%	10.9%	11.4%	9.7	7.2	5.3	4.9	3.8%	3.0	2.2%	1.3%	1.0%	1.2	100%

Source: Statssa

### 4. Population Trends

**Table 4:** Key population statistics

Total Household	43 002	100%
Total Population	140 240	100%
Young (0 – 14)	40 358	29.2%
Working Age	95 103	54.8%
Elderly (65+)	5 403	3.5%
Dependency ratio	35 136	33.2%
Sex ratio	121 -5. 6	21-1
Growth rate	2011 - 2016	13.5%
Population density	8 person per km <sup>2</sup>	
Unemployment rate	2016	22.2%
Youth unemployment rate	2016	27%
No schooling aged 20+	3 769	6.2%
Higher education aged 20+	12 615	16.4%
Matric aged 20+	16 579	23.5%
Number of households	43 0002	
Number of agricultural households	6 757	22.6%
Average household size	3.2	
Female headed households	16 443	39.1%
Formal dwellings	34 610	82.3%
Flush toilet connected to sewer	17 536	41.6%
Piped water inside dwelling	17 390	41.3%
Electricity for lighting	37 602	89.4%

Source: Stats SA



## 5. Education profile.

The table below depicts the number of people who had reached each level of education as presented in the 2011 census. Over the years there has been a remarkable decline in the number of people who have not received formal education. The number of people with no schooling has also decreased since 2001 to 2011, whilst those with education higher than grade 12 have increased from 2001 to 2011.

**Table 5:** Levels of educational attainment.

YEAR	1996	2001	2011
No schooling	10 479	10 905	6 684
Some Primary	6 860	9 661	8 650
Completed Primary	2 666	3 228	3 391
Some Secondary	10 063	12 111	24 951
Grade12/Grade 10	4 477	6 159	16 579
Higher	2 059	2 764	7 160

Source: Statssa

**Table 6:** People with disability

State of health	Number
No difficulty	116 584
Some difficulty	6 500
A lot of difficulty	774
Cannot do at all	251
Do not know	69
Cannot yet be determined	4 651
Unspecified	3 166
Not applicable	8 245
<b>Total</b>	<b>140 240</b>

## 6. Income Categories.

In order to determine the people's living standards as well as their ability to pay for basic services such as water and sanitation, the income levels of the population are analyzed and compared to the income level in the province in general. The table below presents distribution of the household income per household group within the Municipality.

**Table 7:** Annual household income (2011).

Income category in R'	Mid-point of int	No of households	Cum no of households	Cum no of HH as % of total HH	Total income in category	Cumulative income
No income	0	3 745	3 745	12.53%	0	0
1 – 4800	2400.5	958	4 703	15.74%	2299679	2299679
4801 -9600	7200.5	1 876	6 579	22.02%	13508138	15807817
9601 – 19600	14600.5	4 876	11 455	38.34%	71192038	86999855
19601 – 38200	28900.5	6 046	17 501	58.58%	174732423	261732278
38201 – 76400	57300.5	4 608	22 109	74.00%	264040704	525772982
76401 – 153800	115100.5	3 354	25 463	85.23%	386047077	911820059
153801 – 307600	230700.5	2 358	27 821	93.12%	543991779	1455811838
307601 – 614400	461000.5	1 417	29238	97.86%	6532377085	2109049547
614401– 1 228800	921400.5	445	29 683	99.35%	4100232225	2519072769
1228801–2 457600	1843200.5	126	29809	99.77%	232243263	2751316032
2 457601 or more	3686401.0	68	29877	100.00%	250675268	3001991300
Unspecified		3				

Source: Statssa

## SERVICE DELIVERY OVERVIEW

The total number of indicators in the SDBIP 2016/17 is 96. The average overall performance calculated from the key performance indicators and projects is 3.95.

There are 96 indicators in the 2016/17 Higher level SDBIP after adjustments during the mid- year budget reviews.

The Overall SDBIP achievement is 53 indicators achieved target as predetermined, 5 indicators exceed target, whereas 24 indicators over exceeded target by big margins and only 14 indicators had an average performance which is a good Performance for the institution as a whole; the institutional performance is at 4.0 for key performance indicators and 3.9 for project implementation.

For service delivery performance statistics the number of households used in this report is 34249 from the division of electricity in the Municipality as verified during installation of new electrical connections.

**Table 8: The below table illustrates indicator activities per department or vote:**

Department & Number of indicators	KPA	Total indicator s SDBIP	Indicator achievement				Frozen indicators/ Non Applicable
			2-2.99	3-3.99	4-4.99	5	
Office of the Municipal Manager 24	KPA6: Good Governance and Public Participation	24	3	17	1	3	1
Corporate and Support Services 14	KPA5: Transformation and Organisational Development	9	3	5	2	4	1
	KPA6: Good Governance and Public Participation	5					
Development Planning 13	KPA1: Spatial Rationale	9	3	3	2	5	1
	KPA4: Local Economic Development	4					
Budget and Treasury 20	KPA3: Financial Viability and Financial Management	18	2	14	0	4	1
	KPA6: Good Governance and Public Participation	2					
Social Services 13	KPA2: Service Delivery and Infrastructure Development	13	1	6	0	6	0
Infrastructure Services 12	KPA2: Service Delivery and Infrastructure Development	12	2	8	0	2	2

For service delivery performance statistics the number of households used in this report is **34249** from the division of electricity in the Municipality as verified during installation of new electrical connections. It however has to be acknowledged that according to the new community survey of 2016 by Stats SA the number of households for Lephalale Local Municipality is **43002**. The survey outlines the levels of service delivery per key performance area in the Municipality but that is not yet verified and cannot be part of this report.

There are **96 indicators in the 2016/17** Higher level SDBIP after adjustments during the mid- year budget reviews. The Overall SDBIP achievement is **53 indicators achieved target** as predetermined, **5 indicators exceed target**, whereas **24 indicators over exceeded target** by big margins and only **14 indicators had an average performance** which is a good performance for the institution as a whole. The institutional performance is at 4.0 for key performance indicators and 3.9 for project implementation. The **overall SDBIP performance is 3.95**.

The following were achieved per department:

- Office of the Municipal Manager:** Out of the 24 indicators, 17 indicators have achieved target, 1 indicators exceeded target, 3 targets over exceeded and 3 indicators had an average performance. All indicators aggregate in the key performance area good governance and public participation. All indicators aggregate in the key performance area good governance and public participation.
- Budget and Treasury:** 20 indicators are applicable for the financial year, from the 20 measured indicators 14 achieved targets, 4 indicators over exceeded the target as planned and 2 had an average performance. The prescribed, section 43 key performance indicators like debt coverage, cost coverage and liquidity ratio the Municipality has done fairly well.
- Corporate Support Services:** The department has 14 indicators, out the 14 measured indicators 5 achieved target, 2 exceeded targets and 4 over exceeded and 3 indicators had an average performance. Importantly council meeting were attended as scheduled, the aggregate to give performance to the 2 two key performance areas, Good Governance and Public participation as well as Transformation and Organizational Development. Importantly council meeting were attended as scheduled.
- Social Services:** The department has 13 indicators the department reported actuals for all the indicators which resulted in 6 indicators out 13 having achieved target, 6 indicators over exceeded the planned target and only 1 having an average performance, Weekly Refuse removal is enjoyed by over 19942 households in urban areas, 8 library campaigns done, safety forum are successfully held.
- Infrastructure Services:** The department has 12 indicators, where 8 indicators achieved target as planned, 2 indicators over exceeded target and only 2 indicators had average performance where target was not achieved as planned. All the service delivery indicators, prescribed by section 43 achieved the planned target with an exception of sanitation where VIP targets were achieved as planned. The infrastructure capital projects depicted a good progress of above 73% on construction and those at design stage as part of forward planning are completed and procurement stage for construction.
- Development Planning** has 13 indicators, after adjustment SDBIP, out of the 13 measured indicators 3 achieved target as planned, 2 indicators exceeded target, 5 indicators over exceeded the target, and 3 indicators had an average performance. The indicators in this department are derivatives of the key performance areas, spatial planning and local economic development

**Table 9: SDBIP Achievement**

Overall SDBIP	Number of KPIs	Q1: Overall Score	Q2: Overall Score	Q3: Overall Score	Q4: Overall Score	Average Score
SDBIP Overall Average Achieved		4.2	4	3.8	4.1	4
Office of the Municipal Manager	24	4.4	4.3	3.8	4.3	4.2
KPA6: Good Governance and Public Participation	24					
Corporate and Support Services	14	3.7	3.6	3.8	3.9	3.8
KPA5: Transformation and Organisational Development	9					
KPA6: Good Governance and Public Participation	5					
Development Planning	13	5	5	4.1	3.8	4.5
KPA1: Spatial Rationale	9					
KPA4: Local Economic Development	4					
Budget and Treasury	20	3.6	3.6	3.5	4.4	3.8
KPA3: Financial Viability and Financial Management	19					
KPA6: Good Governance and Public Participation	1					
Social Services	13	3.6	3.3	4.2	4.5	3.9
KPA2: Service Delivery and Infrastructure Development	13					
Infrastructure Services	12	5	4.2	3.5	4.2	4.2
KPA2: Service Delivery and Infrastructure Development	12					

The outcomes of the average performance per department for **2016/17 FY** are indicated in the table below:

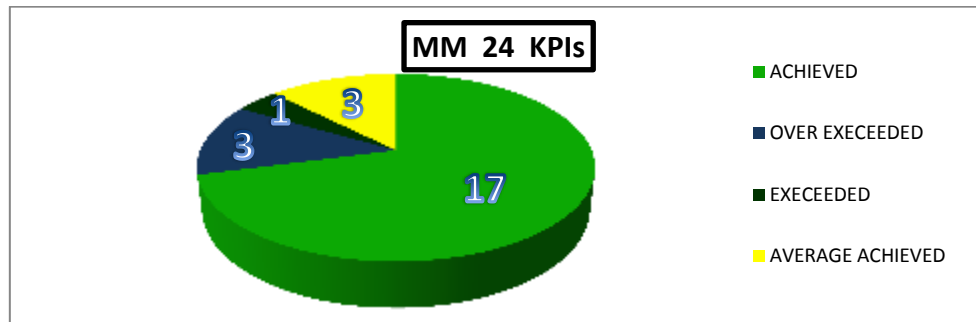
The below table illustrates the comparison of the 2015/16 and 2016/17 outcomes per department. The 2016/17 FY reflects an improvement in the performance of the Municipality.

**Table 10:** Average overall Summary of 2015/16 and 2016/17 FY Performance per department

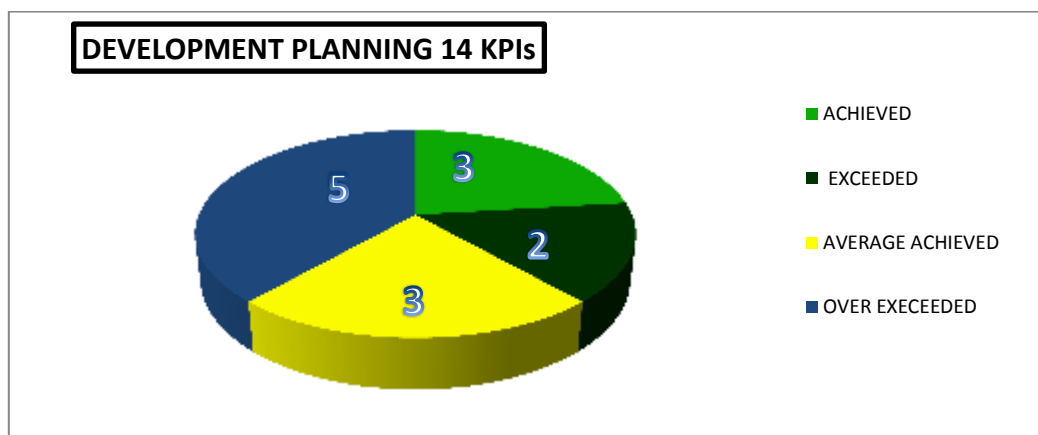
Overall SDBIP	Number of KPIs 15/16 FY	Number of KPIs 16/17 FY	2015/16 FY 16/17 FY			2016/17 FY		
			KPI	PRJ	Overall Score	KPI	PRJ	Overall Score
SDBIP Overall Average Achieved					3.45	4		4
Office of the Municipal Manager	21	24			3.3			4.2
KPA6: Good Governance and Public Participation	21	24	3.3			4.2		
Corporate and Support Services		15			3.3			3.8
KPA5: Transformation and Organisational Development	4	9	2.65			3.4		
KPA6: Good Governance and Public Participation	4	6	4			4.2		
Development Planning		14			4.1			4.5
KPA1: Spatial Rationale	12	10	3.2			4		
KPA4: Local Economic Development	4	4	5			5		
Budget and Treasury		21			3.1			3.8
KPA3: Financial Viability and Financial Management	18	19	3.2			4		
KPA6: Good Governance and Public Participation	2	2	3			3.6		
Social Services		13			4			3.9
KPA2: Service Delivery and Infrastructure Development	13	13	4			3.9		
Infrastructure Services		14			3			4.2
KPA2: Service Delivery and Infrastructure Development	18	14	3			4.2		
Overall Capital Projects					2.7			3.9
Own Funding Capital Projects				2.15			3	
MIG Funding Capital Projects				3.2			4.8	

## 1.1. 2016/17 FY PERFORMANCE PER DEPARTMENT

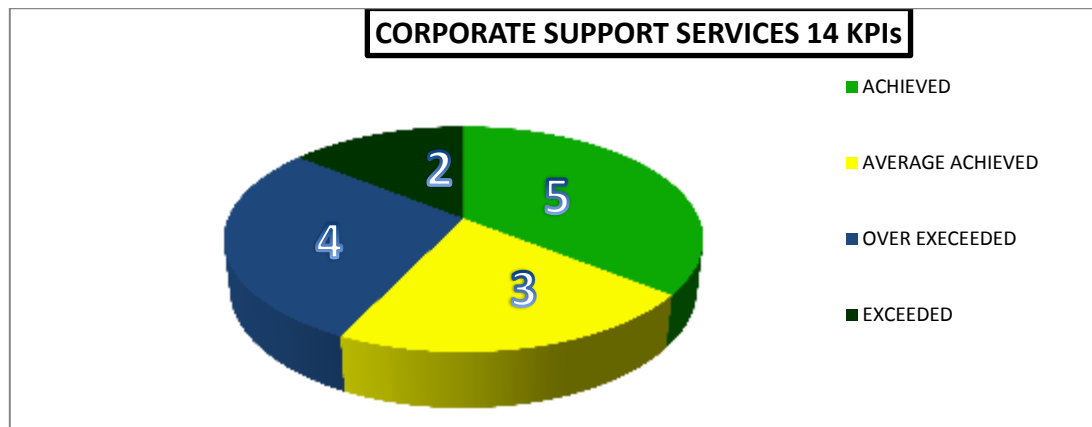
**1.1.1. Office of the Municipal Manager** Out of the 24 indicators, 17 indicators have achieved target, 1 indicators exceeded target, 3 over exceeded and 3 indicators had an average performance. All indicators aggregate in the key performance area good governance and public participation with the overall performance of 4.2.



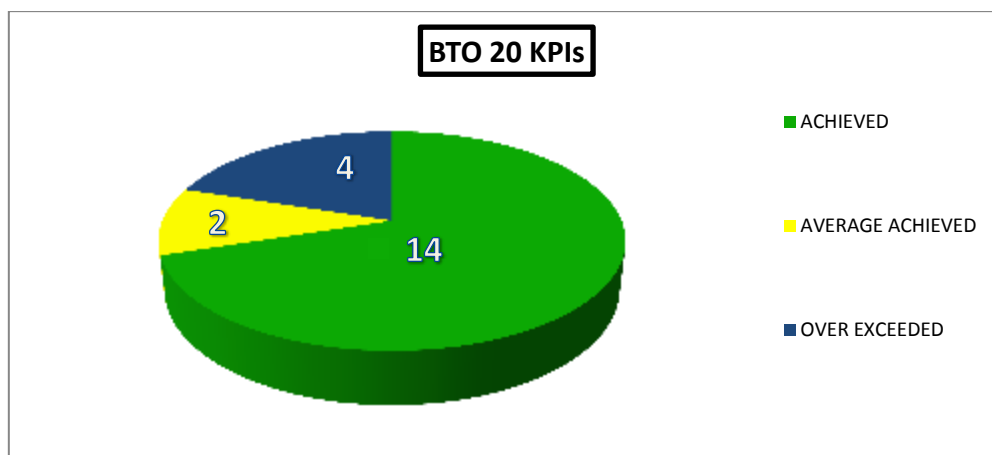
**1.1.2. Development Planning** has 13 indicators, after adjustment SDBIP, out of the 13 measured indicators 3 achieved target as planned, 2 indicators exceeded target, 5 indicators over exceeded the target, and 3 indicators had an average performance. The indicators in this department are derivatives of the key performance areas, spatial planning and local economic development with the overall performance of 4.5.



**1.1.3. Corporate Support Services**, this department has 14 indicators, out the 14 measured indicators 5 achieved target, 2 exceeded target, 4 targets over exceeded and 3 indicators had an average performance. Importantly council meeting were attended as scheduled, the aggregate to give performance to the 2 two key performance areas, Good Governance and Public participation as well as Transformation and Organizational Development with the overall performance of 3.8.

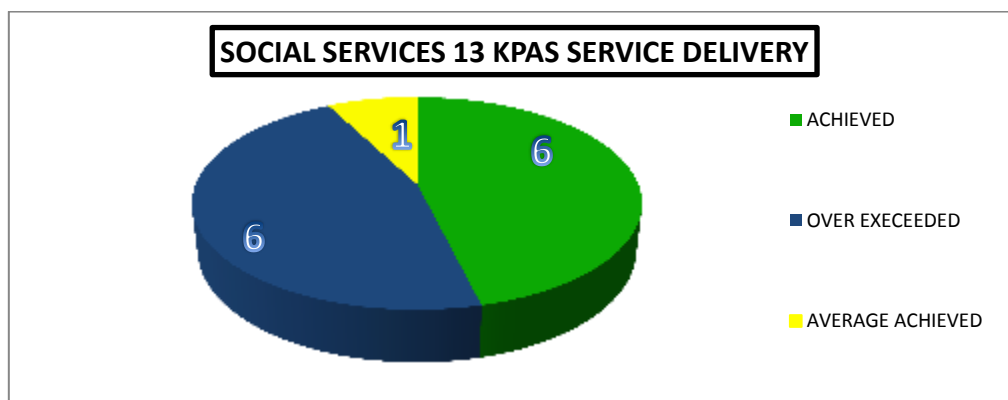


**1.1.4. Budget and Treasury** 20 indicators are applicable for the financial year, from the 20 measured indicators 14 achieved targets, 4 indicators over exceeded the target as planned and 2 had an average performance. The prescribed, section 43 key performance indicators like debt coverage, cost coverage and liquidity ratio the Municipality has done fairly well with the overall performance of 3.8.



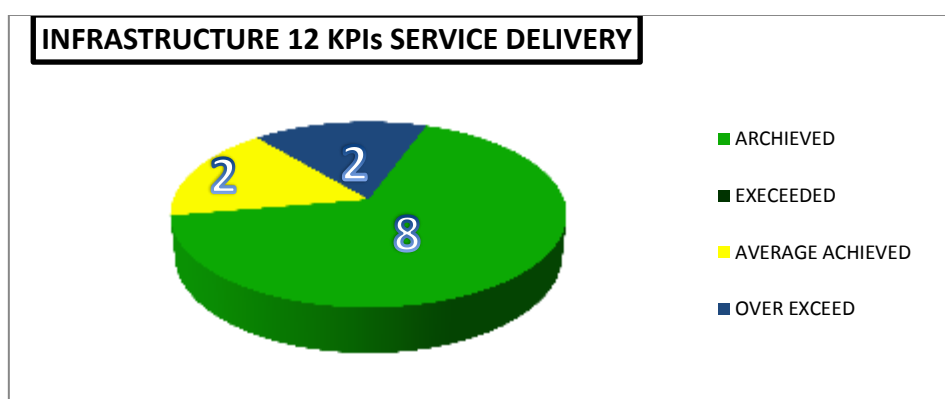
**1.1.5. Social Services** this department has 13 indicators the department reported actuals for all the indicators which resulted in 6 indicators out of 13 having achieved target, 6 indicators over exceeded the planned target and only 1 having an average performance with the overall performance of 3.9.

Weekly Refuse removal is enjoyed by over 19942 households in urban areas, 8 library campaigns done, safety forum are successfully held.



**Infrastructure Services** has 12 indicators, where 8 indicators achieved target as planned, 2 indicators over exceeded target and only 2 indicators had average performance where target was not achieved as planned with the average overall performance of 4.2.

All the service delivery indicators, prescribed by section 43 achieved the planned target with an exception of sanitation where VIP targets were not achieved as planned. The infrastructure capital projects depicted a good progress of above 73% on construction and those planned for designs were completed.



## ORGANISATIONAL DEVELOPMENT OVERVIEW

In the light of the actual and potential development challenges the Municipality reviews its organizational structure in order that the structure should reflect how the municipality has organized its resources and competencies for the purpose of delivering on core responsibilities. The political structure consists of Council and the executive committee. The administration consists of the office of the Municipal Manager and five departments: Corporate Service, Budget & Treasury, Development Planning, Infrastructure Services, and Social Services, A new contractual position has been introduced to deal with activities in the Office of the mayor specifically.

Current institutional capacity constraints within Lephalale municipality will impede the achievement of development targets for the Limpopo Coal and Petrochemical cluster. The most critical constraints in the context of the cluster are in planning and technical services.

The turnover rate is 4.1 % from an organizational structure of 525; the total number of filled post was 454 which include interns. One percent of the total budget was spent on work skills development. All HR policies were reviewed and updated for council to adopt in the financial year.

Performance Evaluations for the financial year 2015/16 were conducted successfully and bonuses were paid to deserving individuals.

## FINANCIAL HEALTH OVERVIEW

The excellent performance in relation to the main financial ratios that measures the financial viability of a municipality shows that the municipality's is not financially healthy. The Municipality's liquidity ratio stood at 134%, cost coverage at 75%, debt coverage at 1331% as well the debt collection rate that stood at 95% at the end of the financial year.

We closed the year with outstanding service debtors to revenue at 33, 62% against a target of 25%.

**Table 11: Operating Ratios**

Operating Ratios	
Detail	%
Employee cost	33%
Repairs & maintenance	4%
Finance charge & impairment	5%

### COMMENT ON OPERATING RATIOS:

Employee cost is inclusive of Councillors remunerations is equal to R168 813 324 versus the total operating expenditure of R509 844 570. Repairs and maintenance total cost is R23 543 714 and the finances charges are R17 991 313 from the total operating expenditure of R509 844 570.

**Table 12: Total Capital Expenditure**

Total Capital Expenditure:Year-2 To Year				
	2016/17	2015/16	2014/15	R'000
Detail	Year-2	Year-1	Year0	
Original budget	R68 080 000	R75 904 000	R97 240 520	
Adjustment budget	R150 468 000	R116 340 000	R90 240 520	
Actual	R95 098 065	R83 875 000	R52 697 421	
	63%	72%	58%	

## AUDITOR GENERAL REPORT

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

Material misstatements of non-current assets, current liabilities, non-current liabilities, expenditure, commitments, unauthorised expenditure, irregular expenditure and cash flow statement identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

For the 2016/17 financial year, the municipality maintained its unqualified audit opinion. The audit queries have increased from 52 in the 2015/16 financial year to 72 in the 2016/17 financial year.

The municipality has compiled an action plan to address all the audit findings and improve its internal controls in order to improve on the current audit opinion.

## STATUTORY ANNUAL REPORT PROCESS

**Table 13: Annual Report Process**

No.	Activity	Timeframe
1	Council adopts Oversight report	March
2	Oversight report is made public	
3	Oversight report is submitted to relevant provincial Council s	
4	Annual Performance Evaluation	April
5	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	April/ May
6	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
8	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
9	Finalise the 4th quarter Report for previous financial year	
10	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
11	Municipal Manager tables the unaudited Annual Performance Report	
12	Municipality submits draft Annual Performance Report including consolidated annual financial statements and performance report to Auditor General	
13	Annual Performance Report as submitted to Auditor General to be provided as	



No.	Activity	Timeframe
	input to the IDP Analysis Phase	
14	Auditor General audits Annual Performance Report including consolidated Annual Financial Statements and Performance data	September - October
15	Municipalities receive and start to address the Auditor General's comments	November
16		
17	Audited Annual Report is made public and representation is invited	
18	Oversight Committee assesses Annual Report	December
19	Municipal entities submit draft annual reports to MM	
20	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	
21	Municipal entities submit draft annual reports to MM	January
22	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report Mayor tables the unaudited Annual Report	

## RISK ASSESSMENT

The Municipality has established the Risk Management Committee as per the King III Report on corporate governance and the Public Sector Risk Management framework to adequately review, assess and monitor the effectiveness of controls managing the risks involved in both strategic and operational directions. The Committee held 4 quarterly meetings as per its roles and responsibilities and one special meeting to review and recommend for the approval of the Risk Management policies and strategy in the 2016/17 financial year.

The following are the top identified 5 risks for Lephalale for Lephalale Municipality. The table below illustrates the top 5 risks, the root causes and mitigating factors.

**Table 14: Risk Assessment**

RISKS	ROOT CAUSES	TREATMENT PLANS
<b>Failure to comply with the required regulation</b>	1. New regulation	1. Conducted awareness on MSCOA implementation.
	2. Resistance from employee changes in system and the whole Municipal operation.	
	3. Improper monitoring of project implementation plan.	3.1. Appointed the MSCOA steering committee members and the Project Manager. 3.2. Monthly MSCOA meetings are being held.
	4. Possible errors in the migration of the current financial information to the new chart.	4.1. Key officials were offered a training on MSCOA implementation 4.2 Developed and updating the MSCOA risk register monthly.
		5. Currently running the parallel system • Conducted awareness on MSCOA implementation.
<b>Financial unsustainability</b>	1. Non collection of revenue, 2. Poor implementation of credit control and debt collection policy, Inaccurate billing of accounts.	Effective Budget control and monitoring. A debt collector has been appointed to assist with the collection of long outstanding debtors
	3. Lack of skills and capacity.	Training of key finance officials on GRAP.
	4. Unauthorised expenditure.	Developed and implement the compliance checklist.
	5. Non-compliance to laws and regulations (statutory controls).	Enforcement of consequence management Performing monthly/quarterly budget meetings and reconciliations
	6. Poor costing modelling.	
	7. Lack of budget control.	
<b>Fraud and corruption</b>	1. Mal-administration	Implementation of Human resource Policy.
	2. Lack of awareness and campaigns on fraud and corruption policies and code of conduct.	Conduct workshops on code of conduct and HR policy to all employees.
	3. Ignorance	
	4. Non-compliance to laws and regulations	Continue with regular audits to review the effectiveness and efficiency of existing Internal controls.

RISKS	ROOT CAUSES	TREATMENT PLANS
		Implementation of Fraud Policy and prevention strategy and investigation of all fraud allegations
	5. Ill-discipline. 6. Unethical behaviour.	Functional Anti-corruption hotline Enforcement of disciplinary actions and consequence management
<b>Ineffective implementation of performance management system (refined)</b>	1. Inaccurate and Inconsistence Reporting	Quarterly performance review meetings
	2. Performance Management Sytem not cascaded to lower level officials	3. Performance management evaluation for only executive managers.
		4. One official was assigned to assist the PMS Manager on a full time basis and the PA's of the executive managers were trained to assists with the gathering of POE' of Executive Managers.
	3. Lack staff capacity 4. Lack of verification of evidence due to late submission of information	5. Performance information is projected manually on excel spread sheet.
<b>Unreliable provision of sanitation services.</b>	1. Sewer system capacity is not responsive to population growth.	1. Implementation of phase 2(sewerage engineering)
	2. Improper maintenance of sanitation infrastructure.	2. Monitoring and repairs of the existing sewer system.
	3. Outdated technology to monitor and detect faults in the sewer system.	1. Regular maintenance of Paarl waste water treatment plant and sewer pump station 1.
	4. Aging infrastructure.	4. Improve mentation of Sewer network at the villages.

## CHANGE MANAGEMENT

The 2016/17 Annual Performance Report represents the overall non-financial performance of the municipality. The data provided was as a result of the collaboration of various departments within the institution and informed by the Key Performance Indicators and targets as set in the Service Delivery and Budget Implementation Plan of 2016/17 Financial Year and the Integrated Development Plan of the Municipality.

Achievements reflected in this Annual Report are a symbol of good governance and administration as displayed by both the Council and Administration Management. Both the Annual Performance Report and Annual Financial Statement were prepared in-house by the Performance Management and Budget and Treasury Teams and the arrangement contributed on costs saving that would have been incurred in outsourcing the Annual Financial Statement preparations. APR and AFS were reviewed by Internal Audit, Audit and Performance Committee and an Independent Reviewer

The management team of Lephalale Municipality has been re aligned to achieve the municipal vision and provide an outcome based service delivery mission.

## CHAPTER 2: GOVERNANCE

Lephalale Local Municipality is a category B type of local governance. The Municipal Council and the Executive Committee members are elected in accordance with the Municipal Structures Act. The Council was constituted by 24 seats in beginning of 2016/17 financial year and changed to 26 seats after the local government elections of August 2016.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution S151 (3) states that the Council of a municipality has the right to govern on its own initiative, the local government affairs of its community subject to national and provincial legislation.

The Municipality complies with the Municipal Structures Act, in terms of category B. The municipality has established its Executive Committee chaired by the Mayor, section 79 and 80 committees to ensure effective execution of its functions. The municipal Council has political clusters with chairpersons. The head of administration is the Municipal Manager as an Accounting Officer.

---

#### POLITICAL GOVERNANCE

MFMA S52 (a) states: The Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality.

The EXCO is established to assist Mayor with his/her functions. Each member of the EXCO is also a chairperson of a cluster committee. The following are the different clusters: Finance and Economic Development, Administration and Governance, Municipal Services and Community Development.

The Oversight committee and the Performance Audit Committee have also been established. This committee is highly functional and held 7 seven meetings in the previous financial year 2016/17, the details of the functions are outlined in the report of audit committee chairperson which is appendix G of this report.

The Municipal Public Accounts Committee (MPAC) has been established and held regular meetings. MPAC held 8 eight in the 2016/17 financial year.

*Photos*

**POLITICAL STRUCTURE**  
**MAYOR MJ Maeko**



**SPEAKER**  
**KR Molokomme**



**CHIEF WHIP**  
**A THULARE**



**Executive Committee:**

Cllr. MJ Maeko (Mayor), Governance and Administration)  
Cllr M M Semanya ( Cluster: Budget and Financial Management)  
Cllr W. Motlokwa (Cluster: Planning and Development Services)  
Cllr RM Shongwe ( Cluster : Municipal Infrastructure Services)  
Cllr. AE Basson (Cluster: Social Services)

**Table 15: Councillors**

<b><u>Ward Councillors:</u></b>	<b><u>PR Councillors:</u></b>
Ward 1 Mr WM MOTLOKWA ( ANC)	PR1 Mr MJ MAEKO( ANC)
Ward 2 Mr FL MONARE( ANC)	PR 2Ms KR MOLOKOMME ( ANC)
Ward 3 Mr F PIENAAR (DA)	PR 3Ms MM MADIBANA ( ANC)
Ward 4 Ms S.M NIEWOUDT (DA)	PR 4 Ms SHONGWE LM( ANC)
Ward 5 Mr K MOGOHLOANA( ANC)	PR 5Mr MJ MARAKALALA ( ANC)
Ward 6 Mr MM Makgae ( ANC)	PR 6Ms R T MODISE ( ANC)
Ward 7 Ms ME MAISELA( ANC)	PR 7Ms SL SEABI( ANC)
Ward 8 Ms MJ SELOKELA( ANC)	PR 8 MR MM SEMENYA( EFF)
Ward 9 A. THULARE ( ANC)	PR 9Ms MF MABASO (EFF)
Ward 10 Ms M R MODIBA ( ANC)	PR 10 Ms MF MASHITA( EFF)
Ward 11 Mr NJ MOTEBELE( ANC)	PR 11 Mr SJ MOSELANE(EFF)
Ward 12 Ms P MOLEKWA( ANC)	PR 12 Mr R MAROPENG (EFF)
Ward 13 Ms AE BASSON(DA)	PR 13 Mr LS MANAMELA (DA)

## COUNCILLORS:

The total number of Councillors is 26, half of whom are ward Councillors and the others are party proportional representatives. The names and distinctions are mentioned in the above table 15. The speaker Ms KR Molokomme is the chairperson of Council. Elections were held on the 03<sup>rd</sup> of August 2016 and the constitution of council changed to a 26 seat council and a new political party in the form of Economic Freedom Fighters (EFF) formed part of the new council , the allocation of seats per political party were 17 for ANC, 5 for EFF and 4 for the DA.

## POLITICAL DECISION-TAKING

Council is scheduled to meet at least four times per year and it is the highest decision making body in terms of governance in the municipal area. In this financial year 13 Council meetings were held of which 9 were ordinary and 4 were special Council meetings. The executive committee meets on monthly basis and it delegates' part of its authority to certain committees and to the Accounting Officer.

The Council has established section 79 and 80 committees, for the effective and efficient functioning of the Council.

A functional Mayoral Planning Committee was established by the Council, four executive clusters were established namely, Budget and Economic Development, Governance and Administration; Planning and development; Municipal Infrastructure Services and Social Services.

**Table 16: EXCO and Council meetings**

Dates for 2016/17 Financial Year	Ordinary EXCO	Ordinary Council Meeting	Special EXCO	Special Council
13 July 2016	0	0	1	1
17 August 2016	0	0	1	1
02 September 2016	0	0	1	1
29 September 2016	1	1	0	0
25 October 2016	1	1	0	0
31 October 2016	0	0	1	1
08 December 2016	1	1		
24 Jan 2017	1	1	0	0
28 Feb 2017	1	1		
28 March 2017	1	1		
08 May 2017	1	1		
30 May 2017	1	1		
28 June 2017	1	1		
Totals	9	9	4	4

## ADMINISTRATIVE GOVERNANCE

The table below illustrates the Senior Management and the summary of their function as per their Departments:

**Table 17: Top Administrative Structure**

TIERS	FUNCTION
<b>TIER 1</b>	
<b>MUNICIPAL MANAGER (Ms .E.M TUKAKGOMO)</b>	Strategic Support, Liaise and advice Political Structures, Internal Audit, risk management and manage Administration. Overall management of offices for Mayor, Speaker and Chief whip, Responsible for correspondences from these offices. Deals with Public participation, intergovernmental co-operative governance, IDP, Communication and Performance Management
<b>TIER 2</b>	
<b>ACTING CHIEF FINANCIAL OFFICER MR C J JOOSTE</b>	Budget compilation and control, Debtor management (Credit Control, Debt collection), Accounting Services (Cash flow management, Cost, etc.), Treasury management (Loans, Investments), Inventory (Procurement & Provisioning).
<b>EXECUTIVE MANAGER: SOCIAL SERVICES MR. L S THOBANE</b>	Recreational facilities; Solid Waste Management; Environmental Management; Library, Arts and Culture; Safety and Security; Fire and Rescue Services; Disaster Management; Traffic Control; Licensing Authority.
<b>EXECUTIVE MANAGER: CORPORATE SUPPORT SERVICES Mr M G MAKGAMATHA</b>	Administrative Support; Legal and Secretariat; Human Resources and ICT.
<b>EXECUTIVE MANAGER: INFRASTRUCTURE SERVICES MR. KL TLHAKO</b>	Water services; Electrical services; Sanitation services; Public Works; Roads and Storm water; Municipal Workshop and Project Management Unit.
<b>EXECUTIVE MANAGER: DEVELOPMENT PLANNING SERVICES MS. B.C. RADIPABE</b>	LED, Spatial and Land Use Management; Human Settlements Tourism, Marketing and International Relations and Building Control.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Lephalale Local Municipality participates in the following forums for intergovernmental relations, the Premier/ Mayor's forum and the Municipal Manager's forum. The IDP and PMS Units are participating in the Provincial forum and district municipality's forum, these forums includes sector departments operating at the grass roots and at community level.

---

### INTERGOVERNMENTAL RELATIONS

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

Besides Provincial forums attended by both officials and politicians, there are formal intergovernmental structures dealing directly with the national government. Interaction between national government and municipality is done through the Provincial forums. These are: the Provincial IDP forum, Premier's *Lekgotla*, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department.

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial IDP forum, Premier's *Lekgotla*, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department. The department assisted the municipality with the implementation of the PMS at municipal level and the establishment of credible IDP and SDBIP. The department further established municipal manager's forum and cascaded to district level.

Provincial Treasury established a forum for Chief Financial Officers (CFO's Forum) where budgeting and financial reporting is streamlined hence developments such as MSCOA for the future.

The Internal Auditor and Risk Officers' forum are also platforms where spheres of government interact to improve and align services.

#### DISTRICT INTERGOVERNMENTAL STRUCTURES

The Waterberg District Municipality co-ordinates service delivery in local municipalities the similar forums attended at provincial level are hosted at district level. Lephalale municipality is benefitting from attending the District Monitoring and Evaluation forum. The Mayor's forum and the Municipal Managers forum are also beneficial in terms of planning and execution of the functions of the municipality.



## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA S17 (2) requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The municipality has established the Municipal Public Accounts Committee (MPAC) and this committee meets regularly to scrutinize reports and make recommendations to Council. The Committee reviews the annual report, AG action plan; oversee the implementation of the projects and matters referred by Council.

### PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

Lephalale Local Municipality has an internal newsletter which is published from the Office of the Municipal Manager. In the 2016/17 financial year the Communication strategy was not adopted by Council, however the office of the Mayor through the communications and public participation units outlined how communication and dissemination of government information is to be accomplished.

Apart from the formal administrative meetings like the IDP/PMS forums, the Mayor and Councillors engagements on community outreach programs, like Imbizo and commemoration of significant dates on the calendar.

The table below shows the list of the public participation engagements throughout the 2016/17 financial year.

**Table 18: Public Meetings**

Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP/BUDGET ROADSHOW (Mokuruenyane)	22/04/2017	20	36	800	Service delivery issues.	Yes	N/A
IDP/BUDGET ROADSHOW (Steenbokpan)	06/05/2017	19	34	950	Service delivery issues	Yes	N/A
IDP/BUDGET ROADSHOW (Ga-Seleka)	13/05/2017	22	26	800	Service delivery issues	Yes	N/A
Mayoral Stakeholders Engagement	19 September 2016	13	14	200	Involvement of Stakeholders in decision making		
Mayoral Traditional House Indaba	22 September 2016	18	6	300	Strengthen the role of traditional leaders in Government		
Community consultation meeting (Marapong)	04 August 2016	16	10	1250	Service delivery issues	Yes	N/A



Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community consultative Meeting (Shongoane)	01 August 2016	14	12	1100	Access to housing and basis services	Yes	N/A
Handing over of electrification	02 February 2017	18	16	1400	Water and Roads services	No	N/A
Handing over of electrification	13 February 2017	16	14	800	Access to housing and basis services	Not All issues	N/A
Handing over of electrification	14 February 2017	19	16	700	Electricity and Water Services	Yes	N/A
Handing over of electrification	15 February 2017	16	20	1050	Water and roads	Yes	N/A
Handing over of electrification	23 February	13	6	780	Access to housing and basis services		
Handing over of electrification	27 February 2017	22	10	180	Access to housing and basis services		
Community consultation	13 March 2017 14 March 2017	18	5	1200	Access to housing and basis services		
Community consultation	20 March 2017	16	10	300	Access to housing and basis services	No	N/A
Community consultation	10 April 2017	14	8	400	Access to housing and basis services	N/A	N/A
Community meeting	11 April 2017	18	7	640	Access to housing and basis services	N/A	
Community meeting	23 April 2017	15	11	600	Access to housing and basis services	N/A	N/A
Handing over of electrification	02 May 2017	19	12	600	Access to housing and basis services	N/A	N/A

From the entire public participation engagement held, the municipality was able to identify and prioritize the projects to address the identified community needs which led to the development of key performance strategies and objectives with targets. This was also done through the IDP/Budget, PMS forums and road shows.

#### WARD COMMITTEES

Ward committees are community coordinating structures and are assisting the ward Councillors in their functions in their respective wards. Ward committees are the key structures to community participation and representation. These are legislatively chaired by the ward Councillors and serves as the link between Councillors and Community.

Thirteen Ward committees were established in the financial year 2015/16 at the beginning of the 5year political circle of Council and for previous financial year 2016-17. All the 13 ward committees were functional. Most of the committees managed to hold monthly meetings every month and quarterly public meetings were held successfully.

## IDP PARTICIPATION AND ALIGNMENT

The Lephalale Municipality process plan is seen as a document that describes how the institution will develop and implement the integrated development plan through budget in its area of jurisdiction. Therefore it will have meaningful bearing on the current IDP document once completed and/ or most importantly, it may lead to the process of the development of a new and all-inclusive integrated development planning methodology to plan and actualize future development in Lephalale through our budgetary allocations. The process plan is thus similar to business plan and deals with the allocation of Municipality capacity and resources in support of and serve as a guideline in terms of which council will carry out its mandate through integrated development planning.

**Table 19: IDP/Budget process plan for 2017/2018 financial year**

IDP PHASE	DELIVERABLES AND PROCESS MANAGEMENT	RESPONSIBLE	OUTPUT	PLANNED DATE	ACTUAL DATE OF DELIVERY
<b>Preparation Phase</b>	Develop Draft IDP/Budget 2017/2018 process plan	Budget & Treasury, Office of MM	Approved IDP and Budget process plan	August 2016 Last week	22 Sept 2016
	First IDP steering committee meeting	Municipal Manager		July 2016	27 July 2016
	Tabling of Draft IDP/Budget 2017/2018 process plan before Executive committee	Municipal Manager		28 July 2016 Week 4	28 July 2016
	Presentation of Draft/Budget 2017/2018 process plan before Rep forum	Mayor		August 2016 Week 4	19 August 2016
<b>Analysis Phase</b>	Quarterly assessment of IDP implementation for 2016/2017	All departments/Municipal Manager	<ul style="list-style-type: none"> <li>Assessment of the existing level of development</li> <li>Priority issues/problems</li> <li>Understanding of causes of priority issues/problems</li> <li>Information on available resources</li> </ul>	October 2016	18 October 2016
	Second IDP steering committee meeting	Municipal Manager		October 2016	October 2016
	Community consultation forums on tariffs, indigent credit, credit control and free basic services	Budget & Treasury		23August 2016 - 19September 2016	23August 2016 - 19 September 2016
	Revisit community needs, consult, and assess	Office of MM		September 2016	25 Sept 2016
	Third steering committee meeting	Office of MM		November 2016	21&22January 2017
	Second IDP Rep forum	Mayor		October 2016	18 October 2016
<b>Strategy Phase</b>	Fourth IDP Steering committee	Office of MM	<ul style="list-style-type: none"> <li>Vision (for Municipality)</li> <li>Objective (for each priority issue)</li> <li>Strategic options and choice of strategy</li> </ul>	November 2016	13 January 2017
	Consultative Forum on Vision, Mission, Objectives, and Localized strategic objectives	Office of MM		February 2017	14 February 2017
	2016/2017 Projects progress evaluation	Office of MM		January 2017	29 January 2017
	Mid-Year and Annual report	All Departments/M		February 2017	6 February 2017

IDP PHASE	DELIVERABLES AND PROCESS MANAGEMENT	RESPONSIBLE	OUTPUT	PLANNED DATE	ACTUAL DATE OF DELIVERY
		M			
<b>Projects Phase</b>	Five IDP Steering committee	Mayor/Municipal Manager	<ul style="list-style-type: none"> <li>• Tentative financial framework for projects</li> <li>• Identification of projects</li> <li>• Projects output, targets, locations</li> <li>• Projects related activities and time schedule</li> <li>• Cost and budget estimates</li> </ul>	March 2017	13 March 2017
<b>Projects Phase</b>	Tabling of draft IDP/Budget 2017/2018 for council approval	Mayor	<ul style="list-style-type: none"> <li>• Public comments on the draft IDP/Budget 2017/2018</li> </ul>	March 2017	24 March 2017
	IDP/Budget road shows	Mayor		April 2017	9-30 April 2017
	Advertisement of draft IDP/Budget 2017/2018	Office of MM		April 2017	30 April 2017
	Submission of draft IDP/Budget 2017/2018 to National Treasury and CoGHSTA	Office MM		April 2017	23 April 2017
<b>Approval Phase</b>	Sixth IDP Steering committee meeting	Office of MM	<ul style="list-style-type: none"> <li>• Public comments</li> <li>• Approved IDP/Budget 2017/2018</li> </ul>	May 2017	15 May 2017
	Fourth IDP Rep Forum	Mayor		19 May 2017	19 May 2017
	Tabling of 2017/2018 IDP/Budget before council	Mayor		26 May 2017	26 May 2017
	Publish approved IDP/Budget 2017/2018	Office of MM		June 2017	17 June 2017
	Submission of approved IDP/Budget 2017/2018 to National Treasury and CoGHSTA	Municipal Manager		June 2017	28 June 2017
	Approval of Service Delivery Budget Implementation Plan (SDBIP)	Municipal Manager		June 2017	20 June 2017
	Signing of Annual Performance Agreements for section 57 Managers	Mayor/Municipal Manager		Jul 2017	16 Jul 2017

Source: Lephalale municipality

The current IDP document, which reviewed for the next financial year 2017-18, is aligned to strategic objectives towards the vision of Lephalale Municipality. The SDBIP is derived from the IDP and all the Performance plans for Sec 57 contracts with Key Performance Indicators.

The final IDP 2017/2018 and the budget were approved by council on the 30<sup>th</sup> May 2017.

**Table 20: IDP Participation**

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## COMPONENT D: CORPORATE GOVERNANCE

### RISK MANAGEMENT

Municipality Finance Management Act, SECTION 62(1) (c) (i) states that the Accounting Officer must ensure that department has and maintains effective, efficient and transparent systems of financial and risk management and internal control and that risk assessment are conducted regularly to identify emerging risks of the institution.

The Municipality has established the Risk Management Committee as per the King III Report on corporate governance and the Public Sector Risk Management framework to adequately review, assess and monitor the effectiveness of controls managing the risks involved in both strategic and operational directions. The Committee held 4 quarterly meetings as per its roles and responsibilities and one special meeting to review and recommend for the approval of the Risk Management policies and strategy in the 2016/17 financial year.

The following are the top identified 5 risks for Lephalale for Lephalale Municipality. The table below illustrates the top 5 risks, the root causes and mitigating factors.

RISKS	ROOT CAUSES	TREATMENT PLANS
<b>Failure to comply with the required regulation</b>	1. New regulation 2. Resistance from employee changes in system and the whole Municipal operation.	1. Conducted awareness on MSCOA implementation.
	3. Improper monitoring of project implementation plan.	3.1. Appointed the MSCOA steering committee members and the Project Manager. 3.2. Monthly MSCOA meetings are being held.
	4. Possible errors in the migration of the current financial information to the new chart.	4.1. Key officials were offered a training on MSCOA implementation 4.2 Developed and updating the MSCOA risk register monthly.
		5. Currently running the parallel system
		• Conducted awareness on MSCOA implementation.
<b>Financial unsustainability</b>	1. Non collection of revenue, 2. Poor implementation of credit control and debt collection policy, Inaccurate billing of accounts.	Effective Budget control and monitoring. A debt collector has been appointed to assist with the collection of long outstanding debtors
	3. Lack of skills and capacity.	Training of key finance officials on GRAP.
	4. Unauthorised expenditure.	Developed and implement the compliance checklist.
	5. Non-compliance to laws and regulations (statutory controls).	Enforcement of consequence management Performing monthly/quarterly budget meetings and reconciliations
	6. Poor costing modelling.	
	7. Lack of budget control.	
<b>Fraud and corruption</b>	1. Mal-administration	Implementation of Human resource Policy.
	2. Lack of awareness and campaigns on fraud and corruption policies and code of conduct. 3. Ignorance	Conduct workshops on code of conduct and HR policy to all employees.
	4. Non-compliance to laws and regulations	Continue with regular audits to review the effectiveness and efficiency of existing Internal controls. Implementation of Fraud Policy and prevention strategy and investigation of all fraud allegations

RISKS	ROOT CAUSES	TREATMENT PLANS
	5. ill-discipline. 6. Unethical behaviour.	Functional Anti-corruption hotline Enforcement of disciplinary actions and consequence management
<b>Ineffective implementation of performance management system (refined)</b>	1. Inaccurate and Inconsistence Reporting	Quarterly performance review meetings
	2. Performance Management System not cascaded to lower level officials	3. Performance management evaluation for only executive managers.
		4. One official was assigned to assist the PMS Manager on a full time basis and the PA's of the executive managers were trained to assist with the gathering of POE' of Executive Managers.
	3. Lack staff capacity 4. Lack of verification of evidence due to late submission of information	5. Performance information is projected manually on excel spread sheet.
<b>Unreliable provision of sanitation services.</b>	1. Sewer system capacity is not responsive to population growth.	1. Implementation of phase 2 (sewerage engineering)
	2. Improper maintenance of sanitation infrastructure. 3. Outdated technology to monitor and detect faults in the sewer system.	2. Monitoring and repairs of the existing sewer system.  2. Regular maintenance of Paarl waste water treatment plant and sewer pump station 1.
	4. Aging infrastructure.	4. Improvement of Sewer network at the villages.

## ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

The Local Municipality has adopted the Fraud Prevention Plan and the Fraud Prevention Policy as the strategies to prevent fraud and corruption.

The Fraud/corruption risk areas include:

- Procurement, including urgent/emergency matters, sole suppliers and
- Vetting of suppliers and other trading partners;
- Travel claims;
- Conflicts of interest and private work declarations;
- Compliance to delegations of authority;
- Payroll; and
- Revenue collection –both from individuals and businesses

The Municipality has implemented the following controls measures to prevent fraud and corruption:

- Anti-corruption hotline
- Fraud awareness and campaigns
- Financial policies and procedures;
- Human Resources policies and procedures;
- Segregation of duties;

- Code of Conduct for Municipal Officials and Councillors
- Physical and Information Security; and
- Exclusion of Councillors from the procurement processes.

The Municipality has also implemented controls to detect fraud and corruption:

- Periodic Internal Audit reviews;
- Annual External Audit reviews; and
- Regular management reviews.

All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to Fraud, Theft and Corruption. The Municipality has a number of systems, policies and procedures designed to ensure compliance with specific laws and regulations and basic internal control.

Notes: See Chapter 4 of these report details of Disciplinary Action taken on cases of financial mismanagement.

## SUPPLY CHAIN MANAGEMENT

### OVERVIEW OF SUPPLY CHAIN MANAGEMENT

The Bid Specification, Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. It takes an average of 87 days to make adjudication on a tender from a date of closing. Quarterly reports on the tenders are submitted to Council.

## BY-LAWS

MSA S11 (3) (m) provides municipal Council s with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The table below outlines the by-laws processed during the financial year 2016/17.

**Table 21: By-laws**

By-laws Introduced during 2015/16 and Adopted in 2016/17				
Newly Developed	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	Date of Publication
SPLUMA By-Law	NONE	Yes	15 August 2015	Not yet gazette
Child care By-Law	None	Yes	15 August 2015	Referred back on 28 <sup>th</sup> June 2016
Road Traffic By-Law	NONE	Yes	15 August 2015	Referred back on 28 <sup>th</sup> June 2016

### COMMENT ON BY-LAWS:

MSA S11 (3) (m) provides municipal Council s with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The by-laws for Lephalale Municipality were adopted in the 2016-17 financial year, 5 by-laws were established during the 2015/16 financial year, Out of the 5 established two by-laws were referred back and three were put to be gazette.

## WEBSITES

**Table 22: Municipal Website**

Municipal Website : Content and Currency of Material		
Documents published on the Municipal website	<Yes / No>	Publishing Date
Current annual and adjustments budgets and all budget-related policies	Yes	16/01/2017 17/06/2016
All current budget-related policies	Yes	04/05/ 2016 18/06/2016
The previous annual report (2014/15)	Yes	09 /04/ 2016
The annual report (2015/16) published/to be published	Yes	03/ 2016
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2016/17) and resulting scorecards	Yes	28 /07/2016
All service delivery agreements (2016/17)	Yes	27/06/2016
All long-term borrowing contracts (2016/17)	Yes	13/01/2016
All supply chain management contracts above a prescribed value (give value) for 2016/17	Yes	22/11/2016
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2016/17	Yes	22/03/2017
Contracts agreed in 2016/17 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	29/7/2016
Public-private partnership agreements referred to in section 120 made in 2016/17	Yes	29/7/2016
All quarterly reports tabled in the Council in terms of section 52 (d) during 2016/17	Yes	23/4/2017

### COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:

The table above depicts the dates and the types of municipal documents posted on the website for the public to view. The Lephalale Municipality has established a web site. The website is maintained by SITA.

## PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Customer satisfaction survey was not conducted for the financial 2016/17 due to lack of capacity and budget; there were sporadic incidences of service delivery protests from communities in rural villages. There were engagements between WDM, Stats SA and Lephalale Municipality for possible assistance on the customer satisfaction survey by the district and provincial government.

Lephalale Municipality has established municipal oversight committees such the Municipal Public Accounts committee (MPAC), Audit and Performance Committee, and the Executive Committee (EXCO), this committees are fully functional and meet as scheduled or on ad-hoc basis.



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

### INTRODUCTION

This chapter in the annual report is in compliance with section 46 of the Municipal Systems Act No 32 of 2003. The information contained within this report will be used to populate the annual report. Section 46 of the Municipal Systems Act requires reporting on the following in the annual performance report:

- Performance of the Municipality and each external service provider
  - External Service Provider is defined in Section 1 of the Municipal Systems Act as: an external mechanism referred to in section 76 (b) which provides a municipal service on behalf of a Municipality. The meaning of 'external service provider' is synonymous as Entity. Lephalale Local Municipality does not currently have any entity that provides municipal services on behalf of the Municipality; therefore it is not required to include such a report in the report.
- Section 41(2) of MSA states: *The system applied by a Municipality in compliance with subsection (1) (c) must be devised in such a way that it may serve as an early warning indicator of under-performance.* Each institution needs to collect a wide range of performance information for management purposes, however not all information is relevant in accountability documents. The institution should specify in its planning documents a set of performance targets it will report against in its accountability documents. The set of indicators selected for accountability reporting ought to provide a holistic view of the institution's performance. In the case of concurrent functions, national departments need to identify a core set of indicators that need to be reported by provincial and local governments to ensure comparability.
- Performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action. This means getting the right information in the right format to the right people at the right time. Institutions need to find out what information the various users of performance information need, and develop formats and systems
- Comparison of performance against set targets and performance in previous financial year
  - Quarterly and annual performance against quarterly and annual targets as per the Adjustment Service Delivery and Budget Implementation Plan (SDBIP) is reported on. The Adjusted SDBIP contains the objectives and indicators as per the Municipal Integrated Development Plan (IDP) as well as General Key Performance Indicators as prescribed in terms of Section 43 of the Municipal Systems Act and Regulation 796 of 2001. The SDBIP for 2016-17 was developed to reflect **cumulative performance**, therefore the **status of indicators are also cumulative** and reflection of the overall performance level achieved year to date.
  - The format to calculate the variance between actual annual performance and annual targets are included for each Key Performance Indicator (KPI).
  - The baseline (previous financial year) performance are included for each KPI to reflect progress made from the previous financial year to the reporting financial year.
  - Comparisons of performance against targets are highlighted in the form of colours based on scores which were calculated using Municipal Performance Regulations for Municipal Managers and Managers directly accountable Municipal Managers, Regulation 805 of 2006, adapted to comply with the Lephalale Local Municipality's performance management requirements. The scoring method utilised is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
  - An explanation is as per the table below:

**Table23: Rating Scales**

Colour code	Scoring	% Target achieved	
Rating	Score	Low	High
Below average	2 -2.99	0.0%	66%
Achieved target	3 -3.99	66.7%	99.9%
Achieved/ exceeded target	4 -4.99	100%	132%
Outstanding	5+	133%	166.9%
Zero Weighted	0W	Not Applicable (N/A) due to various reasons	

- Measures taken to improve performance
  - Corrective action is included for underperforming targets
  - Section on improvement from challenges in previous financial year's Annual Report as per the Annual Performance Report from the previous financial year

## COMPONENT A: BASIC SERVICES

### WATER PROVISION

Lephalale Municipality as Water Service Authority has a duty to all customers and potential customers within its area of jurisdiction to progressively ensure efficient, affordable, economic and sustainable access to water in terms of section 11 [Water Services Act of 1997]. The Municipality has a duty to provide water to a population estimated at 140 240 living within urban, peri-urban and rural areas of jurisdiction.

The Lephalale Municipality is designated as Water Service Authority and Water Service Provider. All the water for the urban area of the Lephalale Municipality originates from Mokolo Dam. Grootegeluk Coal Mine originally built the main supply lines, pump station, balancing dam and water purification works in the urban area. The supply, as well as maintenance of the dam (as agent of DWA) is still done by Grootegeluk coal mine. In the case of Marapong township, which is situated near the mine/power station, purified water to the Municipality is supplied by Matimba Power Station. Even though the municipality has benefited to date from the investments made by Exxaro and Matimba in the past there is a concern that as water service authority, and considering long term development implications, the Municipality should have ownership of infrastructure required to provide water and sanitation services to Marapong area.

The Municipality has a Water Service Development Plan which was adopted by council in 2009 and reviewed regularly. The current reviewed plan has been populated into a new template and presented to council for adoption in August 2014.

The Department of Water Affairs (DWA) appointed consultants to investigate alternative solutions for provision of water to the Lephalale node area 1 as a result of the development potential of the Municipality.

Based on water infrastructure, the current water availability and water use allows only limited spare yield existing for future allocations for the anticipated surge in economic development in the area. DWA commissioned the Mokolo-Crocodile (West) Water Augmentation project (MCWAP) to analyse the options for transferring water from the Crocodile River (West) with the intention to implement the project in two phases.

Augmentation of the supply from Mokolo Dam, and transfer of water from the Crocodile River (West) to the Lephalale area. The Department of Water Affairs (DWA) has allocated 2.1 billion for the past financial year to phase in the project on a three year basis. It is imperative to note that the outcome of the MCWAP project need to be implemented to address expected water shortages before any development in node area 1 will be viable, as currently the area does not have sufficient water resources to sustain any new development. Furthermore the municipality will need to obtain an appropriate license to abstract water from MCWAP scheme to provide water to node area 1.

### BULK WATER INFRASTRUCTURE.

Water is pumped from the Mokolo dam to the Wolfefontein storage dam, from where it gravitates down to Zeeland water purification plant and the purification plant at Matimba power station. Bulk raw water gravitates down to the Grootegeluk mine and Eskom's Matimba power station.

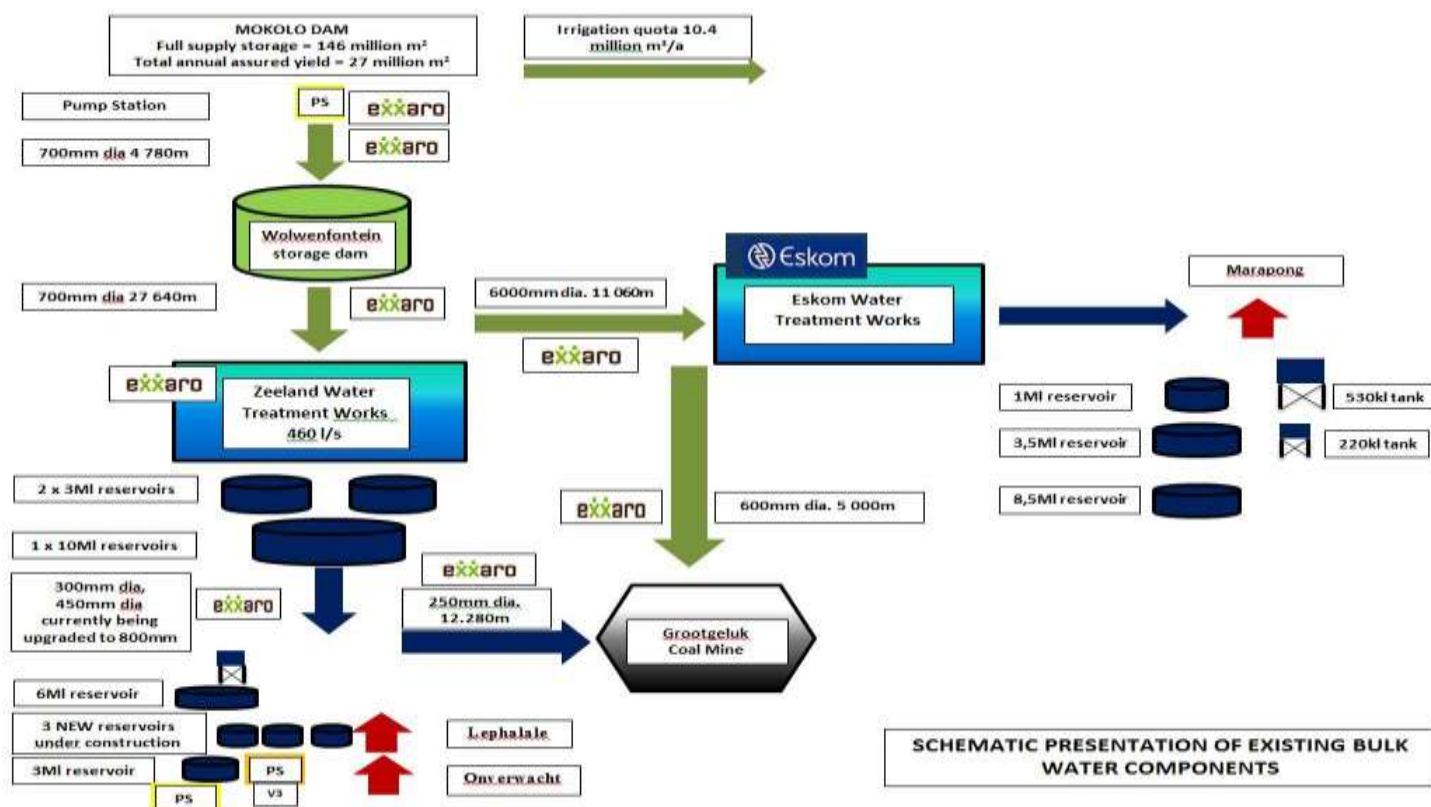
Lephalale and Onverwacht are supplied with water that gets purified at the Zeeland water treatment works (owned and operated by Exxaro resources). The effluent gets treated at Paarl waste water treatment works. Currently, the Matimba Power Station at 7.1 million m<sup>3</sup>/a, Grootegeluk Mine at 10.1 million m<sup>3</sup>/a, (Lephalale Municipality at 5.0 million m<sup>3</sup>/a of the Exxaro/Matimba allocation) and the Irrigation Sector at 10.4 million m<sup>3</sup>/a account for the 27.6 million m<sup>3</sup>/a of water allocated from the Mokolo Dam. Based on the estimated current water use, the catchment yield versus demand is in balance; however, this makes no allowance for the Ecological Reserve. Future expansions for power generation as well as the coal requirement for such development require additional volume of water which cannot be supplied from the resources within the Mokolo Water Management Area.

**Table 24:** Water Infrastructure.

Asset Type	Unit Measured	Quantity	Remarks
Boreholes	Number	138	
Reticulation Pipelines	Length(m)	424,973	286,311m of uPVC pipes and 136,702m of AC pipes 1,960m of HDPE pipes
Bulk pipelines	Length(m)	34,693	28,593m of uPVC pipes and 6,046m of AC pipes
Reservoirs	Number	121	
Water Treatment works	Number	2	Witpoort and Maletswai
Pump Stations	Number	38	

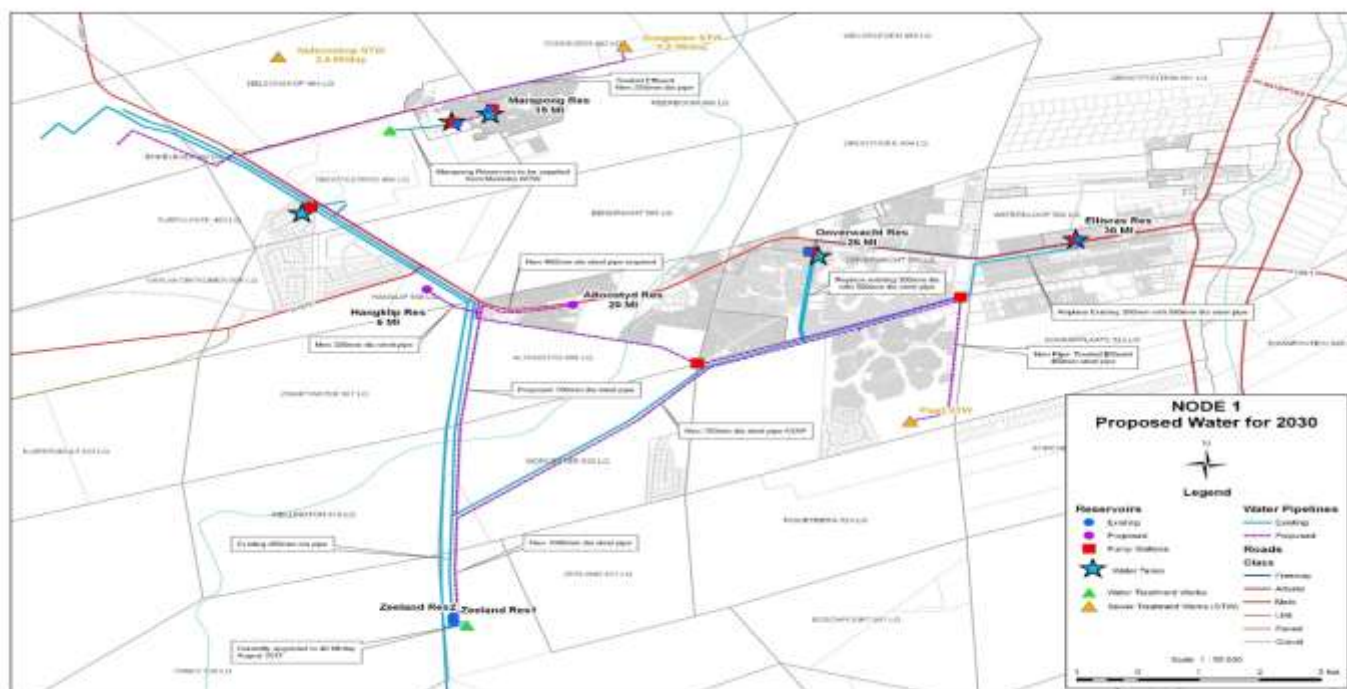
Source: Lephalale Municipality

**Figure 2:** Bulk water infrastructure linked to Mokolo dam as ground source



**Bulk water infrastructure services within the municipal urban node**

**Figure 3: Water infrastructure in the urban area**



Source: Municipal scoping report

Current and envisaged water and sanitation infrastructure plan in the urban nodal area as a result of anticipated economic development.

**Table 25: Potential Bulk water supply abstracted from boreholes for scheme areas.**

Scheme Number	Supply Area	Potential Supply
NW 100	Mokuruanyane RWS	1.950MI/day
NW 114	Witpoort RWS	0.930MI/day
NW 115	Ga-Seleka WS	0.820MI/day
NW 116	Ga-Shongoane WS	0.300MI/day
<b>Total</b>		<b>4.00MI/day</b>

The rural area is currently divided into four different water services scheme.

The potential bulk water supply, according to DWS, abstracted from boreholes in the Lephalale rural area for the four water schemes is as indicated above.

## WATER AVAILABILITY IN RURAL AREAS.

The rural areas all obtain their water from groundwater sources (about 85% from boreholes and 15% from well field type boreholes in the riverbed alluvium). The four water sub schemes serve approximately 38 villages through a network of approximately 138 boreholes, which are all owned and operated by the Municipality. The water is pumped to storage reservoirs and then distributed to the consumers. Chlorine dosing tanks were installed in the storage reservoir but the Municipality is experiencing difficulty in maintaining the dosing equipment due to budgetary constraints and not enough resources. The ground water from the boreholes is generally low due to poor yields and unacceptable water quality (class 3 or 4); however this does not necessarily pose a health risk to communities. Water from the well field type boreholes has however higher yields and acceptable quality. The surety of the current water supply from boreholes is not known. It is also not known what the actual volume of water is provided to the community. The Municipality has commissioned a study on water volumes provided to rural villages.

Based on a RDP level of service for the existing community, an allocated water use of an average of 9kl/month per household in the rural areas and 36kl/month per household for Thabo-Mbeki & Thabo-Mbeki Ext 1 is proposed, the total theoretical current water demand calculated for development focus area 2 amounts to 5,992kl/d and 1,692kl/d for Thabo-Mbeki and Thabo-Mbeki Ext 1, all inclusive of a water loss of 15%.

A detailed study is required to determine if the current supply from boreholes and wells are sufficient to meet this demand. According to data on the sizes of the reservoirs collected in the Municipality water asset register, the existing reservoirs have a capacity of 8,317kl/d but it is not clear whether the groundwater sources meets demand. The available groundwater yield and quality and storage capacity needs to be investigated as it is unsure if this resource can be expanded and to what degree.

According to the water service development plan “starter requirements” approximately 22.6% of the rural population has access to water that have to be carried/carted 0-200m, while 20.5% of the population has access to water that is 200-500m away from the point of use. This implies that 35.6% of the rural population does not have water that falls within RDP standard of maximum cartage distance of 200m from point of use (i.e. resident/house).

In Lephalale, one-third of households do not have access to water in the dwelling or yard, but have to make use of community stand pipes. In Marapong this figure is somewhat lower (20% of households make use of community stand pipes) more than half of the households have access to water inside their dwelling. In ward 3 and town Lephalale, approximately 75% of households have access to water inside their dwelling, while 20% have a tap in the yard. The remainder makes use of community stand pipes.

**Table 26: Household by level of access to water**

Piped water inside dwelling	Piped water inside yard	Piped water on community stand	Borehole in the yard	Rain water tank in yard	Neighbour's tap	Public /communal tap	Water-carrier /tanker	Borehole outside yard	Flowing water / stream /river	Other
18390	3868	770	1801	15	672	10229	4185	546	2075	451

**Table 27: EMPLOYEE STATISTICS FOR WATER SERVICES**

Employees: Water Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	5	5	5	0	0%
4 - 6	9	10	9	1	10%
7 - 9	3	3	2	1	33%
10 - 12	7	7	6	1	14%
13 - 14	21	27	24	3	11%
<b>Total</b>	<b>45</b>	<b>55</b>	<b>49</b>	<b>6</b>	<b>11%</b>
Number of employees, posts and vacancies as at 30 June 2017.					

Financial Performance 2016/17: Water Services					R'000
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>		67 531 285	65 518 070	65 713 817	-195 747
Expenditure:					0
Employees		14 953 436	15 847 304	16 840 314	-993 010



## Financial Performance 2016/17: Water Services

R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Repairs and Maintenance		2 596 748	3 043 339	3 061 979	-18 640
Other		44 570 023	53 166 330	54 985 382	-1 819 052
<b>Total Operational Expenditure</b>	0	62 120 207	72 056 973	74 887 675	-2 830 702
<b>Net Operational (Service) Expenditure</b>	0	5 411 078	-6 538 903	-9 173 858	2 634 955

## WASTE WATER (SANITATION) PROVISION

Sanitation is about dignity. The availability of sanitation facilities does not only improve the dignity of people, but also promotes their health. Areas without proper sanitation systems give rise to water borne diseases like cholera, diarrhoea, typhoid etc.

It is therefore important that as a Municipality, priority should be given to this service, particularly taking into account the backlog (rural sanitation) and the national target.

The land on which Lephalale town situated is relatively flat. Sewers are installed at slopes exceeding the slope of the natural ground level and over relatively short distances, become so deep that it must be pumped. Presently there are 38 pump stations in Onverwacht and Ellisras. All land around the developed areas is privately owned. The township layouts will be prepared by or on behalf of the land owners and the design of sewerage infrastructure will be carried out by their consultants. The requirements with regard to the placement and sizing of pump stations will be the product of the planning and design work undertaken by these developers. For these reasons it is believed that each developer should be responsible for the installation of any sewage pump station(s) and pump line(s) that he may require.

Where feasible, when developments take place at the same time in the same area, these developers should be encouraged, if practical to construct infrastructure that they share. Sewage discharged from Onverwacht/Ellisras area is treated at the Paarl sewage treatment works. The treatment works has been expanded to treat 7.25ML sewage per day and presently has spare capacity of 3ML.

Sewage from Marapong is discharged to an oxidation pond system with a reported capacity of 300kl/day. Theoretically the volume of sewage discharged to this treatment works exceeds its capacity and immediate upgrading of this treatment works is also required. The municipality is currently busy with the upgrading to a 1.5 ML/day for a conventional waste water treatment plant. A capacity of 4.5ML will be required by 2026. An oxidation pond will no longer suffice. Resgen and its BEE partners, through its operating company Ledjadja coal (PTY) LTD which is currently developing Boikarabelo mine about 60km west of Lephalale town has offered the Municipality a phase-in expansion of the oxidation pond to a 16ML/d waste water treatment plant for Marapong area on a 30 year; built, maintain and transfer contract. An agreement has been reached and a consulting engineering firm was appointed to do feasibility study.

**Table 28:** Sanitation Infrastructure in municipal area.

Number of treatment woks	Capacity of treatment works	Capacity currently utilized	Length of bulk sewer pipelines	Number of pump stations	Length of reticulation pipelines
3	10,73m/l	6,73m/l	105km	38	66,4km

## CURRENT STATUS OF SANITATION IN RURAL AREAS.

Sanitation in the rural areas consists of informal pit latrine structures or Ventilated Improved Pit Latrine. It is estimated that 5% of the households have no sanitation service. There is no waterborne sanitation in the rural area. The sanitation level of service varies from no service to basic level of service.

Approximately 15381 households will require an improved sanitation system. The sanitation in Thabo-Mbeki and Thabo-Mbeki Ext 1 is mostly septic tanks with French drains. The Central Business District has access to full waterborne sanitation system that drains into oxidation ponds which has currently reached maximum capacity.

## SANITATION RESOURCES IN RURAL AREAS.

As indicated in the section covering the water infrastructure, the area does not have sufficient water resources to accommodate a waterborne sanitation system for the entire nodal area 2. The pit latrines and VIPs in the rural area will need to be replaced with a more appropriate environmentally acceptable sanitation system once a more detailed study on what the most suitable technical solution for the existing ground conditions has been completed.

Based on RDP level of service for the existing community, an allocated sanitation demand of an average 30kl/month per household for Thabo-Mbeki and Thabo-Mbeki Ext 1 is used. The total theoretical current waste water treatment capacity requirement calculated for population concentration point amounts to 1,424kl/d inclusive of a factor of 15% for infiltration. The estimated capacity of the oxidation ponds is 297kl/d. The oxidation ponds have therefore insufficient capacity to receive all the waste water from Thabo-Mbeki town. It is estimated that the capacity requirements will increase to 1,715kl/d by 2030 thus an additional 287kl/d.

The development nodal area 2 is a relatively large area characterized by mostly informal settlements with a current population estimated at 76 300 people. Approximately 50.4% of the households are below the basic RDP level of service. The scenario is premised on the provision of more appropriate sanitation system in the rural areas and full level service to residential areas of Thabo-Mbeki and Thabo-Mbeki Ext 1 and the business area in Thabo-Mbeki.

## AGE, CONDITION AND REMAINING USEFUL LIFE OF SANITATION ASSETS IN THE MUNICIPALITY.

The majority of the waterborne sanitation infrastructure in the Municipality is over 20 years old (94%).

Approximately 15% of the sanitation network has been identified as being in a poor to very poor condition. These assets will have experienced significant deterioration and may be experiencing impairment in functionality and will require renewal or upgrading.

**Table 29:** Household access to sanitation

Flush toilet connected to public sewer system	Flush toilet connected to a septic tank or conservancy tank	Chemical toilet	Pit latrine toilet with ventilation pipe	Pit latrine/toilet without ventilation pipe	Ecological toilet(e.g. urine diversion; enviroloo; ect)	Bucket toilet	Bucket toilet(emptied by household)	Other	None
18536	859	952	8326	10054	99	-	74	520	3582

**Table 30:** Water Service Authority: Lephalale Municipality.

Assessment Areas	Paarl	Witpoort	Zongesien
Technology	NI	NI	NI
Design Capacity (Ml/d)	4	0.37	0.5
Operational % i.t.o. Design Capacity	NI	NI	NI
xxv) Microbiological Compliance	NI	NI	NI
xxvi) Chemical Compliance	NI	NI	NI
xxvii) Physical Compliance	NI	NI	NI
<b>Annual Average Effluent Quality Compliance</b>	<b>NI</b>	<b>NI</b>	<b>NI</b>



Assessment Areas	Paarl	Witpoort	Zongesien
Wastewater Risk Rating (%CRR/CRRmax)	88.2% (↓)	82.4% (↑)	76.5% (↓)
Highest Risk Area	No monitoring	No monitoring, technical skill	No monitoring
Risk Abatement Process	Draft W <sub>2</sub> RAP	Draft W <sub>2</sub> RAP	Draft W <sub>2</sub> RAP
Capital & Refurbishment expenditure in 2010/2011	NI	NI	NI
Description of Projects' Expenditure	NI	NI	NI
Waste water Risk Abatement planning	CRR-based W <sub>2</sub> RAP is in place, although its potential is limited by the lack of information pertaining to the plant		
Additional Notes	Green Drop Improvement Plan (GDIP) in place – well compiled to present practical tasks, responsible persons and timeframes with intention to improve the Green Drop 2013/14 score		

Source: DWA

Table 31: Employees: Sanitation Services

Employees: Sanitation Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 – 3	2	2	1	1	50%
4 – 6	7	7	6	1	14%
7 – 9	3	6	4	2	33%
10 – 12	-				
13 – 14	28	30	27	3	10%
16 – 18					
19 – 20	-				
Total	40	45	38	7	16%
Number of employees, posts and vacancies as at 30 June 2017.					

Table 32: Library Financial Performance

Financial Performance 2016/17: Library					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)		149 986	149 986	54 741	95 245
Expenditure:					0
Employees		5 275 788	4 961 151	4 876 931	84 220
Repairs and Maintenance		21 320	15 330	21 489	-6 159
Other		518 680	412 741	312 385	100 356
Total Operational Expenditure	0	5 815 788	5 389 222	5 210 805	178 417
Net Operational (Service) Expenditure	0	-5 665 802	-5 239 236	-5 156 064	-83 172

Capital Expenditure 2016/17			
Project	Annual Budget	Actual Expenditure	Variance from Annual Budget
Thabo Mbeki sewer network sanitation	1275230	0	1217937
To replace the two pipelines from Pump Station no: 1 to Paarl WWTW.	2000000	2912550	50000

## ELECTRICITY

Lephalale Municipality is an electricity provider and has an electrical reticulation network supplying electricity to Onverwacht and the eastern region of Lephalale. The Lephalale electricity network is supplied from Eskom at 11kV via the Lephalale Main Substation next to the Onverwacht area. The Eskom supply is generated at Matimba Power Station and fed via the Matimba Substation at 132kV. The Matimba Substation feeds the Eskom Waterberg Substation (Lephalale) where it is stepped down from 132kV to 33kV. Waterberg Substation has two 20 MVA 132kV/33kV transformers. From Waterberg Substation the power is fed via two Wolf conductor lines (approximately 8km each) to the main substation, at Lephalale. The substation has both an Eskom section with three 33kV/11kV 10MVA transformers and a 5 MVA substation from where the primary feeders are fed into the Lephalale network. The long awaited allocation of 120 MVA to make a firm supply has been received from Eskom.

Due to the current maximum demand and load growth in the town and surrounding areas, the distribution network have been upgraded to allow for expansion. The load growth from 2008 to date is about 200%.

For the area surrounding Lephalale town for which Eskom holds the supply license the load growth could be as high as 20 MVA per year for the next few years at current demand. In line with the expected load growth different scenarios have been put in place to upgrade the network. The rural villages, farm areas and Marapong are Eskom distribution area. The Villa Nora and Tomburke substations have been upgraded to 60MVA capacity for the rural network.

**Table 33:** Electricity Infrastructure.

Asset Type	Units	Number
CTVT Metering Unit	Number	22
Ground Mounted Transformer	Number	22
Mini Substation	Number	252
Medium Voltage Substation	Number	43
Medium Substation Buildings	Area (m <sup>2</sup> )	3735m <sup>2</sup>
Asset Type	Units	Number
Pole Mounted Transformer	Number	49
Ring Main Unit	Number	92
High Voltage Substation	Number	3

Source: Municipality

## NETWORK OVERVIEW.

### ECONOMIC ACTIVITIES AND BACKGROUND.

The current economic activities are dominated by the general growth pattern in South Africa, the new power stations, coal supply, SIP 1 projects and Sasol. This has resulted in an influx of new business and residential customers. Major new developments to the extent of 120MVA into the future have been negotiated with Eskom. These developments will surround Lephalale town and some fall within the Eskom supply area.

It will be possible for Lephalale to apply to the NER to take over the supply licence from Eskom for the surrounding areas. Whether these developments will be included within the Lephalale electrical supply network or not, the Lephalale electricity supply and network have been extended to accommodate current growth. The current network configuration as is will be able to accommodate growth to 120MVA if the Eskom supply network is strengthened. It must also be mentioned that whether the electrical distribution is within the Lephalale or Eskom distribution areas, the other services e.g. roads, storm water, sanitation and street lights is part of the services rendered by Lephalale Municipality.

**Table 34: Household access to electricity**

In-house conventional meter	In-house prepaid meter	Connected to other which household pays for	Connected to other source which household is not paying for	Generator	Solar home system	Battery	Other	No access to electricity
18536	16798	393	1174	199	22	-	1855	4418

**Table 35: Free basic services**

NUMBER OF HOUSEHOLDS PROVIDED WITH FREE BASIC SERVICES					
Water	Sewerage and Sanitation	Electricity	Refuse Removal	Total households	Total H/H served as %
14 102	565	3 429	14 102	43 002	12.5%

**Table 36: Employee Electricity Services**

Employees: Electricity Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 – 3	3	3	3	0	0%
4 – 6	15	16	16	0	0%
7 – 9	4	3	3	0	0%
10 – 12	1	1	1	0	0%
13 – 14	24	25	23	2	8%
16 – 18	-				
19 – 20	-				
Total	47	48	46	2	4%

Number of employees, posts and vacancies as at 30 June 2017.

**Table 37: Financial Performance Electricity**

Financial Performance 2016/17: Electricity					
R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>		183 634 978	211 273 419	214 400 412	-3 126 993
Expenditure:					0
Employees		15 513 853	14 563 518	15 767 360	-1 203 842
Repairs and Maintenance		2 973 287	3 076 787	3 069 502	7 285
Other		124 902 164	135 401 095	129 339 926	6 061 169
<b>Total Operational Expenditure</b>	0	143 389 304	153 041 400	148 176 788	4 864 612
<b>Net Operational (Service) Expenditure</b>	0	40 245 674	58 232 019	66 223 624	-7 991 605

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Over 97% of the population of Lephalale has access to Electricity at any given time; The Municipality directly is responsible for distribution at the urban area and townships, whereas the rural villages and the farming community get distribution from ESKOM.

---

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

Waste management division has a total of 15 x street cleaners, 22 x refuse removers, 10 x truck operators, 2 x landfill spotters, 2 x Landfill operators, 1 x Waste management officer, 2 x Supervisors and 1 x Manager

Lephalale Local Municipality collects general non-hazardous waste in line with the national norms and standards for refuse removal.

The municipality provides daily refuse removal in both commercial and industrial areas due to the organic nature of waste generated in the mentioned areas. Weekly refuse removal services are provided in the residential areas including informal settlements and villages.

The collected waste is consigned to the registered waste disposal facility in Onverwacht for final disposal. The municipality is operating one registered landfill site (Groothoek Landfill site). The division has a total of 7 compactor trucks, 3 four tons trucks, 2 x Roll-on Roll-off trucks and 2 x LDVs for refuse removal. To ensure compliance to minimum requirements for waste disposal, the following equipment and machineries are utilized 1 x bulldozer, 2 x front-end loaders and 1 x tipper truck. Labour intensive method of litter picking is currently implemented in all villages through EPWP. 45 beneficiaries are recruited and selected to remove waste, clean streets and clear illegal dumping in all villages. All formalized townships have access to weekly refuse removal services. Formal refuse removal services are introduced in 10 pilot villages whereby roll-on roll-off bins are utilised from strategic positions along the selected villages.

The division is implementing waste recycling and minimization strategy by establishing community waste recovery projects, source separation of recyclables, waste avoidance programs such as sustainable packaging, design for environment, consumer based waste reduction program and designing out construction and demolition waste program as a way of avoiding and reducing generation of waste. The division is currently implementing sector based waste recycling programs for the residential, commercial and industrial areas through the redesigning and reformulation of waste management system. A total of 22 community based waste recycling programs are established as a way of meeting the targets of the National Waste management strategy.

The municipality has no waste material recovery facilities and buy-centre facilities supporting circular economy in waste management. There is a great reliance on private companies and community based waste recovery cooperatives for recovery of the recyclables. The waste processing and converting companies such as Nampak, Consol, Mpact, Transpaco, Collect-a-can and Consol have contracted various waste brokers for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper and glass bottles. There are informal waste pickers in the landfill site recovering recyclables for further processing.

Various waste education and awareness programs are currently implemented throughout the municipality for attitude change and adoption of pro-environmental behaviour. Different approaches are used to create awareness on waste management and the approaches are aligned to the behaviour change theories such as the social cognitive theory, Theory of Planned Behaviour, Ecological theory and the health believe model. Both cooperatives and threatening messages are used to increase severity and susceptibility for behaviour reinforcement and maintenance.

The awareness campaigns on waste management are specifically focussing on promoting reduction, reuse and recycling of waste. Norm salience and priming in waste management is taking the direction of recycling of general waste.

The division has a serious challenge of littering and illegal dumping of waste in Marapong, villages and informal settlements. The available resources are also not adequate to deal with population growth. The available street cleaners are not enough to deal with the generated street litter. There are no waste drop-off facilities for temporary storage of green and general waste and as well as promoting reverse logistics in sustainable consumption and production. There are no waste disposal or storage facilities in the rural areas and as well as inadequate waste storage receptacles in both rural and urban areas. We are also having a challenge of collecting solid waste in heavy industries and hazardous waste due to lack of resources. This has a negative impact in revenue generation. The municipality has a challenge of providing refuse removal service to the rural community. The challenges range from

unavailability of land to inadequate funds to provide the service. Indiscriminate dumping of garden waste in areas such as Marapong and Onverwacht is still a challenge, in that garden waste drop-off facilities are needed.

**Table 38: Employees: Solid Waste Management Services**

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1 - 3	1	1	1	-	0%
4 - 6	3	3	3	-	0%
7 - 9		-	-	-	
10 - 12	11	11	11	-	0%
13 - 14	40	40	40	4	7%
15-18	-	-	-	-	-
19-20	-	-	-	-	-
<b>Total</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>4</b>	<b>7%</b>
Employees and Posts numbers are as at 30 June 2017.					

The Municipality developed a draft waste management plan as required by NEMA: Waste act and determined by its powers and function. The Municipality is allocated the function of solid waste management. The function involves determination of waste disposal strategy, regulation, establishment, operation and control of waste disposal sites or facilities, refuse removal, waste minimization through recycling, re-use and waste education and awareness. In implementing its function the Municipality has a role to ensure that waste management systems are in place and the systems should be in line with the hierarchy of waste management according to the national waste management strategy. The implementation of the function is dependent on the function that is allocated to the Municipality i.e. refuse removal. Currently most of the waste is collected from household followed by commercial industries.

## **REFUSE REMOVAL.**

The Municipality has no drop-off, garden sites, transfer station, material recovery facilities and buy-back centres for recycling. The Municipality is relying on private companies and community programmes for recovery of the recyclables. The companies such as Nampak, CONSOL, Mondi, Transpaco, Collect-a-can and Consol have contracted a service provider for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper and glass bottles. There are also informal recyclers in the landfill, collecting K4 box, plastics, papers and steel. The municipality has a challenge of providing refuse removal service to the rural community. A pilot project has been initiated by the municipality to provide for refuse removal services in certain areas within the rural villages.

The challenge range from unavailability of land and inadequate funds to provide the service. The municipality has a serious challenge of illegal dumping of garden waste in areas such as Marapong and Onverwacht, in that garden sites are needed in the mentioned areas.

## **WASTE TRANSPORT AND TRANSFER.**

The Municipality has five 12 cubic meter , three 20.6 or HC250 compactor trucks and three canter trucks for refuse removal and street cleaning, servicing four collection routes on Monday and Tuesday and five collection routes on Wednesday, Thursday and Friday in the urban area. Most of the 12 cubic meter compactor trucks were bought in 1991 and 1992 and are no longer reliable. The Municipality has no transfer station and Roll-on-Roll-off system in areas that are situated at 30 to 35 kilometres from the landfill site. The areas such as Steenbokpan, Ga-Seleka, Shongoane, and Mokuruanyane are in a pilot programme for refuse collection in rural areas. Skip bins are been placed at specific central collection point and collected on a weekly basis.

## **WASTE STORAGE.**

The Municipality has in-adequate refuse receptacles for refuse storage. The municipality is using 1, 75 cubic meters bins and is on the process of rolling out 6 cubic meter skip bins for waste storage. In the central business district about seven to ten shops are sharing one or two 1, 75 cubic meter bins and the capacity is not enough. There are in-adequate refuse receptacles on the streets of Lephalale town. The community and other businesses are not provided with 240 litre wheeled bins for waste storage.

## WASTE EDUCATION.

The Municipality has a formal waste education programme called waste wise education competition and school recycling competition. The Municipality initiated environmental clubs in both rural and urban areas that are educating the community about good waste management practices in line with the National Waste Management Strategy, Municipal Waste Management by-law, NEMA: Waste Act and other waste legislations. The municipality is also supporting the provincial eco-school and Limpopo schools state of environment report competition.

## WASTE DISPOSAL.

The Municipality has one permitted waste disposal facility. The life expectancy of the landfill is 5 years without waste minimization programmes but with such programmes the life expectancy can go as far as more than ten years. The Municipality has appointed a service provider to conduct the feasibility studies for the development of new landfill site. The municipality has no garden sites for temporary storage of garden waste, material recovery facility such as convenient transfer station for recycling and composting.

## WASTE INFORMATION.

The Municipality has no data base of waste management companies operating within its area of jurisdiction and statistics for the recovered waste for recycling and disposed waste.

**Table 39: Household access to refuse removal**

Removed by local authority/ private company /community members once a week	Removed by local authority /private company/ community members less often than a week	Communal refuse dump	Communal container/ central collection point	Own refuse dump	Dump or leave rubbish anywhere (no rubbish disposal)	Other	Total H/H
18 779	349	1575	7135	9 806	4335	1023	43 002

Only 62.4% of the households in Lephalale Municipality have access to acceptable refuse removal service level. The Municipality is still faced with the challenge of illegal waste dumping in Marapong more especially next to illegal settlement areas and parts of Onverwacht as well rural areas. Generally waste collected is domestic or household mostly in urban areas especially Marapong, Onverwacht and Town. The provision of the service in rural areas is limited to 9 villages along D3110 road. Communities depend mainly on backyard dumping sites.

**Table 40: Employees: Solid Waste Management Services**

Employees: Solid Waste Management Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	1	1	1	-	0%
4 - 6	3	3	3	-	0%
7 - 9	-	-	-	-	-
10 - 12	11	11	11	-	0%
13 - 14	40	40	40	4	7%
15-18	-	-	-	-	-
19-20	-	-	-	-	-
Total	55	55	55	4	7%
Employees and Posts numbers are as at 30 June 2017.					

**Table 41: Employees: Waste Disposal and other services (Environment)**

<b>Employees: Waste Disposal and Other Services (Environmental)</b>					
<b>Job Level</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1 - 3	-				
4 - 6	-				
7 - 9	2	2	2	0	0%
10 - 12	2	2	2	0	0%
13 - 15	-	3	2	1	33%
16-18	2				
19-20	-				
<b>Total</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14%</b>

Employees and Posts numbers are as at 30 June 2016.

**Table 42: Financial Performance Waste Services**

<b>Financial Performance 2016/17: Waste Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue (excluding tariffs)</b>		27 273 000	27 273 000	28 413 069	-1 140 069
<b>Expenditure:</b>					0
Employees		11 481 301	11 269 146	12 098 505	-829 359
Repairs and Maintenance		576 000	1 143 000	1 607 737	-464 737
Other		1 759 048	1 722 693	3 917 315	-2 194 622
<b>Total Operational Expenditure</b>	0	13 816 349	14 134 839	17 623 557	-3 488 718
<b>Net Operational (Service) Expenditure</b>	0	13 456 651	13 138 161	10 789 512	2 348 649

## **HUMAN SETTLEMENTS/ HOUSING**

The provision of socio- economic perspective of the local Municipality as whole, as well as the three priority nodal area is essential to attain sustainable human settlement initiative. The elements of demography, economic production, employment and economic development potential is of cardinal importance and as such need to be dealt with properly.

The majority of houses in the municipal area are good quality brick structures. They are uniformly distributed across municipal settlement areas. One should have expected more traditional dwellings but are only a few of them in the settlements. There is no specific pattern regarding backyard dwelling detectable. These apply to both urban core and the rural outlying areas. Land tenure and ownership is currently very difficult to assess.

In rural areas the land is tribal and household have free ownership. This is as a result of the fact that land ownership in tribal areas is a sensitive issue and very complicated. However a significant number of households in rural areas own the houses they live in. Rented housing occurs only in Onverwacht, Marapong and Lephalale town. Hostel accommodation type exists for Exxaro and contractors for Medupi project.

The Municipality needs to provide a spatial perspective that deal with the actual land use development trends and tendencies within the three focus areas as reflected on the projected focus area map page 49 to inform the development of planning scenarios and provision of bulk infrastructure. There are informal settlements in Steenbokpan, Marapong and Ellisras town. The Municipality adopted the housing chapter in 2009 and has reviewed



the chapter under Lephalale integrated scoping report in 2011. The housing chapter is scheduled for review in 2017/18 financial year and appointment of service provider has commenced by end June 2017.

**Table 43: Employees: Housing Services**

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Employee No.</b>	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (fulltime equivalents) No.</b>	<b>Vacancies (as a % of total posts) %</b>
1 – 3	1	1	1	0	0%
4 – 6	1	3	3	0	0%
7 – 9	3	1	1	0	0%
10 – 12	1	1	1	0	0%
13 – 14	-				-
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0%</b>

Number of employees, posts and vacancies as at 30 June 2017

## LEPHALALE DEVELOPMENT NODES.

The Lephalale proclaimed township area which includes Onverwacht and Ellisras town has 4831 erven covering an area of 9761540 m<sup>2</sup> that is fully serviced. Marapong has 2147 fully serviced erven including Extension 1 to 4 residential areas which covers 165638 m<sup>2</sup>. Only 3, 8% of the total land proclaimed has not been developed. The township extension has increased from 49 to 103 with the number of erven increasing from 6978 to 19591, this represent an increase of 12613 erven on a land scale of 1858 hectares.

Most of these township extensions have services been installed and, or are waiting for bulk infrastructure availability to proceed with top-up structural building. 37.5% have already been proclaimed and 61.0% have been approved. 62.5% require municipal services. A total of 28935 residential units for Marapong, Onverwacht and Ellisras town has been approved and proclaimed. The area covered by this development is 15936338m<sup>2</sup>.

The estimated residential units can accommodate potential population of 38815. Looking at the projected population growth this figures present an oversupply of units in Lephalale, especially on the upper market housing segment.

There is an element of lower supply of housing units on rental and low-income level. The estate agents have confirmed that the existing available residential erven far exceeds current demand. Exxaro is in a process to establish approximately 3000 residential erven. Eskom is having a two-fold approach which includes the purchase of erven from private sector and establishment of housing for Marapong Extension 5 on their own land which is still in a process. The Provincial Government has allocated 1.2 billion on a three year basis for the establishment of 5000 erven in Altoostyd farm. The project will result in the provision of housing for middle income and other designated groups within the spatial development area 1 which forms natural extension of the existing development. The scattered nature of the township development area has prompted the municipality to follow an infill approach for integrated human settlement.

**Table 44: Total Housing backlog.**

<b>Rural Units</b>	<b>Project Linked</b>	<b>BNG/IRPD</b>	<b>Individual</b>	<b>Social</b>	<b>Backyard rental</b>	<b>Informal Settlements</b>	<b>CRU</b>	<b>GAP</b>	<b>Total</b>
3452	-	8369	-	936	2098	8 631	524	1584	24 008

**Table 45: Types of dwellings**

<b>YEAR</b>	<b>2001</b>	<b>2011</b>	<b>2016</b>
House on separate stand	14459	22816	28647
Traditional dwelling	2296	408	422
Flat in block of flats	203	849	1309
Town/cluster/semi-detached house	126	271	428
House/flat/room in back yard	510	340	558
Informal dwelling/shack in back yard	893	2098	3032
Informal dwelling/ shack elsewhere	1428	2456	6768
Room/ flat let on shared property	275	321	408

YEAR	2001	2011	2016
Caravan/ tent	87	74	64
None/homeless	4	-	-
Other	24	246	418
<b>Total no of dwelling</b>	<b>20305</b>	<b>29879</b>	<b>42054</b>

Source: Statssa

**Table 46:** Residential erven.

Zoning	Ellisras/Onverwacht		Marapong		Lephalale town	Total
Proclaimed & approved	Erven	Area(m <sup>2</sup> )	Erven	Area(m <sup>2</sup> )	Erven	Area(m <sup>2</sup> )
Residential 1	14560	11510394	3984	1282002	18549	12792396
Residential 2	169	1244143	6	15410	175	1259553
Residential 3	82	1259510	0	0	82	1259510
Residential 4	24	392599	2	155032	26	547631
Eskom Ext 71	142	77248	-	-	142	77248
Total	14977	14483894	3997	1452444	18974	15936338

Source: Lephalale Municipality

**Table 47:** Land approved and proclaimed for residential units.

Residential Units	Lephalale	Marapong	Total
Residential Units Proclaimed	8490	2275	10765
Residential Units Approved	15805	2365	18170
Residential Units Submitted	700	-	700
Residential Units Planned to Submit	74	-	74
Total	25069	4640	29709

Source: Lephalale Municipality

## DEVELOPMENT OUTSIDE THE URBAN CORE AREA.

Based on the situational analysis done, development outside the urban core is approached on a minimum intervention basis. Given the low growth potential and general activities in rural areas, the main approach is to sustain current levels of development and to meet general health and welfare requirements as contained in various policies and strategies of government. The approach to allocated land for preferred uses is to strengthen the uses that will maximize the potential of the area.

The distribution density of households is usually a good indication of development activities and more importantly development potential. In developing a SDF one would use this as an indication of where to direct development and establish pressure points in development.

The only real limiting factor, is proclaimed nature reserves that are protected and governed under Protected Areas Act. The general implication is that none of these areas are for any exclusive use but that council will give preference and support the preferred uses in an area.

Some settlements are located within the 1: 100 year flood line and will be subject to flooding and the most affected will be Thabo Mbeki including the hospital and school and some households along the river at Ga-Seleka. There are 38 scattered rural settlements which are situated on traditional land with an average population of 1600 people. Other villages also affected to a lesser degree are Ditloung, Martinique, Mokuruanyane, Ga-Monyeki and Setateng.

During the floods in 2008 water reached the 1:100 year flood line level and 300 houses were destroyed in Thabo Mbeki Ext. The hospital was evacuated. District road D3110 is the only paved main route which traverses through the villages from R572 at Ga-seleka to R518 at Shongoane village.

The provision of infrastructure services is hampered by the sparsely scattered settlements. The Municipality is currently providing basic level of service to the communities. The total average basic service backlog is about 18%.

The current Hospital is servicing a population of 66 300. Three clinics which are operating on a 24 hour service are located in the three population concentration points of Ga-seleka, Mokuruanyane and Setateng villages. There are 75 schools which cater for primary and secondary school learners.

## FREE BASIC SERVICES AND INDIGENT SUPPORT

The primary intention of the policy is to ensure that no one is completely denied access to basic services for reasons of inability to pay for such a service. Underlying this policy is the recognition that the supply of 'basic' services assists in alleviating poverty and improves level of the communities within the area. Free basic services will be implemented progressively in accordance with the ability of council to render any of the specific services in various areas within its jurisdiction, in accordance with the levels of services which are appropriate and affordable.

Section 74.2(c) of Municipal Systems Act, 32 of 2000 states that poor households must have access to at least basic services through:

- Tariffs that cover only operating and maintenance costs;
- Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of services; and
- Any other direct or indirect method of subsidization of tariffs for poor household.

Section 97 (c) of the Municipal Systems Act, 2000 states that a Municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The Municipality adopted its indigent policy in 2001 and it is reviewed as and when it is necessary for council to do so

**Table 48: Households provided with free basic services**

NUMBER OF HOUSEHOLDS PROVIDED WITH FREE BASIC SERVICES.					
Water	Sewerage & Sanitation	Electricity	Refuse removal	Total households served	Total households served as %
1470	1470	Configuration 1 777 (3,052)	660	34249	4,8%

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has updated their Indigent Register at the end of the financial year under review. All of registered indigents received free basic water and electricity during the year under review.

## COMPONENT B: ROAD TRANSPORT

### ROADS

The roads in Lephalale are adequately connected to National, Provincial and District roads. The issue being experienced in terms of the roads in the municipal area is two-fold in nature. The first being the primary roads and related issues. These include the poor state of the roads due to limited maintenance of the roads. The poor state of these primary routes is having a detrimental effect on the distribution of goods, services and people in and through the Municipality. Possible causes of this are lack of funds, human resources, equipment and capacity to maintain the existing infrastructure. The second element of this issue is the poor state of the internal circulation routes in the area (especially in the rural area).

The causes of the poor state of these roads can be attributed to lack of appropriate road maintenance policies and funds, the category/type of the roads i.e. gravel roads carrying high volumes of traffic. The R33 road serve as a link between Lephalale and Modimolle Municipality more especially for the delivery of machinery and equipment for construction of Medupi power station, expansion of Grootegeeluk coal mine and future developments. This road needs special attention from Department of Roads and Transport and Road Agency Limpopo (RAL). Between Vaalwater and Lephalale the road gradient is too steep for abnormal heavy duty loads, therefore R510 and R517 are recommended for heavy goods vehicles (freight).

The southern by-pass provincial road P198-1 linking R510 to Medupi has been identified as one of the main critical road. The Lephalale municipality will be responsible for bulk road infrastructure and individual developers of townships will have to provide all internal roads. There is concern on the rapidly degrading of many roads due to the increasing economic activities.

Of the total length of municipal roads, some are paved and these are mainly in Marapong, Onverwacht and Ellisras respectively. The unpaved roads vary from dirt tracks to graded gravel surfaces which are mainly located in the rural areas of the Municipality. The current policy for improving municipal roads, as stated in the 2010/2011 IDP is to ultimately pave all municipal roads. Given limited resources and finances, interim 3 to 5 year programmes are prepared and updated annually to maintain existing assets to address serious problems, to improve access roads between villages and the higher order roads in conjunction with programmes of WDM, DOR&T, RAL and SANRAL. In the medium term, improved access to Lephalale will become a top priority, in terms of road, rail and air.

It is unlikely that the coal and petrochemical cluster will reach its full potential without the upgrading of the R33 which needs rehabilitation from Vaalwater to Lephalale, the construction of a southern bypass from the R33 to the coal mine and power stations and the upgrading of the road in a westerly direction from Lephalale town to Steenbokpan and beyond to the Botswana border.

## FUNCTIONAL ROAD HIERARCHY.

Road classification refers to the process where different types of roads are classified in a framework and placed in relation to each other. A functional road classification refers to the process of classifying roads according to the characteristics of traffic service and function that they are intended to provide. The local municipality could have the following benefits from a functionally classified road network:

- A suitable balance between mobility roads and activity/ access streets, it is possible to provide a high level of connectivity, while maintaining a high level of road safety and accessibility.
- Orderly grouping of roads in a framework around which national, provincial and local government can plan and implement various construction maintenance and environmental schemes and projects.
- A sound basis for traffic management, transport and land use management planning.
- Assistance to consider the effect of local government decisions on surrounding areas and streets.
- Helps clarify policies concerning roads within a local government district and precinct.
- Ensures the necessary facilities for commercial vehicles to traverse the area and allows for orderly planning of heavy goods vehicle (freight) routes.
- Assist planners in the zoning of land for various uses and the restriction of activities which are compatible with mobility (traffic flow) or accessibility functions designated routes.

## ROAD NETWORK AT REGIONAL LEVEL.

The road network is the principal means of travel in Lephalale and the greater Waterberg district Municipality. On a district scale, several provincial roads provide inter-provincial and inter-municipal connectivity for the wider district, they also serve as linkage roads that provide local connectivity and form key components of the supply chain of the local economy. Intensive road network and infrastructure planning did not precede nor has it kept pace with the significant industrial and population growth within the municipal area. To date few of the unchecked development effects visible in road transport include:

- Increased traffic through Lephalale without extended road infrastructure
- Significantly high freight truck traffic,
- High levels of road congestion during peak traffic periods.

The description of this roads are summarized below and it is important to note that this is a regional classification of the main roads and some of these road classification will change where the roads run through an urban area such as small towns and villages along the route.

**Table 49:** Roads and storm water status quo.

Municipality	Total road network length	Road kilometres tarred	Road infrastructure backlog
Lephalale Local Municipality	1 054. 84km	233. 02km	821. 82km

**Table 50:** Provincial and District Roads classification.

Roads	Description	Functional Road Hierarchy
-------	-------------	---------------------------

		Classification
N11	From Ladysmith (Kwa Zulu Natal) via Middleburg in Mpumalanga linking N1 at Mokopane via Lephalale to Botswana Border.	R1
P19/2 (R518)	East-West corridor, from Lebowakgomo, in the South-East link, linking with N1 in Mokopane and ending at Lephalale CBD.	R2
R510	North-South corridor stretching from N4 highway in Rustenburg, via Thabazimbi and the Lephalale CBD to the Botswana Border.	R2
P198/1 (R33)	North-South corridor passing via N1, linking Vaalwater to Lephalale CBD	R2
R516	East-West from Bela-Bela connecting N1 and R33 traffic to R511 and R510	R2
R517	East- West from Vaalwater provides a link between R33 towards R510	R2
R572	North-East from Tomburke to Stockpoort, it provides the link between N11 to R33	R2
D1675	West from Lephalale town provides a link from R33 to Steenbokpan	R3
D175	North-West it extends from the R572 to provide a link to Buffels-Drift.	R3
D3110	Serves as a district collector and links the R518 and R572	R3

In general the lower order roads in Lephalale are unpaved and would mostly be classified as R4 and the remaining local access roads as R5. The Lephalale town development nodal area 1 consists mainly of the CBD and residential areas in the direct vicinity. This is the most densely populated area in Lephalale and therefore the road planning and functional classification should be done in a more detailed level.

**Table 51: Employees: Road Services and Storm Water**

Employees: Road Services and Storm Water (Public Works)					
Job Level	2015/16	2016/17			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	5	3	3	0	0%
4 - 6	1	2	1	1	50%
7 - 9	4	3	3	0	0%
10 - 12	9	10	9	1	10%
13 - 14	27	29	27	2	7%
<b>Total</b>	<b>46</b>	<b>47</b>	<b>43</b>	<b>4</b>	<b>9%</b>
Number of employees, posts and vacancies as at 30 June 2017.					

**Table 52: Financial Performance Public Works**

Financial Performance 2016/17: Public Works					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>		515 712	515 712	175 073	340 639
Expenditure:					0
Employees		9 772 726	9 468 577	9 459 271	9 306
Repairs and Maintenance		4 649 984	5 521 944	3 662 976	1 858 968
Other		27 864 842	31 681 429	32 619 960	-938 531
<b>Total Operational Expenditure</b>	0	42 287 552	46 671 950	45 742 207	929 743
<b>Net Operational (Service) Expenditure</b>	0	-41 771 840	-46 156 238	-45 567 134	-589 104

**Table 53: Employees: Road Services and Storm Water**

**Employees: Road Services and Storm Water( Public Services)**

Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	3	3	0	0%
4 - 6	7	2	1	1	50%
7 - 9	9	3	3	0	0%
10 - 12	0	10	9	1	10%
13 - 15	22	29	27	2	7%
16 - 18	8	47	43	4	9%
19 - 20	-	3	3	0	0%
Total	46	2	1	1	50%

Capital Expenditure 2016/17				
Project	% Actual Progress	YTD Expenditure	Annual Budget	Variance from Annual Budget
Refurbishment of Shongoane stadium & Construction of access road to stadium	100%	6137310	6425600	288 290
Ga-Monyeki Access road	100	9718500	2140200	-7578300
Construction of an asphalt road to Groothoek dumping		0	3000000	300000

## TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The Municipality has a constitutional obligation to ensure that accessible, safe, efficient, adequate and affordable public transport is provided to the community. The Municipality adopted the Integrated Transport Plan in 2012 after the assistance from Department of Transport. The geographical location of the villages and work opportunities in Lephalale is one of the determining factors in understanding transport demand problems. There are 39 rural villages in Lephalale, many of them located 40 km or more from the CBD of Lephalale. The CBD and town are located close to the coal mines and power stations, whereas the villages developed historically along Lephalale River. Approximately 65% or more of the Lephalale population live on farms or rural villages. This results in low residential densities, which makes the cost of effective transport provision high. The coal reserves, estimated up to 300 years of reserves, are the main driver of economic activity in the area.

If the planned and envisaged additional power stations and potential coal mining materialized, it will be a large stimulus for development in the area. Depending on what developments materialize in the area, between 16 000 and 37 000 additional housing units will be required for the next 20 years or so. In the development of future coal mines and power stations, care should be taken that residential settlements are located as close as possible to these work opportunities, to reduce travel time and cost of transport.

There are four (4) formal taxi ranks in Lephalale, five (5) informal taxi ranks and one bus rank. Bus shelters provided by the Municipality at some of the villages are only able to accommodate five people. Public Transport facilities are inadequate and in some cases far from the people they are supposed to serve.

### LICENSING

The municipality performs licensing function on agency basis for the Department of Transport. A total amount of R25 004 923-15 was collected during 2016/17 financial year by our Registering Authority and was apportioned as follows:

**Table 54: Collections from Licensing**

ENTITY	AMOUNT
Department of transport	R16 043 602-30
Municipality	R7 530 134-85
Road traffic Management corporation	R762 846-00



Prodiba	R668 340-00
<b>TOTAL</b>	<b>R25 004 923-15</b>

The municipality has got one Grade A Driving Licenses Testing Centre and satellite office at Mokuruanyane Thusong Centre that caters for registration and licensing of motor vehicles. The municipality vehicle testing station situated along O.R Tambo revenue is currently undergoing upgrading.

## INTEGRATED TRANSPORT PLANNING

The municipality has a constitutional obligation to ensure that accessible, safe, efficient, adequate and affordable public transport is provided to the community. In Lephalale, although most people rely on walking, quite a significant percentage of people make use of public transport to access different destination such as work, school, and health services, social and recreational facilities at different times.

The following table shows a breakdown of different modes of transport utilized by people in Lephalale.

**Table 55: Transport Modes**

MODE	NO. OF PEOPLE	PERCENTAGE
Foot/bicycle	51084	45%
Private vehicle	12525	11%
Bus	7800	7%
Taxis	10380	10%
Not applicable	30806	27%

### Public Transport State

Public transport in Lephalale comprises mainly privately owned and operated taxis and buses. There is only one subsidized bus company which transport commuters to different destinations within Lephalale on daily basis. Other private operators are contracted to big companies such as Exxaro and Eskom for transportation of their workers. There are four taxi associations with a fleet of more than four hundred taxis mostly with a carrying capacity of 16 passengers operating on different routes in Lephalale.

**Table 56: Taxi Transport Status quo**

TAXI ASSOCIATION	FLEET	SERVICE
Kudu Taxi Association	70	Local, Long & cross- border
Ellisras Local Taxi Association	150	Local
Steilooop Taxi Association	76	Local
Lephalale Taxi Association	140	Long distance & cross-border

Currently there is no metered taxis transport service available in Lephalale. The Department of roads and transport approved two applications in 2006 but the applicants failed to release their operating licenses. The use of animals drawn vehicles and air-transport constitutes a less significant percentage. The Department of Education has contracted private bus operators for provision of scholar transport to 16 schools falling under Ellisras', Palala South and Palala North circuit.

### Public Transport Facilities

There are four formal and three informal taxi ranks in Lephalale, two bus terminals and a number of lay byes built along D3110 road. One landing strip is available for chartered light passenger planes.

### Cost of Public Transport

The Government's goal is that no commuter should spend more than 10% of his/her disposable income on transport. The cost of public transport in some cases amount to 40% of the commuter's disposable income.

### Challenges

- Problems faced by the municipality with regard to provision of public transport are multi-faceted.
- Problems include among others the following:
- Poor road surface and infrastructure.



- Inadequate facilities such as taxi ranks, bus terminals, laybys etc. Our facilities are also not user-friendly to people with disability.
- Poor customer service on the part of taxi and bus operators.
- Disintegrated and unscheduled public transport system impact negatively on the kind of services offered.
- Too many pick-up points along the route increase the travel time.
- Limited subsidy from Government result in people having to spend a significant percentage of their income on transport. The situation is further compounded by the fact that public transport is in the hands of private owners and that makes it difficult to regulate, especially when it comes to tariffs charged.

### **Integrated Transport Plan for Lephalale**

In terms of section 36(1) of the National Land Transport Act no 5 of 2009, the Municipality as a Planning Authority must prepare and submit to the MEC of Transport, an Integrated Transport Plan (ITP) which must formulate the municipality's official vision, policy and objectives on transport.

The Lephalale ITP has been finalized by the appointed services provider (*Its Engineers*), adopted by the Council. The Integrated Transport Plan which was conceived through consultation with relevant stakeholders encompasses the Objectives, Transport Status quo Analysis, Transport Improvements proposals, Implementation budget and programmes. Although the Lephalale ITP has been completed, the municipality still needs to compile other legal documents via Rationalization Plan, Transport Needs Assessment, Current Public Transport Record, Operating License Strategy and Transport Register which will guide the municipality in regulation of public transport.

In terms of the National land Transport Act no 5/2009; Municipalities have a regulatory function of receiving and deciding on applications relating to operating license for services within their areas of jurisdiction. This includes allocation on subsidy to contracted public transport service providers. Currently this function is performed by the Department of Roads and Transport. The municipality must therefore prepare itself towards total takeover of the function. In terms of section 17 of the Act a division must be established within the municipality's administration to perform this function.

## **FREIGHT/CARGO TRANSPORTATION**

### **Rail Transport**

The existing rail lines is an important "branch line" but with a mainline standard. It serves the coal, iron ore and chrome mines in the North West and Limpopo Province. Beginning at Pretoria North, the line was extended 112km to Lephalale to exploit coal resources in 1980. On average three trains operate daily in Lephalale. These are long air-braked trains, usually 80 wagons in length utilized mainly by Exxaro and Eskom for transportation of freight.

In Lephalale movement of freight or cargo is on land and mainly through major routes i.e. R33 and N11. This is due to the basic ability of the road transport industry to move a variety of cargoes quickly, efficiently and economically. This arrangement has got an adverse and damaging effect on our road surface and infrastructure and must be discouraged in favour of rail transportation.

### **Law-enforcement on freight transport**

Many heavy vehicles are potentially overloaded and not roadworthy. Law-enforcement is lacking in this regard. There is one border post to Botswana to combat overloading by heavy vehicles. The municipality also has got a small weighbridge which is currently dysfunctional. Upgrading the municipal weighbridge and conducting overload programs will assist in enhancing the lifespan of the municipality's road infrastructure.

### **Transportation of abnormal loads and hazardous materials**

The current economic development in Lephalale places an increase responsibility on the municipality in as far as regulation of transportation of abnormal loads and hazardous materials are concerned. There is no specific abnormal load route plan available for the municipality. Equally there are no by-laws that regulate movement of dangerous or hazardous materials.

### **Consultation with relevant stakeholders**

No formal consultation takes place between the municipality and stakeholders in the road freight industry. Establishment of a freight transport consultative body (FTCB) is necessary in order to promote more efficient and cost effective freight transport in Lephalale.

## **Table 57: Capital Expenditure Transport**

Project	% Actual Progress	YTD Expenditure	Annual Budget	Variance from Annual Budget
Upgrading of Vehicle Testing Station	95%	753207-60	1494 555-98	129911-90

## WASTE WATER (STORMWATER DRAINAGE)

Just as the municipal road network is mainly rural in character, so are the related storm water drainage facilities. With the exception of most of the paved residential streets in Onverwacht and Ellisras which have kerbs, side channels, inlets and sub-surface drain pipe or open collector channels network. The majority of municipal roads in and between the rural villages carry storm water drainage at surface level in open lateral channels, in and across the roadways and occasionally in culverts under the road. The residential streets in Marapong and Thabo-Mbeki & Thabo-Mbeki Ext 1 do not have storm water drainage infrastructure system.

Urban development in a catchment changes the run off characteristics therein, increasing the impervious areas and resulting in an increased quantity of storm water runoff as well as more rapid and frequent concentration thereof. The developer of a township is required to accept the potential storm water flow from the area of catchment upstream of the township and to manage this as well as the runoff generated within the development, through a well-planned and designed drainage system. Conventional drainage system should cater for frequent or minor storms. The guidelines for human settlement and design recommend the following design frequencies for minor system.

**Table 58:** Flood Design Frequency.

Land use	Design flood recurrence interval
Residential	1-5 years
Institutional (e.g. school)	2-5 years
General commercial and industrial	5 years
High value central business district	5-10 years

In many instances in Lephalale minor storm drainage systems will serve more than one land use, and it is proposed that the Municipality should generally require that these systems be designed to accommodate the five year recurrence interval storm. A watershed is located along the western boundary of the development area of Onverwacht. Sections of the major storm infrastructure have been installed where it traverse the existing Ellisras extensions in close proximity to Mokolo river. This is necessitated by existing developments and restricted space.

Two rivers drain Lephalale municipality, the Mokolo River which parallels on the east side of the R510 through Ellisras town and the Palala River which parallels on the west side of the D3110. Both rivers drain northwards to the Limpopo River. Storm water is the most source of damage to roads. The damage can extend from total destruction of a bridge or culvert crossing to damage shoulders, road edges and destabilization of sub-grade and base course layers. Where roads are unpaved washing away of the wearing course results in rapid road degeneration and use of the road by motorized transport rapidly becomes impossible. Uncontrolled storm water and free drainage systems are therefore to be avoided. Lephalale municipality has road graders and related equipment for road maintenance. The Limpopo DOR&T also has a maintenance depot in Lephalale town from which maintenance of Provincial, District and some Municipal roads is conducted.

Budget is continuously provided, where possible for development of a road maintenance programme for Municipal Roads that are unpaved. Due attention needs to be given in this programme to the related storm water drainage facilities to maintain the accessibility not only of vehicular travel but also of non-motorized travel. There is storm water channel backlog of 15518m in length and a bottom width of between 0,9m and 1,6m specifically around Onverwacht and Ellisras. Storm water backlog in the rural area is unknown but the area on the Southern part of Thabo Mbeki and Selekwa Wyk 2 (Mmatshwana) is frequently flooded during heavy rainy seasons by Palala river when it over flows. Storm water backlog in Marapong is still under investigation. The appointed service provider estimates the costs to be around R2.6 billion.

## COMPONENT C: PLANNING AND DEVELOPMENT

This section provides information on demographic profile and the status of service delivery covering the following areas: spatial development, environmental issues, infrastructure development, local economic development, financial management, institutional management and public participation.

Promotion of Local Economic Development is a constitutional mandate which reads as follows: “A Municipality must structure and manage its administration, and budgeting and planning process to give priority to the basic needs of the community and to promote the social and economic development of the community”. LED is a participatory process which requires inputs from various stakeholders. LED encourages the private, public and civil society sectors to work together to create an enabling environment for economic development. As the elected entity, the municipality has the role to facilitate the economic growth and development within its boundaries and therefore acts as a driver for Local Economic Development.

### THE SDF WITHIN THE CONTEXT OF MUNICIPAL PLANNING.

All human activities have a spatial dimension. Human action impact on space and space helps to shape and direct human action. This dynamic relationship is addressed in a spatial development framework. It is critical that the SDF recognize both the integrated and dynamic nature of development. The need to integrate spatial planning and delivery with other core activities in the Municipality is critical in implementing a sustainable spatial development framework.

The focus area includes among others a dual approach on the total area and emphasis is on determining and assessing Municipal wide trends and tendencies with the aim of:

- i. Improved spatial functionality across the whole municipal area.
- ii. Integration with the district and provincial SDFs.
- iii. Identifying and developing a settlement typology for more detailed spatial planning.

The second focus area is more detailed and localized planning of the agreed settlement typology. This might imply a broad distinction between spatial frameworks for urban and rural components of the Municipality, but the focus remains integration and improved functionality in the local and broader spatial development system.

Spatial Planning refers to planning that takes into account the location and connection of people and interventions in space. Spatial planning stimulates a more rational organization and use of urban space, and is important in promoting sustainable development and improving the quality of life. It enables the community to benefit from development, by guiding investments and encouraging prudent use of land and natural resources for development. Effective spatial planning results in:

- stable and predictable conditions for investment that is sequenced for optimal impact;
- clarity for each government sphere and sector of the investment requirements to maximize the opportunities for transforming people's lives for the better;
- efficient development approval process to facilitate economic development and; spatial transformation to reverse undesirable settlement patterns emanating from past practices

**Table 59: Employees Planning Services**

Employees: Planning Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employee s	Vacancies (fulltime	Vacancies (as a % of
	No.	No.	No.	equivalents)	total posts)
				No.	%
0 - 3	4	4	4	0	0%
4 - 6	5	6	6	0	0%
7 - 9	1	1	1	0	0%
10 - 12	-				%
13 - 14	-				-
<b>Total</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0%</b>
Number of employees, posts and vacancies as at 30 June 2017					

**Table 60: Financial Performance: Planning Services**

<b>Financial Performance 2016/17 : Planning Services R'000</b>					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>	729,565	981,811	982,311	615,906	366,405
Expenditure:					
Employees	5,544,968	7,605,502	7,159,875	6,268,379	891,496
Repairs and Maintenance	6,842	26,200	5,000	8,334	-3,334
Other	527,656	606,538	346,410	395,831	-49,421
<b>Total Operational Expenditure</b>	6,079,466	8,238,240	7,511,285	6,672,544	838,741
<b>Net Operational (Service) Expenditure</b>	-5,349,901	-7,256,429	-6,528,974	-6,056,638	-472,336

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

Lephalale is defined by Limpopo Growth and Development Strategy as a coal mining and petrochemical cluster. The area is currently experiencing growth driven by mining expansion and construction of Medupi power station. Medupi project has already started demobilising staff on completed projects. The coal to liquid project that was investigated by Sasol and currently placed on hold could broaden the opportunities for cluster formation. The local economy is dominated by the coal mine and the power station. Three clusters that are most relevant to Lephalale are firstly Coal & Petrochemical, secondly red meat and thirdly Tourism. Lephalale is currently in the final stage of considerable public sector investment, estimated at R140 billion over six years, for the construction of Medupi power station. One of government's key priorities is to increase economic growth and to promote social inclusion.

The National Development Plan (NDP) is a plan to unite South Africans, unleash the energies of its citizens, grow inclusive economy, build capabilities and enhance capacity of the state and leaders working together to solve complex problems. Given government's objectives of growing the economy, creating jobs, addressing poverty and promoting social cohesion, the NDP assists government in confronting three fundamental planning questions:-

- Where should government direct its investment and development initiatives to ensure sustainable and maximum impact;
- What kind of spatial forms and arrangements are most conducive to the achievements of the objectives of democratic nation-building and social and economic inclusion?
- How can government as a whole capitalize on complementarities and facilitate consistent decision making and move beyond focusing on integration and coordination procedures to establishing processes and mechanism that will bring about strategic coordination, interaction and alignment?

Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, among which poverty alleviation is key. Beyond the constitutional obligation identified above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private sector investment, to stimulate sustainable economic activities and to create long-term employment opportunities.

In order to overcome the spatial distortion of the past, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or that link the main growth centre.

The accelerated and shared growth initiative for South Africa (ASGISA) is derived from the objective of achieving a 6% growth rate for national economy, which will create the platform for halving unemployment and meeting social development targets.

The government had to revise this target as a result of global economic meltdown. The initiative requires the following specific actions:-

- Strengthening the macro-economy, creating essential infrastructure, formulating and implementing sector and industrial strategies, promoting skills and education, supporting the second economy and improving public administration.

The joint initiative on priority skills acquisition (JIPSA) was formulated in response to the call by AsgiSA to fast-track the resolution of the skills shortages challenge in the country. The National Framework for LED in South Africa aims to support the development of local economies through integrated government action. The framework promotes a strategic approach to the development of local economies and a shift away from narrow municipal interests focused only on government inputs into ad-hoc projects. The application of the National Spatial Development Perspective (NSDP), Industrial Policy, ASGI-SA and Provincial Growth and Development Strategies (PGDSs) through joint action with municipalities institutionalized in inter-Governmental Relations forums is the driving force for local and hence national economic growth and development.

Unemployment in Lephalale at 22.9% is below the provincial average, due to all the local developments relating to the new Eskom (Medupi) power station and the expansion of coal production from the mine. The labour force participation rate in Lephalale is above the provincial average, which indicates the high incidence of workers who originates from other places.

---

## **EPWP IMPLEMENTATION PROGRAMME, CWP, ETC.**

Over the years Lephalale Municipality has been implementing projects through labour intensive programme aligned to the Extended Public Works Programme (EPWP). The EPWP involves creating temporary work opportunities for the unemployed, using public sector expenditure. It builds on existing best-practice government infrastructure and social programmes either by deepening their labour absorption or extending them. The EPWP is a programme that cuts across all departments and spheres of government. Under EPWP, all government bodies and parastatal are required to make systematic effort to target the unskilled unemployed.

### **Enabling Economic Infrastructure.**

Community services and infrastructure play a vital role in the development of the local economy in the region. The level of service in both of these categories directly and indirectly affects the ability of a region to attract and retain talented individuals and to compete for business.

The following factors should be taken into account when assessing the readiness, or enabling environment of an area: The quality and extent of hard infrastructure such as road and rail networks, airports and harbors. The sophistication of local telecommunications, banking and finance services similarly impact on the input and operational costs of doing business. The extent to which spatial and land planning policies and documents are flexible to the needs of businesses and the relative ease of following land planning processes, such as rezoning applications.

The sophistication of the public sector, quantity and quality of available labour and training programmes, in relation to specific human resource requirements of investors. Quality of life factors, such as the supply of housing and personal lifestyle facilities (such as educational, cultural and recreational services) also have impact on the attraction of a particular investment.

## **TOURISM**

The importance of tourism industry to the economy of the area is likely to continue to grow into the future. This is likely to be related to the hunting and ecotourism industries, but could also be linked to any expansion of the industrial operations and the related business tourism. The existing importance of the business tourism sector, and its strong links to the mine and power station are also viewed as important. The challenge faced by the tourism industry in the area is to increase leisure/ecotourism visitors in the summer seasons. This would relate to ecotourism rather than hunting. There is the opportunity to increase tourism in the area through tours to the power station (s) and/or mine.

The location of the Lephalale Municipality provides unique opportunities for economic development and tourism in particular. The area is renowned for hunting, wildlife and scenic beauty and nature reserves, sports and adventure. Five routes have been developed in the municipal area and include the following:

- The Mokolo route R510
- Marula route D1675
- Limpopo route R572
- Waterberg route; and R33
- Heritage route. D3110

The Waterberg Savannah Biosphere, a UNESCO declared Biosphere covers the large portion of the Waterberg District Municipality namely, Lephalale, Mokgalakwena, Thabazimbi and Modimolle Municipalities.

The biggest part of the Waterberg Biosphere is located within the Lephalale Municipality and the entire biosphere measures 15 000 square meters. The central vision of the Waterberg Biosphere reserve is to maximise the area's potential for conservation, sustainable development and social upliftment.

The Waterberg plateau has an overall character that despite the development of numerous lodges and disturbances such as landing strips still maintains a wilderness character. Similarly the wide open bushveld plains of the Limpopo Peneplain represent a special South African bushveld character.

This area of pristine bushveld and small sleepy towns makes for a special character not found elsewhere in South Africa. This character is one of key selling points that the tourism sector employs in their marketing strategy.

The valleys from which the escarpment can be viewed as well as the escarpment itself should be protected in some way to ensure that no development takes place there that could affect the character or sense of the place in a negative fashion.

The maintenance of these landscape features is as important from a conservation perspective as sensitive biological features that should be maintained to ensure the long term ability of the landscape to attract tourists to the area.

**Table 61: Employees: Local Economic Development**

<b>Employees: Local Economic Development Services</b>					
<b>Job Level</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1 - 3	0	1	0	1	100%
4 - 6	1	1	1	0	0%
7 - 9	0				0%
10 - 12	0				0%
13 - 14	0	1	0	0	100%
<b>Total</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>67%</b>

Number of employees, posts and vacancies as at 30 June 2017.

**Table 62: Financial Performance: Local Economic Development Services**

<b>Financial Performance 2016/17: LED Services</b>					
<b>R'000</b>					
<b>R'000</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue (excluding tariffs)</b>		0	0		
<b>Expenditure:</b>					
Employees		1 282 881	913 182	711 529	201 653
Repairs and Maintenance		0	0	0	0
Other		972 764	670 767	215 994	454 773
<b>Total Operational Expenditure</b>	0	2 255 645	1 583 949	927 523	656 426
<b>Net Operational (Service) Expenditure</b>	0	-2 255 645	-1 583 949	-927 523	-656 426

**Table 63: B & B and Accommodation facilities.**

<b>Holiday resorts</b>	<b>Game/Nature reserve</b>	<b>Guest farms</b>	<b>Guest houses</b>	<b>Hotels</b>	<b>Camping</b>	<b>Fishing</b>	<b>Total number of beds</b>
------------------------	----------------------------	--------------------	---------------------	---------------	----------------	----------------	-----------------------------



6	45	63	218	3	5	7	4254
---	----	----	-----	---	---	---	------

**Source: Lephalale Municipality**

Tourism and especially eco-tourism has shown considerable growth in the recent years. It is a good example of sustainable use of opportunities and resources, and offers the benefit of a range of employment options for local people. A negative factor in the Lephalale economy is the lack of economic activity in the rural village area.

This is where the majority of the current population lives. The very high rate of unemployment implies that opportunities for the establishment of small industries or businesses which are labour intensive should be pursued in order to make use of the potential workforce.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

The quality of education for the majority of black learners remains poor. Poor-quality education not only denies many learners access to employment, it also affects the earnings potential and career mobility of those who do get jobs, and reduces the dynamism of South African businesses.

Long-term health outcomes are shaped by factors largely outside the health system: lifestyle, nutrition, education, diet, sexual behaviour, exercise, road accidents and the level of violence. Good health is essential for a productive and fulfilling life. The Diagnostic Report demonstrates the starkly interrelated challenges posed by crumbling health system and a rising disease burden. The public health system must be fixed. While greater use of private care, paid for either by users or health insurance, is part of the solution, it is no substitute for improvement of the public health system. Given the systemic weaknesses in that system today, a root-and-branch effort to improve the quality of care is needed, especially at primary level.

Effective social protection and welfare services are an integral part of our programme for inclusive economic growth and central to the elimination of poverty and reduction of inequality. Social protection plays several roles in a society. Firstly, it sets a floor through which, social solidarity, we deem that no person should live below. At present given, South Africa's extremes of unemployment and working poverty, many people regularly experience hunger and find it difficult to meet the basic needs of their families. Progressively and through multiple avenues, we seek a society where every one is lifted above this floor. Secondly, it plays an important role in helping households and families manage life's risks. It also helps ease labour market transitions, thereby contributing towards a more flexible labour market and economic dynamism.

When people feel unsafe it makes it harder for them to develop their capabilities, pursue their personal goals and to take part in social and economic activity. To achieve the goals set out in this plan, South Africans need to feel safe everywhere and have confidence in the criminal justice system to protect them and to act speedily and effectively when required to do so. By 2030, people living in South Africa should feel safe and have no fear of crime. Women, children and all vulnerable groups should feel protected. They should have confidence in the criminal justice system to effectively apprehend and prosecute criminals who violate individual and community safety.

In many countries plans fail because they are not implemented or because implementation is uneven. There needs to be a uniformity of effort and competence across the entire public service. There is a real risk that South Africa's national plan could fail because the state is incapable of implementation.

There must be a mechanism to remedy the uneven and often poor performance of the public service. A capable state does not materialise by decree, nor can it be legislated or created from conference resolutions. It has to be painstakingly built, brick by brick, institution by institution and sustained and rejuvenated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules.

### LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Library division - offers access to reading, listening, viewing, study facilities and information services to the community in order to promote a culture of reading and lifelong learning.



The division comprises of four fully functional libraries of which the fourth one belongs to the Department of Sport, Arts and Culture. These libraries acquire, develop, and preserve collections and published records, and selection of variety of information materials according to the community needs

Library patrons/users are allowed borrow library materials (fiction and non- fiction) for a certain period.

Have access to study facilities, reference sources internet services, photocopies, fax and printing

#### STAFF COMPLEMENT

The division has a total of sixteen (16) municipal employees and two (2) employees from the Department of Sport, Arts and Culture

#### SUMMARY

Library and information service means a service that ensures free access to reading and information sources:

- The library encourages the free flow and exchange of information and ideas in a democratic society
- Provide reading and information services freely available and accessible to the community.
- Provide resources/services to communities.
- To maintain, acquire, develop and preserve collections and published records

**Table 64: Library Services**

ANNUAL REPORT :		1/7/2016		- 1/6/2017					
FUNCTION :		SOCIAL SERVICES							
SUB FUNCTION :		LIBRARY DIVISION							
FUNCTIONS		DETAIL			2015/2016		2016/17		
LENDING SERVICES:-		It deals with the Library circulation materials borrowed By users.			Books:		17177	17177	
					Periodicals:		16	0	
SITA LIBRARY MANAGEMENT SYSTEM (SLIMS):-		All Lephalale library materials including books are barcoded, classified, edited (catalogued) and linked to the system. Thabo Mbeki & Marapong Libraries are still on manual System			New catalogued books in Lephalale:		1032	344	
PHOTOCOPIES:-		Users make photocopies out of Library materials and their Private documents.			Copies made by customers:		40002	25176	
FUNCTIONS	DETAIL			2015/16			2016/17		
		Users receive and send own			Sent:		20004	4916	
		Documents.			Received:		475	43	
INTERNET:-									
		Users rely on this service for recent and factual information			Users requested Internet:				
		when there are no recent					7065	8011	
		available sources for research							
		and school projects in the							
		Shelves.							
MEMBERSHIP:-		Library users apply for			New members:		326	335	
		membership to loan Library			Renewals:		325	269	
		Materials.			Withdrawals:		447	429	
					Current:		8575	1029	
COLLECTION DEVELOPMENT:-									
		Library collection is acquired			Book purchased:		10020	870	
		through purchase of new Library			Books & periodicals				
		materials and donations from the			donated:		30	10	
		community							
FUNCTIONS	DETAIL			2015/16			2016/17		
FREE SERVICES:-									
		Customers receive free services							
		through books, magazines, film-							
		video and DVD, musical CD,							
		reference materials. studying &							

<b>ANNUAL REPORT :</b>		<b>1/7/2016 - 1/6/2017</b>					
<b>FUNCTION :</b>		<b>SOCIAL SERVICES</b>					
<b>SUB FUNCTION :</b>		<b>LIBRARY DIVISION</b>					
<b>FUNCTIONS</b>		<b>DETAIL</b>		<b>2015/2016</b>		<b>2016/17</b>	
		reading as well as general queries					
		Telephone & desk enquiries		Enquiries :	<b>5000</b>	<b>5500</b>	
		Books are renewed after 2 weeks		Books renewed:	<b>17030</b>	<b>18031</b>	
		Books requested are reserved		Books reserved:	<b>351</b>	<b>971</b>	
<b>FUNCTIONS</b>		<b>DETAIL</b>		<b>2015/16</b>		<b>2016/17</b>	
<b>LIBRARY VISITS:-</b>		Pre-Schools, Primary & High		Primary visits:	<b>3</b>	<b>1</b>	
		Schools pay visits at the Library		Pre-school visit:	<b>0</b>	<b>1</b>	
		on appointment					
		Library staff visit schools on		Pre-school visited by			
		Library promotion programmes		personnel:	<b>1</b>	<b>1</b>	
		Students from local schools visit			<b>18585</b>		400 000
		the Library for study purposes on					
		daily basis					
<b>FUNCTIONS</b>		<b>DETAIL</b>		<b>2015/2016</b>		<b>2016/2017</b>	
<b>LIBRARY VISITS</b>		Library visits by both members and potential users			<b>1863</b>	<b>2000</b>	
<b>CONTINUES...</b>							
<b>REMINDERS:-</b>		Library patrons are reminded		Sent:	<b>7525</b>	<b>8050</b>	
		about the borrowed books to be					
		returned and also about the		Returned:	<b>7441</b>	<b>8021</b>	
		payments of lost, damaged and					
		Overdue materials					
<b>ANALYSIS OF THE FUNCTION</b>		<b>NATURE AND EXTENT OF FACILITIES PROVIDED:</b>		<b>FACILITIES</b>		<b>USERS</b>	
<b>LIBRARY SERVICES:-</b>							
		Number of Libraries at		4 (Four) Libraries and 1 (one)		Communities from different wards	
		different locations		which belongs to (DAC)			
				Provincial in Shongoane			
<b>STAFF MEMBERS:-</b>							
		Number of employees cost to		16 (sixteen) employees		1 x Div. Manager	
		employer of all personnel in the		appointed by LLM		3 x Librarians	
		Library Division				2 x Ass. Librarians	
						5 x Lib. Assistants	
						3 x Library helpers	
						2 x Lib. Cleaners	
		DSAC Library in Shongoane		2 employees appointed by DAC		1 X Librarian	
						1 x Library Assistant	
<b>OBJECTIVES</b>		<b>IMPROVEMENTS PLANNED FOR</b>		<b>CURRENT</b>		<b>TARGET</b>	
		<b>NEXT YEAR: 2017/2018</b>					
Library and		Wi-Fi connection reliability and availability in all libraries		Slow and unreliable Wi-Fi connection		Cataloguing and linking of books as well as loading the patron's profile into the SLIM system.	
Information services							

### **The key issues achieved for 2016/2017:**

- SLIMS system is configured in both Lephalale, Thabo Mbeki and Marapong Libraries by the Department of Arts & Culture
- Continued to earn 100% Provincial audit regarding capability and preservation of Library items.
- Provision of library campaigns and programs
- Trained 5 (five) Library Assistants through UKS to equip them with knowledge of Library and Information Science/ or of the field

Library and information service means a service that ensures free access to reading and information sources:

The library encourages the free flow and exchange of information and ideas in a democratic society  
Provide reading and information services freely available and accessible to the community.

Provide resources/services to communities.

To maintain, acquire, develop and preserve collections and published records

### **THUSONG CENTRES**

#### **STAFF COMPONENT**

The division has a total of four (4) municipal employees.

Thusong Centre is one stop service centre providing information and services to communities through development communication approach in an integrated manner.

The objective of this programme is to empower communities by providing relevant information and services relevant to their needs.

This process also allows two way interactions between the government and the people through events like Imbizos in order to address historical socio-economic challenges.

Thusong Centre is a program initiated by the Government in 1999 and is coordinated by the Office of the Premier in collaboration with Government Communication and Information Systems (GCIS). The aim is to empower the poor and disadvantaged by providing access to government information and services as well as resources from NGOs and parastatals. Each District should have established at least one Thusong Centre by 2004 and each Municipality should have established at least one Thusong centre by 2014.

Lephalale Municipality has overachieved in this regard because we managed to establish two Thusong Centres by 2014. The first Centre is situated in Mokuruanyane Village which was completed in 2013 and it is currently fully operational. The centre consists of 11x offices, 2x boardrooms and 1x function hall.

The second Thusong Centre is at Leseding informal settlement. Lesedi Tshukudu Centre has been funded by SASOL and was officially opened in 6 December 2014. The Centre consists of 5 x offices, 1x Community Hall, 1 x Boardroom 1 x kitchen and a reception area. The offices are not yet occupied due to the delay in the connection of the electricity from Eskom. The connection of the electricity was completed last week. The Department of Primary Health Care, Department of Justice and Social Development have already shown interest in occupying the offices by submitting their applications.

**Table 65: Financial Performance: Library**

<b>Financial Performance 2016/17: Library</b>					
<b>R'000</b>					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>		149 986	149 986	54 741	95 245
Expenditure:					0

Employees		5 275 788	4 961 151	4 876 931	84 220
Repairs and Maintenance		21 320	15 330	21 489	-6 159
Other		518 680	412 741	312 385	100 356
<b>Total Operational Expenditure</b>	0	5 815 788	5 389 222	5 210 805	178 417
<b>Net Operational (Service) Expenditure</b>	0	-5 665 802	-5 239 236	-5 156 064	-83 172

## CEMETORIES AND CREMATORIUMS

There are only five zoned public burial sites in the whole Municipal area. The Municipality is providing services at Onverwacht, Rupert, Marapong, Steenbokpan and Thabo-Mbeki.

The demarcated burial site in Marapong is nearly reaching its capacity and will be probably be will closed soon. The municipality is in a process to establishing new cemetery at Nelsonskop farm. The municipality is planning to conduct feasibility study for the whole Lephalale municipality with the intension to establish regional cemetery.

The municipality is not providing any burial service in the rural villages and the area is communal land controlled by traditional authorities

## CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The department of social and security service is responsible for child care and old age social grants provision.

**Table 66: Social and Security Services – Child Care and old age social grants**

ECD's Identified	Unregistered	Unqualified	Registered	Funded	Not funded	Basic service availability
89	9	31	76	43	42	Water, toilets & electricity available. Most structures not meeting EHP criteria while others are conditional in the sense that they have to improve in order to comply
Drop In Centre			8	5	3	Shared services with service center for the Aged
Home Community Based Care			1	1	0	Shared services
Victim Empowerment Programme			4	4	0	Shared services with SAPS
Service Centre for Elderly People			4	4	0	Basic services
Child and family			1	1	0	Basic service

## COMPONENT E: ENVIRONMENTAL PROTECTION

### POLLUTION CONTROL

Lephalale Municipality has an environmental function to execute and ensure that the fundamental environmental rights of the community as enshrined in the constitution are realized. The fundamental rights as stated in the constitution are:-

- To prevent pollution and ecological degradation.

- To promote conservation.
- To secure ecologically sustainable development and use of the natural resources while promoting justifiable economic and social development.

The Municipality has sensitive and conservation worthy areas within its jurisdiction, such as the wetlands, river systems, cultural sites, rare and endangered species and part of the Waterberg biosphere. There are also many areas that require remedial attention. i.e. the eradication of alien vegetation, soil erosion control and aspects that require special management, such as pollution control and land use management. The Municipality has the capacity to perform duties that enhance sound environmental management practices which include EIA related issues.

#### AIR QUALITY.

Air quality legislation comprises primary standards which protect human health and secondary standards which protect property, vegetation, climate and aesthetic values.

Particulate and gaseous emissions from industrial operations, domestic fuel burning and vehicle tailpipe emissions were quantified for this assessment, due to the availability of data for these sources. Power generation was identified to be the main contributing source to emissions (99%) in the Local Municipality. With the quantification of all mines in the District, mining sources are likely to be the main contributor to PM10 emissions in the District. Power generation is the main contributing source to SO2 and NO2 emissions in the Lephalale LM, contributing to 99%.

The environmental features that are found in the municipal area are affected by natural environmental challenges inter alia, ozone depletion, global warming, solid and hazardous wastes, the endangerment of biological diversity and land degradation. Environmental degradation in the form of soil erosion, overgrazing, deforestation, over exploitation and habitat destruction should be prevented to effect economic development negatively. Air quality management by-laws should be developed for non-compliance to the air quality standards. There should be capacity in terms of human resources for the execution of related duties.

The table below denotes the air quality analysis within the Waterberg District Municipality:

**Table 67:** Air Quality analysis within the Waterberg District Municipality.

Municipality	Industrial emission	Domestic fuel	Vehicle emissions	PM10	SO2	NO2
Lephalale	95.9%	19.1%	24.1%	86.2%	95.4%	94.3%
Bela-Bela	0.0%	4.8%	17.0%	0.4%	0.02%	1.0%
Mookgopong	0.0%	3.5%	6.1%	0.2%	0.01%	0.3%
Thabazimbi	3.6%	10.9%	28.1%	0.8%	4.5%	1.6%
Mogalakwena	0.4%	52.0%	13.2%	11.7%	0.05%	2.2%
Modimolle	0.0%	9.6%	11.4%	0.6%	1.8%	0.6%

Source: WDM Air Quality Management Plan

#### WATER QUALITY.

Water is a scarce resource in Lephalale Municipality. Water quality legislation seeks to achieve water quality consistent with protection of aquatic life, wild life and safe conditions for human recreation and consumption. It therefore aims to eliminate discharges of pollutants into navigable waters which include rivers and streams. The water resources are exposed to excessive contamination of rivers/streams. One of the main contributors to water pollution is the discharge of industrial wastes into the rivers and streams and also cholera outbreaks.

To curb the challenge business can improve water quality by regulating their non-point source water pollution- a situation where runoff from streets, construction sites, farmlands and animal feedlots which cause significant nutrient and toxic substances that build up in the bodies water receiving the pollutants thereby damaging the usability of the resources for plants, animals and humans alike. There is a need for ad-hoc water sampling of water sources. The Municipality should respond to the aforementioned challenges in one way or another by doing cost benefit analysis, risk management or strategic environmental management.

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

### **D’Nyala Nature reserve.**

The roughly 8 281 ha Reserve is located in the northern Waterberg range nearby the town of Lephalale. Government acquired the Reserve in 1986 to allow for the construction of the Vaalwater Lephalale road (R33). Lephalale is the last end route to Botswana from South Africa along the (shorter) alternative route leading to four border control posts. The R33 provincial road Vaalwater and Lephalale traverses the reserve, dividing it into a western and eastern portion. The reserve’s bushveld plains and broad floodplain areas afford excellent game viewing opportunities, and large specimens of trees including massive baobabs and nyalas add to the scenic value and recreation/tourism resource. Apart from various management tracks, a 37km gravelled game drive route has been developed on the eastern portion of the reserve (east of R33 provincial road), along with two game viewing hides on the floodplain.

### **Mokolo Nature Reserve.**

The Mokolo Dam situated 50km from Lephalale on the Thabazimbi road (R510) offers excellent boating and fishing opportunities, but visitors are warned that hippos and crocodiles occur in the dam. The Mokolo Dam lies in a picturesque setting within the Provincial Mokolo Dam Nature Reserve and is a popular recreational resort for anglers and the boating fraternity. The Dam has a full supply capacity of 145.4 million cubic metres and currently provides the only formal water storage facility in the Mokolo Catchment. The Dam is characterised by dense wooded mountains and surrounding cliffs. The mountains mainly comprise sandstone. The reserve covers an area of 4 600 hectares which includes the dam surface area of 914 hectares and plays an important role in providing outdoor or recreation, including both land and water orientated activities. The dam supplies water to the town of Lephalale, Matimba power station, Exxaro Colliery and downstream irrigation farmers

### **Parks Division**

Lephalale Municipality has a holding nursery where we keep the plants. There are also other local nurseries in the Lephalale area where trees can be purchased. Lephalale Municipality has eight (12) natural parks and four (4) green parks.

### **Biodiversity**

A safe, healthy and sustainably managed environmental and natural resource base provides critical eco-system services that are a foundation for economic and social development.

Our rich species, ecosystems and natural heritage which form the very foundation of our economy and society, providing eco-system services such as food security, clean and secure water provision, flood attenuation, biomass energy and building material. A well as a resource base for the sustainable development and growth of the tourism, agriculture, forestry, of the economy are threatened by growing human population and their increasing demands on the environment, climate change and invasive alien species.

The focus of the biodiversity and conservation programme is on the planting of indigenous tree species, protection of listed tree species and eradication of alien invasive species project.

### **Eradication of alien invasive species**

Bush encroachment is the suppression of palatable grasses, small plants and herbs by encroaching woody species (trees & shrubs) which are unpalatable to domestic livestock. This encroachment is prevalent in eco-regions where woodlands are converted into shrubs. The impacts of bush encroachment include the reduction of arable land & threatening of livestock production.

- Small scale removal of invasive shrubs and weeds

### **Tree planting project**

Projects implemented in this focus area aim at promoting the transition to sustainable and integrated management of land resources. The deliverables in this category include:

- Greening by tree planting
- Education and awareness

The Department social services has a parks division which deals with landscaping, however this is an added function on the normal parks work and a new development in terms of the functions of the division. Statically most the empty land space is privately owned and cannot be dealt with without the concerned of the owner.

The Department social services has a parks division which deals with landscaping, however this is an added function on the normal parks work and a new development in terms of the functions of the division. Statically most the empty land space is privately owned and cannot be dealt with without the concerned of the owner.

**Table 68: Financial Performance Parks**

Financial Performance 2016/17: Parks					
R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>		138 580	143 920	89 671	54 249
Expenditure:					0
Employees		8 600 871	8 723 509	9 212 674	-489 165
Repairs and Maintenance		230 256	398 656	440 032	-41 376
Other		916 492	788 248	1 185 823	-397 575
<b>Total Operational Expenditure</b>	0	9 747 619	9 910 413	10 838 529	-928 116
<b>Net Operational (Service) Expenditure</b>	0	-9 609 039	-9 766 493	-10 748 858	982 365

## COMPONENT F: HEALTH

This is a function rendered to municipality by the district and the Provincial department and as result much cannot be said around health from the municipal side.

Clinics in Lephalale offer the Primary health care. There are five main clinics, equipped with mobile unit for the scattered villages and farms. Services rendered by this clinic include distribution of medicine for chronic diseases, pre-natal care for pregnant woman, and testing for chronic diseases. Primary Health is not a function of Lephalale Local Municipality.

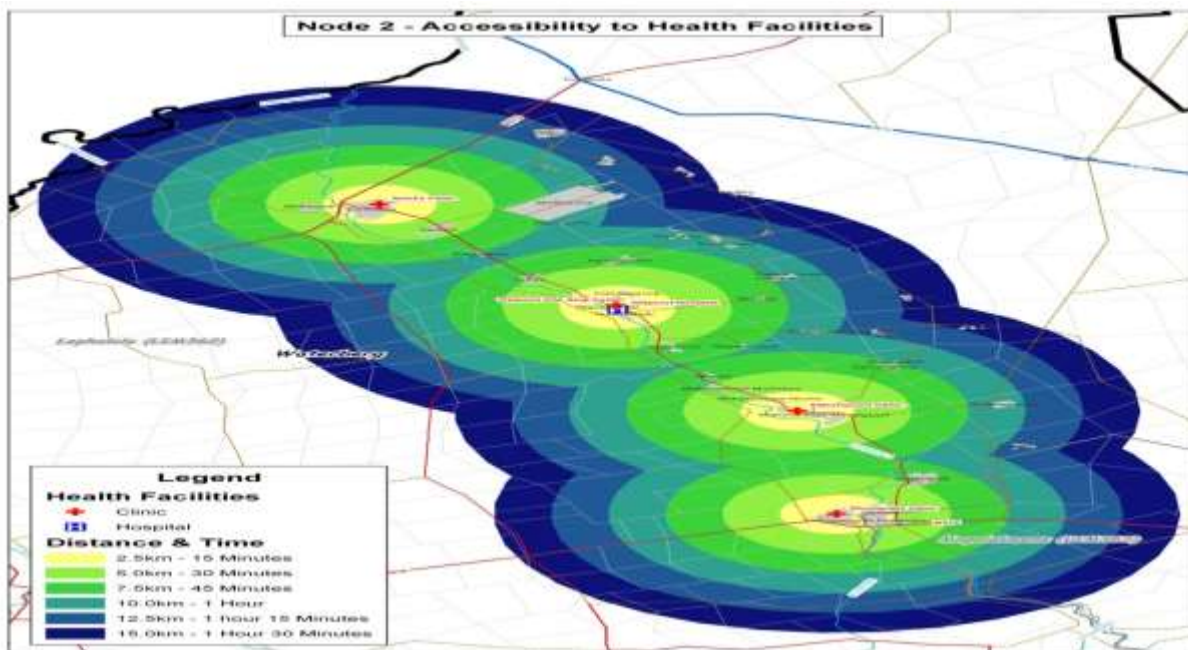
There are two hospitals within the boundaries of Lephalale local municipality

### CLINICS

Clinics in Lephalale offer the Primary health care. There are five main clinics, equipped with mobile unit for the scattered villages and farms. Services rendered by this clinic include distribution of medicine for chronic diseases, pre-natal care for pregnant woman, and testing for chronic diseases.

**Figure 4:** Locality of Health Facilities in Rural Areas and distances of accessibility to health facilities.





## AMBULANCE SERVICES

The ambulance service within the municipality is rendered by the Provincial Department of Health and Social Development and it is co-coordinated at the District. There are two Ambulance centres in the municipality, located and based at the two hospitals within the municipal boundaries. The service centres are in Onverwacht at the Lephalale hospital and satellite service centre at Witpoort Hospital

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

This is function performed by the District municipality, however the deployed members to municipalities. In Lephalale municipality there four members from the district deployed to service the local municipality with monitoring of water quality, food control, waste management, health surveillance of premises, chemical safety, disposal of the deceased and environmental pollution.

## COMPONENT G: SECURITY AND SAFETY

### POLICE

The vision of the South African Police Service is to “create a safe and secure environment for all people in South Africa” In doing so the SAPS will endeavour to prevent anything that may threaten the safety or security of any community, investigate any crimes that threatens the safety or security of any community, ensure criminals are brought to justice, and participate in efforts to address the causes of crime.

There are six police stations around Lephalale Municipality, a mobile station in Marapong and two border policing points at Stockpoort and Groblersbrug. Crime in general is showing trends of increment, this is as a result of more people flocking to Lephalale to look for economic opportunities. In our view this has potential to lead into more serious and or organized crime. The South African Police Service (SAPS), with the input of various stakeholders, are working hard to combat crime in and around to make Lephalale a safe place for the community. Some of the joint efforts relate to the combined operations that the police, private security and traffic departments often conduct in order to combat crime and to maximize the outputs and outcomes of the available scarce resources. Community policing and crime prevention human resource is equivalent to 1:350 per officer, which depicts a well spread ratio across the Municipal area. The sparsely located settlements create a major challenge for resources to be deployed evenly to cover all areas of the municipality during specific times.

Traffic division's core business is to ensure safer road environment, free flow of traffic, accident free road environment and promote self-compliance. The division is comprised of five Traffic Officers, two Assistant Superintendent, one Superintendent, one traffic administrator and the Manager. The division also has four road markers whose responsibility is to do road marking of Municipal road network. There is one protection officer who provides oversight on security management and one crime risk officer whose responsibility is security analysis.

There has been alarming number of fatal and serious road accidents within the Lephalale Local Municipality which amongst others were triggered by lack of traffic policing due to insufficient Traffic personnel. Nonetheless Municipal Traffic Police and Provincial Traffic Police continuously conduct joint operations with a view of mitigating the causal factor of fatal road accidents.

## FIRE

Over the past 15 years Lephalale Municipality experienced a serious heavy rain and Disaster which resulted to floods. This was followed by drought which has negative impact to the Local Community.

This has inflicted a heavy cost on human, materials, physical resources and degradation to environment. It had also a negative physical impact (which includes casualties and property damage) and social impacts (which includes socio-economic).

Although we have a Local Disaster Management centre, that is funded by District and managed by Local Municipality, we believe with the current resources we will not be able to manage all challenges that will be come as results of industrialization and natural disasters.

We believe more resources should be directed to Municipality to assist in upgrading the Local Disaster Management centre. Municipality need more development strategies an effective communication system. We need fully equipped management centre.

Rather than taking any possible disaster into consideration, one has to focus on risks which are very likely and which justify the efforts of preparedness. Lephalale Municipality is prone to disasters that emanate from veldt and informal settlements fires, floods, drought epidemics and crime.

Hereunder is the risk profile of the municipality:-

**Table 69:** Risk profile

Hazards	Low risk (LR)	Medium risk (MR)	High risk (HR)	Priority
Fires Veldt Informal settlement			√	1
Floods 2.1 Flash Floods 2.2 Dam/River Floods		√		5
Epidemics		√		2
Draughts			√	3
Crime/Lawlessness		√		4

**Table 70:** Fire services.

Number of Fire stations	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
Number of Vehicles	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
3	11	125km

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

The local authority does not have the resource capacity to act as sole responsible agent for the implementation of the different disaster management strategies and it is therefore crucial that the district and provincial authorities be involved during the planning of the strategies. This will ensure that the role and responsibilities of the different spheres of government and local role-players are adequately delineated and clear. This will ensure a smooth implementation of the disaster management strategy if and when the time requires it.

Disaster management is a cross-sectorial task which relates to a wide range of sectors and aspects such as avoiding settlements or investment in high risk locations, construction technologies, water management, health services etc. It is therefore not an issue that can be dealt with by a special project, but it requires compliance of any development's measures with basic principles of disaster prevention and mitigation. Rather than taking any possible disaster into consideration, one has to focus on risks which are very likely and which justify the efforts of preparedness. Lephalale Municipality is prone to disasters that emanate from veldt and informal settlements fires, floods, drought epidemics and crime.

The following are regarded as Disaster Management challenges:

- Potential risk of some households in rural villages which are located in the flood line area.
- State of readiness by the Municipal disaster Centre in case of any large-scale disaster occurrence.
- Level of training for the current personnel to deal with disaster occurrence of high magnitude.
- Lack of machinery and equipment to deal with disaster incidents up to an acceptable standard

**Table 71: Disaster Management Services.**

Number of Vehicles	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
3	11	125km

**Table 72: Financial Performance: Capital Projects – Disaster Management Services**

Capital Expenditure 2016/17				
Project	% Actual Progress	YTD Expenditure	Annual Budget	Variance from Annual Budget
Upgrading of security system at Civic centre	40%	0	300 000	300 000
Supply and delivery of speed measuring machine	40%	0	160 000	160 000

## COMPONENT H: SPORT AND RECREATION

### SPORT AND RECREATION

#### PURPOSE

The development of strategies and programme by the municipality to ensure optimum utilization of sport and recreation facilities.

- Adequate resources allocation and maintenance plans.
- Contribution to a range of municipal objectives which include improved health, community development and crime prevention outcomes.

#### FACILITY DEVELOPMENT AND MAINTENANCE

This component deals with the provision and building of new facilities and the proper maintenance of our facilities to expand their lifespans.

#### SPORTS DEVELOPMENT

The municipality seeks to undertake activities to strengthen club structures and to improve the technical abilities of players in different sporting codes. As our role in sport is facilitative one, the municipality provides formal sport participation opportunities to enlarge the pool of talent identification amongst our youth from various sporting codes.

Some of the key objectives will be:

- To promote the level of participation in sport and recreation, e.g. Mayoral tournament
- To promote leadership, sport management and life skills;
- To promote the culture of healthy lifestyles and good social behavior;
- To promote more inclusive sport and recreation activities in our communities.

The municipality has to seek all possible means to promote both active and passive recreation.

## **SPORTS & RECREATIONAL FACILITIES**

The Municipality is paying an annual grant to Mogol club as a contribution towards recreational facilities in the urban area. Mogol sport centre and Marapong stadium are the two facilities which are available to the community in the urban area.

### **Municipal Stadiums**

- Captain Thulare stadium
- Thabo Mbeki stadium
- Shongoane stadium

### **Exxaro stadiums**

- Mogol multi-purpose sport Centre
- Marapong stadium

### **Municipal Community hall**

- Thabo Mbeki hall

### **Municipal Gym**

- Thabo Mbeki

### **Tribal Community halls**

- Seleka community hall
- Shongoane community hall
- Martinique community hall
- Motlhasedi community hall

### EXECUTIVE AND COUNCIL

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

The **Office of the Municipal Manager** is responsible for ensuring the smooth running of the municipality. It provides guidance and advice on compliance with certain Legislative Acts that govern the Municipality to the political structures; political office-bearers and officials. The Office of the Municipal Manager consists of the following administrative units, namely Internal Audit and Risk Management

The key functions of the Office of the Municipal are:

- ▶ The formation and development of an economical, effective, efficient and accountable administration that is equipped to carry out the task of implementing the municipality Integrated Development Plan (IDP) and responsible to the needs of the local community
- ▶ As Accounting Officer, the cost effective management of the municipality's budget and the timely implementation of resolutions
- ▶ The implementation of the municipality's IDP and monitoring the progress with the implementation of the plan
- ▶ The management and monitoring of Municipal services provided to local community in a sustainable and equitable manner
- ▶ The administration and implementation of the Municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies and legislation
- ▶ Exercising powers delegated to the Municipal Manager by the Municipal Council and other authorities of the Municipality
- ▶ Rendering administrative and strategic support to the Mayor and other political structures in Council

The Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality.

The EXCO is established to assist Mayor with his/her functions. Each member of the EXCO is also a chairperson of a cluster committee. The following are the different clusters: Finance and Economic Development, Administration and Governance, Municipal Services and Community Development.

The Oversight committee and the Performance Audit Committee have also been established. This committee is highly functional and held 8 eight meetings in the previous financial year 2016/17, the details of the functions are outlined in the report of audit committee chairperson which is appendix G of this report.

The Municipal Public Accounts Committee (MPAC) has been established and held regular meetings. MPAC held 7 meeting in the 2016/17 financial year,

A development forum (Lephalale Development Forum) has been established for leverage between big business and the municipality.

### FINANCIAL SERVICES

The Municipality currently has limited financial resource capacity. The sources of income vary from the income generated through the sale of municipal services i.e. water, electricity, sewerage, refuse removal, bulk contribution, vehicle licenses and tax levies, through to intergovernmental grants (IGG) and external loans. The narrow tax base of the Municipality is a constraint on municipal income.

There is however a need to develop a revenue generation strategy and to focus more on the viability part of this KPA as engendered in the national key performance indicators. Currently 46% of the total budget is made up of government grants. The major contributing factor to lack of revenue is that only ±20% of the total household is paying for rates and services. This seriously hampers our service delivery effort as we have the capacity but no funds to implement. The broad financial challenges are sources of revenue and effective implementation of IDP and SDBIP.

There is uncertainty about some of the major projects which were announced by other investors in 2006; however the Municipality has drawn a financial model based on anticipated development scenario until 2030. It is speculated that by then Lephalale will be the second biggest town in Limpopo and ultimately attain the status of a city ten years later.

**Table 73: Employees: Financial Services**

<b>Employees: Financial Services</b>					
<b>Job Level</b>	<b>2015/16</b>	<b>2016/17</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	5	6	5	1	17%
4 - 6	11	13	11	2	18%
7 - 9	20	22	20	2	9%
10 - 12	4				
13 - 14	1	5	3	2	40%
<b>Total</b>	<b>41</b>	<b>46</b>	<b>39</b>	<b>7</b>	<b>13%</b>

Employees and Posts numbers are as at 30 June 2017.

**Table 74: Financial performance for financial services**

<b>Financial Performance 2016/17: BTO / Financial Services</b>					
<b>Details</b>	<b>R'000</b>				
	<b>2015/16</b>	<b>2016/17</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue (excluding tariffs)</b>		75 804 300	76 340 591	69 760 850	6 579 741
<b>Expenditure:</b>					0
Employees		19 130 394	17 544 512	17 528 983	15 529
Repairs and Maintenance		6 014 803	6 514 803	6 510 289	4 514
Other		13 493 928	14 320 999	15 101 025	-780 026
<b>Total Operational Expenditure</b>	0	38 639 125	38 380 314	39 140 297	-759 983
<b>Net Operational (Service) Expenditure</b>	0	37 165 175	37 960 277	30 620 553	7 339 724

## HUMAN RESOURCE SERVICES

The Human Resource Division provides administration of employees perusal information, ensures there is good working relations with employees representatives, training and development of the employees is given priorities in order to fully capacitate the organisation ability to implement the IDP

The Municipality has employment equity plan which was adopted by council. The employment equity plan intends to achieve equity in the workplace, in order to make the Municipal workforce more representative and ensuring fair and equitable employment practices for employees. It further intends to create an organisational culture that is non-discriminatory, values diversity and legitimizes the input of employees. The objective of the policy is to address under-representation of designated groups in all occupational categories and levels in the workforce. It has not been easy to implement the employment equity plan for Lephalale Municipality. The institutional plan is reflected in the table below.

**Table 75: Institutional profile.**



Occupational level	Male		Female		Disabled	
	Black	White	Black	White	Male	Female
Senior Management	3		2			
Professionally qualified & experienced specialists and mid-management (divisional head)	14	1	6	1		
Skilled technical and academically qualified, junior management, supervisors, foremen and superintendent	64	4	27	3		
Semi-skilled and discretionary decision making	50	1	49	6		
Unskilled and defined decision making	177	1	65	0		
Total Permanent	308	7	149	10		
Temporary Employees						
Grand total	308	7	149	10		

Source: Lephalale Municipality

## INSTITUTIONAL STUDY CONDUCTED.

In pursuing and operationalizing the Lephalale institutional plan, in consultation with relevant stakeholders within the Municipality aurecon assisted the Municipality with the aim to identify an approach that best enables the institution to attract and retain people who have or may attain, the required competency/skills level and standards. An institutional status quo report was compiled during August 2010 in which a desktop study was done of the institutional arrangement within the Municipality.

Various previous studies were considered during this exercise and an assessment was made on the current capacity of the Municipality to deal with its service delivery mandate. The purpose of this plan is to determine how best the municipality must execute its powers and functions aligned to the IDP with the resources which are at its disposal. The skills development plan has been approved and is reviewed annually.

The projected staffing figures for the Infrastructure Department are contained in the table below.

**Table 76:** Current and projected future staffing requirement within infrastructure department

Infrastructure Services	SQ	2010	2015	2020	2025	2030
Water and Sanitation	98	122	189	280	360	395
Solid Waste	46	57	61	73	73	73
Public Works	56	72	74	108	136	144
Electricity (N1 and N3)	69	81	104	60	119	125
Projects Division	3	9	17	17	17	17
Infrastructure Head	1	1	1	1	1	1
Total	273	342	446	539	706	755

Source: Lephalale municipality

Staffing projections were developed, based on scientific norms for the number of engineers required for a municipality. The increase in the number of households between 2010 and 2030 was utilized as a basis for projecting the increase in infrastructure capacity required by Lephalale Municipality. Subsequently a supporting structure was developed to provide the necessary support in terms of financial, human resources, administrative, planning and social development.

## CAREER PLANNING SUCCESSION AND RETENTION POLICY.

The municipality has a career planning succession and retention policy which was adopted by council in 2010. The objective of the policy is to ensure a conducive and harmonious working environment for employees throughout the municipality and retain key staff members whose services are regarded as mission “critical”; and also identify individual employees with potential for assuming a higher degree of responsibility and ensure career development of staff for skills base for succession planning. Projected staffing figures for support departments are contained

**Table 77:** Current and future support staff requirement within the municipality



	<b>SQ</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Municipal Manager Office	16	16	26	28	29	31
Corporate Services	32	32	50	53	56	59
Planning & Development	11	11	18	19	20	21
Budget & Treasury	30	30	49	52	55	58
Social Development Services	84	84	140	149	156	165
<b>Total</b>	<b>173</b>	<b>173</b>	<b>283</b>	<b>301</b>	<b>316</b>	<b>334</b>

Source: Lephalale Municipality

Institutional practices within Lephalale Municipality must undergo significant alteration if the Municipality is to keep up with the projected increase in service delivery demand. The projected increase in staffing level suggests that the Municipality will require large-scale institutional interventions to ensure that it has the correct staff with sufficient capacity when needed. The complexity of the institutional capacitation model and the current staffing shortages within the Municipality does pose a concern regarding capacity to implement the institutional capacitation model. It is against this background that the Municipality appointed service provider to conduct institutional study taking into account the aurecon study to assist Municipality with the institutional arrangement to respond to the future challenges on the Municipal capacity to provide basic services.

## **INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

ICT is an integral part of enterprise governance and consists of the leadership and organisational structures and processes that ensure that the organisation's ICT [the infrastructure as well as the capabilities and organisation that is established to support ICT] sustain and extends the organisation's strategies and objectives

ICT is there to make sure that organizations achieve sustainable success through the use of their ICT and pro-actively recognises potential efficiencies and guides municipalities in timeous adoption of appropriate technology and also ensuring that optimum Municipal value is realised from ICT-related investment, services and assets.

The introduction of Municipal Standard Charter of Accounts to as requirements for municipal transactions prompted the municipality to increase the ICT capacity.

## **PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

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

### **PROPERTY & LEGAL SERVICES**

The municipality has a dedicated Legal Services unit under Corporate Support Services and the team is responsible for property management and procurement. It also deals with litigations for and against the municipality.

### **RISK MANAGEMENT.**

The risk unit and the risk committee were established and risks assessments conducted where by the risk committee is chaired by external independent person. The Municipality has conducted the Risk Assessment and compiled a Risk Register with mitigation factors and time frames. The risk Register is updated quarterly by the Risk Management Office.

### **SUPPLY CHAIN COMMITTEES.**

The Municipality has supply chain committees which are responsible for the implementation of good business practice transaction in dealing with sourcing of goods and services from the service providers. The Bid Specification, Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. It takes an average of 87 days to make adjudication on a tender from a date of closing. Quarterly reports on the tenders are submitted to Council.

## COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

The municipality does not have any abattoirs under its property management, however the private business do own abattoirs within the municipal borders. There is no a distinctive airport available in the municipality, however the air field belonging to SANDF is used by the local community. There are two magistrates' courts within the boundaries of the municipality, the Phalala district magistrates' court and Lephalale regional magistrates' court

Lephalale airfield is an uncertified and unmanned aerodrome posing high risk to passengers and aircraft currently utilizing the aerodrome. The reality is that the situation is paramount to an accident or major disaster waiting to happen if no immediate intervention is found.

The airfield is currently processing more than 5 scheduled flights per day and up to 20 movements a day making it busier than Polokwane International Airport on aircraft and helicopter movements. Some of the problems identified include, unmonitored and uncontrolled non-aviation use of the landing strip by the general public and unregulated use of the airport. Subsequently initiation of a detailed thorough long term road transport needs analysis and airport plan will be outlined through the provincial sponsored Integrated Transport Plan and Lephalale Airport feasibility study.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORE CARD

The total number of indicators in the SDBIP 2016/17 is 96. The average overall performance calculated from the key performance indicators and projects is 3.95.

### PRE-DETERMINED OBJECTIVES PERFORMANCE

There are 96 indicators in the 2016/17 Higher level SDBIP after adjustments during the mid- year budget reviews.

The Overall SDBIP achievement is 53 indicators achieved target as predetermined, 5 indicators exceed target, whereas 24 indicators over exceeded target by big margins and only 14 indicators had an average performance which is a good Performance for the institution as a whole; the institutional performance is at 4.0 for key performance indicators and 3.9 for project implementation.

For service delivery performance statistics the number of households used in this report is 34249 from the division of electricity in the Municipality as verified during installation of new electrical connections.

*Note: The Adjustment SDBIP contains the objectives and indicators as per the Municipal Integrated Development Plan (IDP) as well as General Key Performance Indicators as prescribed in terms of Section 43 of the Municipal Systems Act and Regulation 796 of 2001. The SDBIP for 2016-17 was developed to reflect **cumulative performance**, therefore the **status of indicators are also cumulative** and reflection of the overall performance level achieved*

**Table 78: KPI Overall Performance per department or vote**

Department & Number of indicators	KPA	Total indicators SDBIP	Indicator achievement				Frozen indicators/ Non Applicable
			2-2.99	3-3.99	4-4.99	5	
Office of the Municipal Manager 24	KPA6: Good Governance and Public Participation	24	3	17	1	3	1
Corporate and Support Services 14	KPA5: Transformation and Organisational Development	9	3	5	2	4	1
	KPA6: Good Governance and Public Participation	5					
Development Planning 13	KPA1: Spatial Rationale	9	3	3	2	5	1
	KPA4: Local Economic Development	4					
Budget and Treasury 20	KPA3: Financial Viability and Financial Management	18	2	14	0	4	1
	KPA6: Good Governance and Public Participation	2					
Social Services 13	KPA2: Service Delivery and Infrastructure Development	13	1	6	0	6	0
Infrastructure Services 12	KPA2: Service Delivery and Infrastructure Development	12	2	8	0	2	2

The detailed scorecards per Directorate follows:

**Table 79: Pre-determined Objectives for the Office of the Municipal Manager**

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation \Capacitate disadvantaged groups\ Special Projects	M 3 2 2	Number of HIV/Aids campaigns held YTD	#	8	1	1	2	3	3	3	4	5	5 campaigns were conducted YTD	None	None	4	1	1 additional campaign was done in collaboration with sector departments
KPA6: Good Governance and Public Participation \Capacitate disadvantaged groups\ Special Projects	M 6 4 1	Number of special projects awareness campaigns held YTD	#	14	3	3	6	13	9	18	12	18	18 special project held YTD	None	None	12	6	6 additional campaigns were done in collaboration with sector departments
KPA6: Good Governance and Public Participation \Capacitate disadvantaged groups\ Special Projects	M 2 3	Percentage (%) of complaints resolved	%	0	100	100	100	100	100	76	100	96	A total of 371 complaints were received and 357 have been resolved as at the end of financial year.	The financial year ended before deadline for resolving the complaints	The outstanding will be resolved within the specified time frame	100	-4	The financial year ended before deadline for resolving the complaints
KPA6: Good Governance and	M -	Number of fraud and	#	0	0	0	0	2	0	2	0	2	2 fraud and	None	None	0	2	Reported cases were

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Anti- corruption	2 4	corruption cases investigate d YTD										corruptio n cases were reported and investigat ed in the second quarter (i) misunder standing with regard to billing (ii) Reckless driving,					investigate d	
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Aud it Committee	M — 6 4 8	Number of Audit committee reports submitted to Council YTD	#	4	1	1	2	2	3	3	4	4	4 Audit committe e reports were submitte d to council	None	None	4	0	n/a
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Aud it Committee	M — 2 6	Percentag e of Auditor General's queries resolved per quarter*.	%	0	50	100	70	100	85	48	100	94	47 out 50 findings for the 2015-16 FY were resolved YTD	Budget constraints for IT manager position and vacant CFO position	Budgeted for in 2017- 18 FY and interviews conducted for CFO's position	100	-6	Budget constraints for IT manager position and vacant CFO position

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Auditor General	M - 6 5 1	Number of Unqualified Opinion	#	1	N/A	N/A	1	1	1	1	1	1	Target achieved in the second quarter	None	None	1	0	None
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Communication	M - 3 3 5	Number of media releases published YTD	#	22	5	6	10	12	15	20	20	30	30 media releases published in the financial year	None	None	20	10	More Municipal activities had to be published
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance\ Communication	M - 6 5 4	Number social media platforms utilised for communication at given time in Financial year	#	3	3	3	3	5	4	3	4	4	Facebook, Twitter, What's up, and bulk sms	None	None	4	0	Bulk sms used to enhance communication

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance \ Integrated Development Planning	M - 2 6 2	Number of IDP Rep forums meetings successfully held YTD	#	4	1	1	2	1	3	3	4	4	4 IDP rep forum were held YTD	None	None	4	0	n/a
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance \ Integrated Development Planning	M - 3 2 5	Number of IDP road shows successfully held YTD	#	2	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3 IDP Road Shows were held YTD	None	None	3	0	n/a
KPA6: Good Governance and Public Participation \ Responsible, accountable, effective and efficient corporate governance \ Integrated Development Planning	M - 6 5 7	MEC IDP credibility rating	%	100	N/A	N/A	N/A	N/A	N/A	N/A	100	100	The MEC rated the IDP as Credible	None	None	100	0	n/a



Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Integrated Development Planning	M - 6 5 8	Number of Final IDP approved by Council by end May	#	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	IDP approved by 31 <sup>st</sup> of May 2017	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Internal Audit	M - 6 5 9	Number of internal audit findings against the Municipality resolved YTD*	#	41	5	11	10	17	15	35	20	43	Internal audit queries were resolved within the specified time frame	None	None	20	23	Internal audit finding number increases as and when the new audit is completed
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Performance Management	M - 0 6	Number of Final Annual Reports approved by Council	#	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	The Annual report was approved by council at the end of March 2017	None	None	1	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Performance Management	M - 0 9	Number of Draft Annual Reports tabled to Council	#	1	N/A	N/A	1	1	1	1	N/A	N/A	The Draft Annual Report was tabled to council on the 24 of January 2017	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Performance Management	M - 4 3	Number of final SDBIP approved by the Mayor within 28 days after the approval of budget and the IDP	#	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	The SDBIP was approved by Mayor on the 20 <sup>th</sup> June 2017	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Performance Management	M - 4 8	Number of Annual Performance Reports submitted to auditor general by August 30th YTD	#	1	1	1	1	1	N/A	N/A	N/A	N/A	APR submitted in the 1 <sup>st</sup> quarter on 30 <sup>th</sup> August 2016	None	None	1	0	n/a
KPA6: Good Governance and	M -	Number of quarterly	#	4	1	1	2	2	3	3	4	4	4 quarterly	None	None	4	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
Public Participation\ Re sponsible, accountable, effective and efficient corporate governance\ Perf ormance Management	3 1 5	performanc e assessmen ts performed YTD											assessm ent conducte d					
KPA6: Good Governance and Public Participation\ Re sponsible, accountable, effective and efficient corporate governance\ Perf ormance Management	M - 4 0	Number of Quarterly Performan ce Reports submitted to Audit Committee	#	4	1	1	2	2	3	3	4	4	4 quarterly reports were submitt ed to the Audit committe e	None	None	4	0	n/a
KPA6: Good Governance and Public Participation\ Re sponsible, accountable, effective and efficient corporate governance\ Perf ormance Management	M - 4 4	Number of Section 72 (mid-year performanc e) reports submitted to MM by 25th of January and to council by 31st January	#	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	Mid- Year Performa nce Reports submitt ed to council on the 24Januar y 2017	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Re sponsible, accountable, effective and efficient	M - 6 6 4	Number of public participatio n policies reviewed and approved by Council	#	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	The Public Participat ion policy and strategy has been reviewed	None	None	1	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance from Annual Target	Reasons for variance to target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
corporate governance\ Pub lic Participation																		
KPA6: Good Governance and Public Participation\ Re sponsible, accountable, effective and efficient corporate governance\ Ris k Management	M — 6 6 7	Percentag e of risks that were identified for each quarter in the Risk Plan that were attended to successfull y YTD	%	100	25	30	50	50	75	77	100	80	46 of 59 risks were attended successf ully	Not all identified measures were properly budgeted.	Ensure proper alignment and budgeting for risk mitigating factors	100	-20	Insufficient budget for other risk mitigating factors
KPA6: Good Governance and Public Participation\ Re sponsible, accountable, effective and efficient corporate governance\ War d Committees	M — 2 0 8	Number of ward committee s that are functional	#	12	12	12	13	13	13	13	13	13	All ward committe es are functional	None	None	13	0	n/a

**Table 80: Pre-determined Objectives for Budget and Treasury Office**

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Asset Management	M-17	Number of Asset Verification conducted YTD	#	1	N/A	N/A	1	1	N/A	N/A	1	1	One verification was done YTD	None	None	1	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Asset Management	M-630	Percentage Liquidity ratio (R-value current assets / R-value current liabilities as percentage) value liabilities as %)	%	572	200	562	200	559	200	207	200	282	Current Assets R320 700/Current Assets R113 465	None	None	200	82	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Budget and Reporting	M-25	Number of quarterly financial reports submitted to Council YTD	#	4	1	1	2	2	3	3	4	4	4 Financial reports were submitted to Council YTD	None	None	4	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and	M-756	Number of Interim financial statements prepared and	#	2	1	0	2	1	N/A	N/A	1	1	The interim Financial Statement has been	None	None	1	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
financial management\ Budget and Reporting		submitted to Audit Committee											submitte d to Audit Committe e					
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Budget and Reporting	M – 2 8 1	Number of Annual Financial Statements submitted to the Auditor General on time (by end August)	#	1	1	1	1	None	N/A	N/A	N/A	N/A	AFS were submitte d to AGSA On 31 <sup>st</sup> August 2016	None	None	1	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Budget and Reporting	M – 3 9 7	Percentag e Cost coverage (R-value all cash at a particular time plus R-value investments, divided by R-value monthly fixed operating expenditur e)	%	138	200	138	200	155	200	223	200	291	Fixed monthly expendit ure of R32 975 673/R11 291	None	None	200	91	Fixed monthly expenditur e
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	M – 1 1	Percentag e of municipal infrastru ctu re grant (MIG) spent YTD*	%	100	20	41	50	46	75	71	100	100	The MIG grant was spent on time	None	None	100	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	M-205	Percentage Debt coverage (total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments (i.e. interest + redemption ) due within financial year)	%	1881	200	348	200	572	200	1020	200	1299	Loans of R253 858 70/Operating Revenue - Grants (R329 810 475)	None	None	200	1099	Low liability ratio
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	M-398	Percentage Capital budget actually spent on capital projects identified for financial year i.t.o. IDP*	%	64.75	15	43	40	33	70	44	90	73	73 % of Capital Budget spent YTD	Delay in SCM procurement processes	Adhere to SCM procurement plans	90	-17	Delays in own funding and DWS project implementation



Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Free Basic Services	M – 6 3 8	Number of updated and credible indigents register in place	#	0	N/A	N/A	N/A	N/A	N/A	N/A	1	0	Indigent register not updated	New indigents consumers were registered however the challenge is with existing indigents that should renew their indigent status	Embark on training program with Stats SA for Ward committees and CDWs to collate information for update of register	1	-1	Renewal of the existing indigents
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Free Basic Services	M – 7 5 1	Percentage (registered ) households earning less than R3 500 (as per indigent policy) per month with access to free basic water	%	100	100	100	100	100	100	100	100	100	All 1470 registered indigents get free basic water	Indigent register not updated	program to register indigents have been developed and will implemented before the end of the second quarter in the subsequent financial year	100	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Free Basic Services	M – 7 5 2	Percentage (registered ) households earning less than R3 500 (as per indigent policy) per	%	100	100	100	100	100	100	100	100	100	All 1470 registered indigents get free basic sanitation	Indigent register not updated	program to register indigents have been developed and will implemented before the end of the second quarter in	100	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
		month with access to free basic sanitation													the subsequent financial year			
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Free Basic Services	M 7 5 3	Percentage (registered) households earning less than R3 500 (as per indigent policy) per month with access to free basic electricity	%	100	100	100	100	100	100	100	100	100	All 2647 registered indigents get free basic electricity	Indigent register not updated	Indigent register from Eskom is used	100	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Free Basic Services	M 7 5 4	Percentage (registered) households earning less than R3 500 (as per indigent policy) per month with access to free solid waste removal	%	100	100	100	100	100	100	100	100	100	All 1470 registered indigents get free basic refuse removal	Indigent register not updated	program to register indigents have been developed and will implemented before the end of the second quarter in the subsequent financial year	100	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	M – 33	Percentage debtors collection rate YTD	%	99	98	89	98	92.7	95	93	95	95	R343 Million billed and R327 Million collected	Although target is achieved, Collection in Marapong, Thabo Mbeki and Farms is still a challenge	Revenue Enhancement strategy has been developed which will be implemented in the subsequent financial year	95	0	n/a
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	M – 396	Percentage outstanding service debtors to revenue (R-value total outstanding current service debtors divided by R-value annual revenue actually received for services)	%	9	30	11	30	8	10	7	10	5	Target Achieved	Low Collection in Thabo Mbeki, Marapong and farms	Developed the Revenue enhancement strategy	10	5	The 5% as result of Low Collection in Thabo Mbeki, Marapong and farms
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	M – 637	Number of credit control policies reviewed and approved by Council YTD	#	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	All credit control Policies are reviewed and approved by council	None	None	1	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016-17	Variance From Annual Target	Reasons for variance from target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	M – 6 3 6	Number of awareness campaign on payment of services and registration of indigent consumers YTD	#	1	N/A	N/A	1	N/A	N/A	N/A	1	1	Awareness campaign done in conjunction IDP road show	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Auditor General	M – 6 5 0	Number of Unqualified Audit Opinion received from AG	#	1	N/A	N/A	1	1	N/A	N/A	N/A	N/A	The 2015/16 AFS received unqualified Audit opinion	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Auditor General	M – 7 4 0	Number of material audit findings against the Municipality regarding financial statements	#	7	N/A	N/A	0	34	N/A	18	N/A	0	18 Material findings were raised against the 2015/16 AFS and were adjusted	None	Audit Action plan/Management Report	0	0	n/a

**Table 81: Pre-determined Objectives for Corporate Support Services**

Hierarchy (KPA\ Strategic Objective\ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4				Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges				Corrective Action
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Human Resource Management	M-404	Number of people from employment groups employed in the three highest levels of management YTD*	#	26	29	27	30	28	30	26	31	26	33 position in total. 26 filled and 7 vacant. From the vacant post 1 was filled in July 2017 and 4 post interviews have been done (CFO, Manager IA, PMS/IDP and LED.	Failure to get suitable candidates for positions and resignations from positions.	Speeding up the appointment of the remaining 2 positions of Manager in the Office of the Mayor and Manager Sanitation	31	-5	Failure to get suitable candidates for positions and resignations from positions.
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Labour Relations and EAP	M-672	Percentage of Employee Satisfaction rating YTD*	%	54%	N/A	N/A	N/A	N/A	55	50.7	N/A	N/A	50.7% of the Municipal Staff satisfied with Corporate Services	The participation in the survey is very low	To conduct workshop the employees on the importance of participating in surveys and improvement on control measure	55	-4.3	The participation in the survey is very low

Hierarchy (KPA\ Strategic Objective\ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Labour Relations and EAP	M – 6 7 3	Number of EAP policies Developed/ Reviewed and approved by Council YTD	#	0	N/A	N/A	N/A	N/A	N/A	3 policies reviewed and 1 policy developed	1	4	3 policies reviewed and 1 policy developed YTD	None	None	1	3	Added a policy for Sports under EAP
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Labour Relations and EAP	M – 6 7 8	Number of LLF meetings held YTD*	#	7	3	1	5	3	7	5	10	7	7 meetings held throughout the year	Postponement of meetings due other commitments	Hold meeting as scheduled	10	-3	Postponement of meetings due other commitments
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Occupational health and Safety	M – 6 8 0	Number of OHS audits conducted annually	#	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	One OHS Audit conducted	None	None	1	0	n/a
Transformation and Organisational Development\	M – 2	Percentage of total Municipality	%	1	0	0.20	0,50	0.36	0,75	0.80	1	1	100% spent on work	None	None	1	0	n/a

Hierarchy (KPA\ Strategic Objective\ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
Improve functionality, performance and professionalism\ Training and Development	12	's budget actually spent on implementing its workplace skills plan YTD*											skills development plan.					
Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Training and Development	M – 18	Number of municipal personnel with financial minimum competency requirements YTD*	#	0	38	45	38	45	38	43	38	43	43 staff members in LLM has the minimum financial competency	None	None	38	5	Resignation and new appointments
Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Training and Development	M – 19	Number of municipal personnel with technical skills/ capacity (engineering technicians and technicians ) YTD*	#	0	14	18	14	17	14	16	15	16	The remaining 2 positions of Technical Assistant and Superintendent: Public Works has been advertised	None	None	15	1	Resignation of the technical assistant from sanitation



Hierarchy (KPA\ Strategic Objective\ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Training and Development	M – 2 1	Percentage of municipal personnel budget spent YTD*	%	0	20	24.62	40	46	70	70	95	97	97% of the municipal personnel budget was spent	Overtime expenditure		95	2	Overtime expense
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ By-laws	M – 6 5 3	Number of by-laws Drafted/or reviewed, taken for public participation concluded and Adopted by Council YTD	#	4	N/A	N/A	N/A	N/A	3	3	N/A	N/A	Three By-laws were reviewed/ drafted and adopted by Council	None	None	3	0	n/a

Hierarchy (KPA\ Strategic Objective\ Programme)	ID	Indicator	UOM	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Governance and Administration	M - 6 5 5	Number of ordinary Council meetings held YTD	#	9	1	1	2	3	5	6	6	9	9 Council Meetings were held to date	None	None	6	3	Additional council meetings held due to new elected council
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Legal services	M - 6 5 6	Number of delegation of powers and functions reviewed to be in line with Constitutional requirements	#	0	N/A	N/A	N/A	1	1	1	N/A	1	Delegations of powers were reviewed and adopted by Council	None	None	1	0	n/a
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ IT and Support	M - 1 3 5	Number of ICT related policies and plans reviewed YTD	#	9	N/A	N/A	N/A	N/A	9	13	N/A	13	9ICT policies were reviewed and four were drafted policies	None	None	13	4	New policies were added as required
KPA6: Good Governance and Public Participation\ Responsible,	M - 3 1	Number of by-laws submitted for vetting and	#	0	0	0	0	0	N/A	N/A	2	2	Two by-laws were submitted for Vetting	None	None	2	0	n/a

Hierarchy (KPA\ Strategic Objective\ Programme)	I D	Indicator	U O M	Base-line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance to annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
accountable, effective and efficient corporate governance\ Legal services		Gazetting											and gazetting.					

**Table 82: Pre-determined Objectives for Community Social Services**

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4						Variance from Annual Target	Reasons for Variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action	Annual Target 2016-17		
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	M 170	Number of trees planted per year, year to date (operational budget)	#	1412	400	101	400	376	450	533	500	533	533 trees were planted YTD	None	None	500	33	More donation of trees
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	M 702	Number of waste awareness campaigns implemented YTD	#	15	1	8	2	24	32	42	40	47	47 awareness campaigns conducted YTD	None	None	40	7	Collaboration with sector departments (Youth job in waste by DEA)
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Fire Protection Services	M 360	Number of fire prevention awareness campaigns conducted YTD	#	16	3	7	6	15	9	19	12	19	19 campaigns were conducted YTD	None	None	12	7	Demand driven

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4						Variance from Annual Target	Reasons for Variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action	Annual Target 2016-17		
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Library Services	M 172	Number of library campaigns held YTD	#	10	2	3	4	4	6	6	8	8	8x library campaigns conducted.	None	None	8	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Registry	M 395	Average number of weeks turnaround time between application for learner license test until actually being tested	# weeks	1 week	3 weeks	1 week	3 weeks	1 week	3 weeks	1 week	3 weeks	1 week	Average turnaround time is one week	None	None	3	2	Increase number of days for testing
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Road Safety / Law Enforcement	M 703	Number of speed checks held YTD	#	640	42	0	85	39	121	75	157	111	111 speed checks done in the FY	None	None	157	-45	The speed check machine was send for calibration in the 1 <sup>st</sup> quarter
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Road Safety / Law	M 704	Number of joint law enforcement operations with other law enforcement agencies undertaken YTD	#	5	1	1	2	7	3	9	4	10	10 joint law enforcement operation with other law enforcement done in FY	None	None	4	6	Incident driven

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4						Variance from Annual Target	Reasons for Variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action	Annual Target 2016-17		
Enforcement																		
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Safety and Security	M 7 0 6	Number of safety and security forums that are functional	#	6	3	3	3	4	3	3	3	3	3 x Safety and Security forums functional	None	None	3	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Thusong Centre	M 3 8 0	Number of services rendered at Thusong centers	#	7	14	8	14	8	8	8	8	8	8 Government services are rendered at Thusong centers , as per the adjusted SDBIP	None	None	8	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	M 2 5 0	Number of urban household provided with weekly refuse removal	#	19 942	19 942	19126	19 942	19125	19 942	19 942	19 942	19 942	19 942 households receive weekly refuse removal	None	None	19 942	0	n/a
KPA2: Service Delivery and Infrastructure	M 4	Percentage households with access	%	89,3	70	87	80	87	64	78	64	78	19 942 urban household	None	None	64	14	Coverage of new develop

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4						Variance from Annual Target	Reasons for Variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action	Annual Target 2016-17		
Development\ P rotect the environment and improve community well- being\ Waste Management	0 2	to basic level of solid waste removal											ds and 6759 rural house holds 78% have access to basic solid waste					ments
KPA2: Service Delivery and Infrastructure Development\ P rotect the environment and improve community well- being\ Waste Management	M 7 0 8	Number of rural villages with access to weekly refuse removal services through roll- on, roll-off system	#	5	N/A	5	10	5	10	10	10	10	10 x villages have access refuse removal services	None	None	10	0	n/a
KPA2: Service Delivery and Infrastructure Development\ P rotect the environment and improve community well- being\ Waste Management	M 7 0 9	Number of Integrated Waste Management Plans reviewed Per annum	#	1	N/A	1	N/A	N/A	1	0	N/A	N/A	Integrate d manage ment Plan reviewed in the first quarter	None	None	1	0	None



**Table 83: Pre-determined Objectives for Infrastructure Services**

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for Variance from annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Electrical Network (Electricity – Maintenance and Upgrading)	M 7 1 0	Number of urban transformers upgraded YTD	#	3	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2 x40MVA Transformers completed at Joe Slovo Human settlement and awaiting energizing	Transformers not energized	Relocation of 11KV electrical line to accommodate the erection of the switching station	2	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Electrical Network (Electricity – Maintenance and Upgrading)	M 3 4 0	Percentage of Electrical losses YTD	%	10.63	20	9.38	20	9.78	7	9.29	7	8.65	Eskom account rectified	None	None	7	1.65	Eskom account rectified
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Electrical Network (New Infrastructure)	M 4 0 1	Percentage households with access to basic level of electricity	%	96	90	90	94	94	94	94	95	97	33004 hh has access to electricity	None	None	95	2	New connections
KPA2: Service Delivery and Infrastructure	M 2	Number of villages in which	#	38	7	11	14	21	29	34	40	40	The target has been achieved	None	None	40	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for Variance from annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
Development\ Provi de quality and well maintained infrastructural services in all municipal areas\ Roads and Storm water – Maintenance and Upgrading	1 8	access roads are bladed YTD*																
KPA2: Service Delivery and Infrastructure Development\ Provi de quality and well maintained infrastructural services in all municipal areas\ Roads and Storm water – Maintenance and Upgrading	M – 7 4	Total length of kilometers upgraded from gravel road to surfaced road YTD*	K M	4	N/A	N/A	N/A	N/A	3.5	3.5	3.5	3.5	Project completed	None	None	3.5	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Provi de quality and well maintained infrastructural services in all municipal areas\ Sanitation - New Infrastructure	M – 1 6 6	Number of new VIPs constructe d YTD	#	66	N/A	N/A	N/A	N/A	500	245	612	317	245(CoGH STA) done in quarter3 and 72( WDM) done in quarter 4	CoGHSTA and WDM reduced the number of allocations	In future will adjust SDBIP accordingly .	612	-295	CoGHST A and WDM reduced the number of allocation s

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for Variance from annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation - New Infrastructure	M – 4 0 0	Percentage households with access to basic level of sanitation YTD*	%	95	94	94	94	94	95	95	95	95	Target achieved	None	None	95	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Waste Water Quality (Green Drop)	M – 7 5 8	Number of Green drop assessment report submitted to DWS for green drop risk rating YTD	#	0	N/A	N/A	N/A	N/A	N/A	N/A	1	1	Uploaded final effluent quality test results on GDS of DWS	None	None	1	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well maintained infrastructural services in all municipal areas\ Water – Supply	M – 3 9 9	Percentage households with access to basic level of water YTD	%	95	94	94	94	94	94	94	95	95	LLM is continuously implementing projects to address backlog	None	None	95	0	n/a
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well	M – 7 2 6	Number of feasibility studies / technical report	#	0	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4 x Technical Reports completed	None	None	4	0	n/a

Hierarchy (KPA\ Strategic Objective \ Programme)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for Variance from annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
maintained infrastructural services in all municipal areas\ Water – Supply		conducted YTD*																
KPA2: Service Delivery and Infrastructure Development\ Provi de quality and well maintained infrastructural services in all municipal areas\ Water loss (unaccounted water)	M – 8 1	Percentag e of water losses YTD	#	12.78	14	12.26	14	16,67	12	13.27	14	18,72	Water loss report updated monthly	Ageing Infrastructu re	Replaceme nt of all AC pipes to reduce water losses	14	-4.72	Replace ment of Asbestos pipes contribut ed to water loss.
KPA2: Service Delivery and Infrastructure Development\ Provi de quality and well maintained infrastructural services in all municipal areas\ Water Quality (Blue Drop)	M – 7 2 8	Number of Blue drop assessmen t report submitted to DWS for Blue drop rating YTD*	%	0	N/A	N/A	N/A	N/A	N/A	N/A	1	1	Water quality test results are uploaded on BDS of DWS	None	None	1	0	n/a

**Table 84: Pre-determined Objectives for Development Planning**

Hierarchy (KPA\ Strategic Objective \ Program me)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ S ocio Economic Surveys	M 1 8 6	Number of times Beneficia ry list updated YTD	#	0	3	24	6	18	24	43	48	58	Beneficiary Register is updated as when and request is made.	None	None	48	10	Beneficiary Register is updated as when and request is made.
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ S ustainable and Integrated Rural Development	M 7 0 7	Number of human settleme nt develop ment plans reviewed/ Compiled and approved by Council	#	0	N/A	N/A	N/A	N/A	N/A	N/A	1	0	Draft housing allocation policy developed. Advertised for procurement of Human Settlement development plan and Informal settlement management plan	Insufficient funds	Funding secured and tender advertised in June 2017.	1	0	Funds secured in the 4 <sup>th</sup> quarter of the financial year
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ B uilding Plans Administration and Inspectorate	M 1 1 4	Percenta ge of building contrave ntions attended (submitte d for legal action) within 6 weeks from	%	100	100	100	100	100	100	100	100	100	49 Contraventio ns were detected and 49 notices were issued throughout the year.	None	None	100	0	n/a

Hierarchy (KPA\ Strategic Objective \ Program me)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
		detection																
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ B uilding Plans Administration and Inspectorate	M 7 5 9	Average turnaroun d time (days) for assessm ent of building plans YTD	# w o r k i n g  d a y s	30 workin g days	30 workin g days	30 working days	30 workin g days	30 workin g days	24 workin g days	30 workin g days	28 working days	121 building plans were submitted and all 121 were assessed within the prescribed period of 28 days on average	None	None	30 working days	2 days	During the first quarter and second quarter assessmen ts were done within 30days and in the third quarter within 24 days	
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ La nd use	M 7 6 0	Average turnaroun d time (weeks) for assessm ent and approval of land use applicatio ns from the date of receipt as delegate d to the Executiv e Manager	# w e e k s	13 weeks	14 weeks	14 weeks	14 weeks	14 weeks	N/A	14 weeks	13 weeks	Average turnaround time for 2016/17 is 13 weeks	sourcing of additional information /document ation	Publication of Municipal Spatial Planning and Land Use Manageme nt Bylaw -	14 weeks	1 weeks	Powers to finalize the applicatio ns is delegated to executive manager	
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land	M 7 5 5	Average turnaroun d time (weeks) for assessm ent and approval	1 6  w e e k s	14 weeks	16 weeks	10 weeks	16 weeks	10 weeks	16 weeks	19 weeks	16 weeks	16 weeks	The average turnaround time for 2016/17 is 16 weeks	None	None	16 weeks	0	n/a

Hierarchy (KPA\ Strategic Objective \ Program me)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
for development\ La nd use		of land use applicatio ns from date of receipt as delegat ed to the Municipal Planning Tribunal																
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ La nd use	M 7 6 1	Average turnaroun d time (weeks) related to attend to (notices/ directives issued) land use contrave ntions YTD	#  w e e k s	4 weeks	6 weeks	N/A	6 weeks	6 weeks	6 weeks	1 week	6 weeks	1 week	22 notices were issued YTD {0 for Q1, 2 notices for Q2, 11 for notices Q3 and 9 notices for Q4}, issued same date of detection. Average Turnaround time YTD is 2 weeks	None	None	6 weeks	4 weeks	Engageme nts and meetings are held within a week after a notice is issued
KPA1: Spatial Rationale\ Ratio nal planning to bridge first and second economies and provide adequate land for development\ La nd use	M 7 3 3	Number of Land Use Scheme compiled, approved by Council YTD	#	0	N/A	N/A	N/A	N/A	N/A	N/A	1	0	Draft Land use scheme available and awaiting public participation	Delay in public participatio n process	Public participatio n schedule drafted and council resolution supporting the process	1	-1	Delay in public participatio n process
KPA1: Spatial Rationale\ Ratio nal planning to	M 7	Number of SDF Reviewe	#	0	N/A	N/A	N/A	N/A	N/A	N/A	1	0	Draft frame work available	Delay in public participatio	Public participatio n schedule	1	-1	Delay in public participatio



Hierarchy (KPA\ Strategic Objective \ Program me)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
bridge first and second economies and provide adequate land for development\ Land use	34	d and approved by Council											and awaiting public participation	n process	drafted and council resolution supporting the process			n process
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Job Creation	M51	Number of jobs created through strategic partners (energy generation, new mines and other business proposals) YTD	#	1932	213	895	425	1036	658	1055	850	1207	1207 Jobs were created YTD	None	None	850	357	Completion of Phahladira shopping complex led to over achievement of target
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Job Creation	M688	Number of jobs created through municipal LED initiatives and capital projects (from municipal budget) YTD	#	1385	320	404	640	645	840	849	1040	1289	1289 jobs were created YTD	None	None	1 040	249	Housing projects that took place
KPA4: Local Economic Development\ Create a conducive environment for businesses to	M695	Number of Public Private Partnerships established YTD	#	9	N/A	1	1	0	1	1	2	2	Partnership with Tourism Graduate and LIBRA were established YTD	NONE	NONE	2	0	n/a

Hierarchy (KPA\ Strategic Objective \ Program me)	I D	Indicator	U O M	Base- line	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4					Annual Target 2016/17	Variance From Annual Target	Reasons for variance from Annual target
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual Notes	Challenges	Corrective Action			
invest and prosper\ Marketi ng and Branding																		
KPA4: Local Economic Development\ C reate a conductive environment for businesses to invest and prosper\ Marketi ng and Branding	M - 6 9 6	Number of meetings held with strategic partners YTD	#	23	N/A	5	1	8	1	11	2	13	13 meetings were held with strategic partners YTD.	NONE	NONE	2	11	Meetings were held in collaborati on with external stakeholde rs

## PROJECT IMPLEMENTATION

The progress of the Capital Projects funded from Municipal Infrastructure Grant (MIG) attained 100% ratings against the targeted progress year to date. Project implementation achieved a rating of 3, 2 overall.

Detailed performance on Capital Projects funded from Municipal Infrastructure Grant (MIG) follows per department or vote, where applicable:

**Table 85: Corporate Support Services:**

Project Name	No.	Description of deliverables	Start date	Completion date	Quarter 1		Quarter 2		Quarter 3		Quarter 4			Annual Budget 2016-2017	Source of funding
					% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	Expenditure In R'000		
Server Virtualization	P-02	Physical servers and its components and virtualization software	01-Jul-16	30-Dec-16	10%	Specifications to be formulated approved and advertised.	30%	Progress on procurement Processes	100%	Installation of physical hardware and implementation of a Virtual environment		Completed	2200000	2 200 000	LLM
Microsoft license	P-03	Registration of licenses	01-Jul-16	30-Dec-16	10%	Compiling specifications, approval and advertising.	100%	Activation of licenses	100%	Completed		Completed	187000	200000	LLM
Electronic Record Management System - Phase 3 (Customer care module) Muncomp	P-04	Activations of customer care module and training of end-users	01-Jul-16	31-Mar-17	35%	Activation of the customer care module by Muncomp	65%	Training of end-users	100%	Training of end-users		Done	226 895	226 895	LLM
HARDWARE (computers and Laptops)	P-05	Hardware equipment, i.e. Computers, laptops and printers for municipal officials	01-Jul-16	30-Dec-16	20%	Specifications to be formulated approved and advertised.	20%	Procurement Processes	20%	No suitable service provider		Project referred for re-advert and roll over		100 000	LLM

**Table 86: Infrastructure Services:**

Project Name	No.	Description of deliverables	Start date	Completion date	Quarter 1		Quarter 2		Quarter 3		Quarter 4			Annual Budget 2016-2017	Source of funding
					% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	Expenditure In R'000		
Technical Reports FPR Village Water Extensions	P-21	Compile technical report to DWS and Cogshita to secure funding	01-Jul-16	31-Dec-16	0%	Procurement and Tendering process	100%	Technical reports completed and submitted to DWS and Cogshita for approval	100%	Receive approved Tech reports from Cogshita for funding	100%	Service provider appointed, Completed assessment and completed Technical reports. Reports presented to DWS on 25 July 2017	1 600 000	2 000 000	LLM
Refurbishment of Shongoane stadium & construction of access road to stadium	P-06	Refurbishment of Shongoane stadium & construction of access road to stadium	01-Jul-16	30-Jun-17	35%	Contractor on site	50%	Construction in progress	75%	Construction in progress	97%	Construction in progress	28315975	12 598399	MIG
ELECTRIFICATION GRANTS	P-07	Electrification of houses at Rural Villages	01-Jul-16	30-Jun-17	10%	Procurement and Tendering process	30%	Contractor appointed and busy with Detailed designs	48%	Detail designs completed and handed to Eskom for Approval	70%	Construction in progress	3576077	7000000	DoE
Ga-Monyeki Access road	P-09	A paved 3,5 Km Road at Ga-Monyeki	10-Apr-16	27-Jul-17	100%	Project Completed	100%	Project Completed.	100%	Project Completed	100%	Project Completed	22 801041	6 356 302	MIG
Thabo Mbeki sewer network sanitation	P-10	Construction of a new sewerage network for Thabo Mbeki	26-Apr-16	26-Dec-18	10%	Consultant Appointed and Tender Advertised for Construction	10%	Finalizing Procurement	30%	Construction in progress	42%	Construction in progress	8 054 743.	8 967 048	MIG
Thabo Mbeki water network	P-13	Planning and design for water network in	May-16	30-Jun-17	10%	Consultant Appointed and Tender Advertised	10%	Finalizing Procurement	40%	Construction in progress	93%	Construction in progress	8 965 581	6 615 500	MIG

Project Name	No.	Description of deliverables	Start date	Completion date	Quarter 1		Quarter 2		Quarter 3		Quarter 4			Annual Budget 2016-2017	Source of funding
					% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	Expenditure In R'000		
		Thabo Mbeki and Construction				for Construction									
Refurbishment of water supply pipes in Lephalale town	P-15	Refurbishment of water supply pipes in Town	May-16	30-Jun-17	10%	Consultant Appointed and Tender Advertised for Construction	20%	Contractor appointed	35%	Construction in progress	74.38%	Construction in progress	4 284 020	9 500 000	DWS
Refurbishment of water supply pipes in Onverwacht	P-16	Refurbishment of water supply pipes in Onverwacht	May-16	30-Jun-17	10%	Consultant Appointed and Tender Advertised for Construction	20%	Contractor appointed	35%	Construction in progress	74.38%	Construction in progress	5479745.52	5 000 000	DWS
Tshelammake 1 borehole, 180kl storage, 2km connector pipe, 2k reticulation and 10 taps	P-18	Tshelammake 1 borehole, 180kl storage, 2km connector pipe, 2k reticulation and 10 taps	May-16	30-Jun-17	10%	Tender Advertised for Consultants	10%	Finalizing Procurement	20%	Consultants Appointed and busy with Designs	30%	Detailed Designs Completed and Procuring for Construction	1 566 314	6 500 000	DWS
Design of Lerupurung access road	AD 1	-	-	-	-	-	-	-	40%	Scoping and preliminary design completed	100%	Designs Completed	1786 813	1786813	MIG
Design of Mokuruenyane-Tshetlhong Access road	AD 2	-	-	-	-	-	-	-	40%	Scoping and preliminary design completed	100%	Designs Completed	1 134 227.	1 134 227.	MIG

**Table 87: Development Planning**

Project Name	No.	Description of deliverables	Start date	Completion date	Quarter 1		Quarter 2		Quarter 3		Quarter 4			Annual Budget 2016-2017	Source of funding
					% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	% Prog	Activity /Milestone	Expenditure In R'000		
ESRI LICENCE	P - 0 1	Renewal of the License Agreement	01 <sup>st</sup> July 2016	30 <sup>th</sup> June 2017	25 %	Activation of the relevant licenses and continuous training of the end-users	50%	Continuous maintenance of the relevant licenses and training of the end-users	75%	Continuous maintenance of the relevant licenses and training of the end-users	100 %	License agreement renewed	316000	316 000	LLM

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

**Table 88: Employee Totals, Turnover and Vacancies**

Description	EMPLOYEES				
	2015/16 Employees No.	Approved Posts No.	2016/17 Employees No.	Variance No.	Variance %
Water		51	45	6	12%
Waste Water (Sanitation)		44	36	8	18%
Electricity		47	45	2	4%
Waste Management		61	51	10	16%
Housing		5	5	0	0%
Waste Water (Storm water Drainage)					
Roads		46	42	4	9%
Transport					
Planning		10	10	0	0%
Local Economic Development		2	1	1	50%
Community & Social Services		58	55	3	5%
Environmental Protection					
Health					
Sport and Recreation		52	47	5	10%
Planning ( Strategic & Regulatory)		34	27	7	21%
Corporate Policy Offices and Other		108	91	17	16%
<b>Totals</b>		<b>518</b>	<b>455</b>	<b>63</b>	<b>12%</b>

New organizational structure with 4 positions was approved in May 2016 to be in line with new developmental demands with municipal area. Critical positions were filled except for the position of Chief Financial Officer which became vacant on 1 March 2016 as a result of resignation

**Table 89: Number of Positions per department in 2016/17 financial year.**

Department	Number of Positions 2016/17						
	Management	Technical	Labour	Support	Total	Vacant	%Vacant
Infrastructure Services	6	56	129	7	198	21	10%
Social Services	6	23	96	52	177	18	10%
Corporate Support Services	4	3	15	25	47	4	9%
Budget and Treasury	5		1	40	46	7	13%
Planning and Development	5	8		9	22	2	9%
Office of Municipal Manager	8			20	28	11	39%
<b>Total Positions</b>	<b>34</b>	<b>90</b>	<b>241</b>	<b>153</b>	<b>518</b>	<b>63</b>	<b>12%</b>



**Table 90: Vacancy Rate per level of employment in 2016/17 financial year**

Vacancy Rate 2016/17			
Designations	*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			
CFO	1	16 Months	
Other S57 Managers (excluding Finance Posts)	1	10 Months	
Other S57 Managers (Finance posts)			
Municipal Police			
Fire fighters			
Senior management: Levels 13-15 (1-2) (excluding Finance Posts)	5	52 Months	
Senior management: Levels 13-15 (1-2) (Finance posts)			
Highly skilled supervision: levels 9-12 (3-5)(excluding Finance posts)	2	27 Months	
Highly skilled supervision: levels 9-12 (3-5)(Finance posts)	1	2 Months	
<b>Total</b>	<b>10</b>	<b>107</b>	
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.			

**Table 91: Turnover Rate**

Turn-over Rate				
Details		Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Nature of Termination	No.	19	25	5%
Death	3			
Resignation	9			
End of contract	7			
Dismissal	1			
Pension	5			

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

**Table 92: Policies**

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Bereavement		X	Feb 2017
2	Career Planning, Succession & Retention	100%		Feb 2017
3	Workplace, HIV/AIDS	100%		Feb 2017
4	Employment Assistance Program		X	Feb 2017
5	Leave	100%	X	Feb 2017
6	Recruitment, Selection and Appointments	100%	X	Feb 2017
7	Workplace Sports and recreation policy	100%		Feb 2017

**Table 93: Injuries on Duty**

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

**Table 94: Sick leave**

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band/ level	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*	*Average sick leave per Employees Days	Estimated cost R' 000
L1-L14	4211	40	454	454	9.27	
* - Number of employees in post at the beginning of the year						

**Table 95: Disciplinary Action – Misconduct, General**

No.	Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
1.	Manager Sanitation	Gross negligence & Gross dishonesty	23 December 2013	Disciplinary hearing was held on 23 & 24 May 2016 and the employee was dismissed on 10 January 2017. Employee declared dispute at SAGBC as unfair dismissal and arbitration hearing was set on 28 March and 21 April 2017 however postponed to 17 October 2017.	On-going
2.	Manager: Water Services	Gross negligence & Gross dishonesty	23 December 2013	Disciplinary hearing was re-scheduled several times in the last financial year. It took place on 21 April 2016 and the employee was found guilty of the charges. The sanction of 10 days suspension without pay and final written warning was received on 1 January 2017 due to delay from Chairperson side.	Finalised on 1 January 2017
3.	Manager: Public Works	Gross negligence and dishonesty	23 December 2013	Disciplinary hearing was re-scheduled several times in the last financial year. It took place on 20 April 2016 and the employee was found guilty of the charges. The sanction of final written warning was received on 1 January 2017 due to delay from Chairperson side.	Finalised on 1 January 2017
4.	Manager: Electrical & Mechanical	Gross dishonesty	11 April 2014	Disciplinary Hearing held on 10 June 2015 whereby Chairperson ruled in favour of the employee due to point In limini. Employer applied for condonation and charges were withdrawn.  Condonation in favour of the Employer was received after three months from June 2015. Subsequently, Employee Rep reviewed the ruling of SALGBC at Labour Court on 17 February 2016.	In progress
5.	Horticulturist	Gross dishonesty and Fraud	16 April 2014	Disciplinary Hearing was held on 29 May 2015 whereby Chairperson ruled that Employer should apply for condonation and charges were withdrawn. The employer applied for condonation on in September 2015 and the application was granted in October 2015 for employer to proceed with disciplinary hearing. Employee Rep referred the matter to Labour Court for review. On 07 June 2017 Labour Court dismissed the Review by Employee Rep. Hearing is yet to continue.	in progress
6.	Sewerage Maintenance Controller	Charged with assault, intimidation & use of abusive language.	07 October 2016	Disciplinary Hearing scheduled on 19 December 2016. The outcome of hearing was received on 28 June 2017. The sanction was 10 days suspension without pay, written warning, final written warning and referred for EAP programme for 10 days as complete the sessions as determined by EAP Officer.	Finalised 28 June 2017

**Table 96: Disciplinary Action on Financial Misconduct**

Disciplinary Action Taken on Cases of Financial Misconduct				
No.	Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
1	Manager: Electricity	Gross dishonesty. Estimated amount of R179 970.54	Yes	On-going
2	Horticulturist	Gross dishonesty and Fraud. Estimated cost R11 100.00	Yes	On-going
3	Manager: Sanitation	Gross negligence & Gross dishonesty.	Yes	On-going
4	Manager: Water	Gross negligence & Gross dishonesty	Yes	Finalised on 11 January 2017
5	Manager: Public Works	Gross negligence & Gross dishonesty	Yes	Finalised on 11 January 2017
6	Manager: Spatial Planning & Land Use Management	Gross dishonesty	Yes	On-going

## PERFORMANCE REWARDS

### EVALUATION OUTCOMES

Regulation 805, section 32 states the following in this regard:

- (1) The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- (2) A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -
  - (a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
  - (b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.
- (3) In the case of unacceptable performance, the employer shall –
  - (a) provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
  - (b) after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties.

In order to narrow the gap of 5% to 9% and of 10% to 14% bonuses, the following sliding scale are applied in terms of the rating scales set out in the Performance Agreements:

**Table 97: Rating scales**

% Rating Over Performance	% Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

Therefore bonuses can only come into consideration once an employee achieves an overall score of at least 130%, any overall performance scores below that will not be in line for any bonuses.

In terms of the Municipal Systems Act, Act 32 of 2000, section 57 (4B) Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council concerned.

**Table 98: The results of the evaluations as calculated**

NAME	POSITION	OVERALL SCORE	APPLICABLE % BONUS
Ms EM TUKAKGOMO	Municipal Manager	142,60	8%
Mr K L TLHAKO	Executive Manager Infrastructure Services	135,67	6%
Mr LS THOBANE	Executive Manager Social Services	136,80	6%

## CONSLUSION

The Lephalale Local Municipality has successfully conducted the Annual Individual Performance Evaluations for the financial years of 2015- 16 and the summary scorecard of results follow in the Annexures below:

The result of the calculations concludes that Executive Mangers Social Services, Mr LS THOBANE, Executive Manager Infrastructure Services, Mr KL TLHAKO qualifies for 6% bonus and the Municipal Manager, Ms EM TUKAKGOMO, qualifies for 8% bonus.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### SKILLS DEVELOPMENT AND TRAINING

The following categories of employees are not included: 59 females & 87 Males from Semi-skilled and discretionary decision making, 53 Female & 114 Males from Unskilled.

**Table 99: Skills Matrix**

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2016	Number of skilled employees required and actual as at 30 June 2017											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual 30 June 2016	Actual 30 June 2017	Target	Actual 30 June 2016	Actual 30 June 2017	Target	Actual 30 June 2016	Actual 30 June 2017	Target	Actual 30 June 2016	Actual 30 June 2017	Target
MM and S57	Female	01	01	01	01	01	01	01	01	01	01	01	01	01
	Male	00	00	00	00	00	00	00	00	00	00	00	00	00
Councillors, senior officials and managers	Female	24	03	03	06	10	06	12	09	03	12	21	12	24
	Male	31	03	03	06	09	13	15	11	06	13	24	19	31
Technicians and associate professionals	Female	14	01	00	00	08	05	08	06	00	10	06	05	14
	Male	37	01	00	00	14	10	10	12	00	13	44	10	37
Professionals	Female	13	05	01	01	01	06	09	10	02	07	23	09	13
	Male	21	06	00	00	03	10	15	15	05	12	57	15	21
Sub total	Female	52	06	05	08	0	17	30	23	06	30	52	27	52
	Male	89	09	03	06	27	33	35	42	11	38	130	44	89
Total		141	15	08	14	47	50	65	65	17	68	182	71	141

**Table 100: Financial Competency Development**

<b>Financial Competency Development: Progress Report*</b>						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	1	1	1	1	1
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	4	4	4	4	4	4
<i>Any other financial officials</i>	40	39	39	0	0	0
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>		0		0	0	0
<i>Supply chain management senior managers</i>	1	1	1	0	0	0
<b>TOTAL</b>	<b>46</b>	<b>45</b>	<b>45</b>	<b>5</b>	<b>5</b>	<b>5</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

By 30th June 2017 there was no CFO appointed



# COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

## EMPLOYEE EXPENDITURE

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the financial year No.	Original Budget and Actual Expenditure on skills development 2016/17							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual - R-value
MM and S57	Female	01	0	0	0	0	1	0	1	14448
	Male	00	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	24	0	0	9	1	13	13	14	55170.5
	Male	31	0	0	10	0	13	13	13	44682.5
Professionals	Female	13	06	01	5	5	2	2	7	42764.98
	Male	21	06	3	14	14	2	2	16	387748.8
Technicians and associate professionals	Female	14	00	00	8	8	2	2	10	150563.2
	Male	37	01	00	17	19	19	1	18	73290.9
Clerks	Female	49	0	0	12	16	2	7	14	122339.33
	Male	52	0	0	17	20	3	4	20	179092.7
Service and sales workers	Female	3	0	0	2	2	2	2	1	37798
	Male	13	0	0	7	10	10	3	2	57757
Plant and machine operators and assemblers	Female	7	0	0	0	0	1	0	1	0
	Male	22	0	0	0	2	2	2	2	11000
Elementary occupations	Female	53	0	0	25	14	0	0	0	82865
	Male	114	0	0	35	10	0	0	10	86500
Sub total	Female	172	6	1	61	46	23	26	49	491501.01
	Male	326	7	3	99	75	49	23	81	840071.58
Total		498							R 1 300 000.00	R 1 331572.59
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									1%*	*R 1300 000
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan. R 1 300 000.00										1%*
R 17600.00 has been used to train in-house OHS: SHE representative course.										
The amount exceeded original budget by R 31 572.59 because of Mandatory allocated by LGSETA of R 144 000.00 for training purpose.										

No positions were upgraded in the financial year 2016/17 financial year.

**Table 101: Upgrading of positions**

<b>Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded</b>		
<b>Beneficiaries</b>	<b>Gender</b>	<b>Total</b>
Lower skilled (Levels 1-2)	Female	00
	Male	00
Skilled (Levels 3-5)	Female	00
	Male	00
Highly skilled production (Levels 6-8)	Female	00
	Male	00
Highly skilled supervision (Levels9-12)	Female	00
	Male	00
Senior management (Levels13-16)	Female	00
	Male	00
MM and S 57	Female	00
	Male	00
<b>Total</b>		<b>00</b>
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		

## CHAPTER 5: FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash Flow Management and Investment.
- Component D: Other Financial Matters

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### STATEMENTS OF FINANCIAL PERFORMANCE

**Table 102: Financial Performance**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>Revenue By Source</b>									
Property rates	46 595	48 780	48 780	4 225	51 180	48 780	2 400	5%	
Property rates - penalties & collection charges							-		
Service charges - electricity revenue	148 529	144 627	171 274	16 877	176 988	171 274	5 715	3%	
Service charges - water revenue	32 484	36 845	34 832	3 089	35 885	34 832	1 053	3%	
Service charges - sanitation revenue	14 731	16 930	16 930	1 338	15 826	16 930	(1 104)	-7%	
Service charges - refuse revenue	10 736	11 305	11 305	1 044	12 134	11 305	829	7%	
Service charges - other	-						-		
Rental of facilities and equipment	221	288	293	16	191	293	(102)	-35%	
Interest earned - external investments	3 631	4 247	4 247	206	2 666	4 247	(1 581)	-37%	
Interest earned - outstanding debtors	16 343	21 190	21 532	1 834	20 703	21 532	(828)	-4%	
Dividends received	-						-		
Fines	882	370	370	11	1 550	370	1 180	319%	
Licences and permits	7 472	9 305	9 305	1 593	7 528	9 305	(1 777)	-19%	
Agency services	-						-		
Transfers recognised - operational	94 028	99 172	99 172	614	98 549	99 172	(623)	-1%	
Other revenue	3 461	17 171	18 837	3 573	6 643	18 837	(12 194)	-65%	
Gains on disposal of PPE	-						-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>379 114</b>	<b>410 230</b>	<b>436 876</b>	<b>34 421</b>	<b>429 844</b>	<b>436 876</b>	<b>(7 032)</b>	<b>-2%</b>	<b>-</b>
<b>Expenditure By Type</b>									
Employee related costs	149 879	161 092	156 422	13 005	159 918	156 422	3 496	2%	
Remuneration of councillors	8 923	8 554	8 939	763	8 896	8 939	(43)	0%	
Debt impairment	9 397	1 650	6 650	-	8 284	6 650	1 634	25%	
Depreciation & asset impairment	70 492	68 954	72 954	5 879	77 922	72 954	4 968	7%	
Finance charges	17 028	11 466	11 466	905	17 991	11 466	6 526	57%	
Bulk purchases	128 172	124 597	134 997	-	124 079	134 997	(10 918)	-8%	
Other materials	-						-		
Contracted services	24 556	12 837	11 592	375	12 640	11 592	1 048	9%	
Transfers and grants	1 774	1 315	1 315	535	1 541	1 315	226	17%	

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
Other expenditure	60 606	75 113	88 455	10 939	98 575	88 455	10 120	11%	
Loss on disposal of PPE	–				–	–	–		
<b>Total Expenditure</b>	<b>470 828</b>	<b>465 578</b>	<b>492 790</b>	<b>32 401</b>	<b>509 845</b>	<b>492 790</b>	<b>17 055</b>	<b>3%</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>(91 714)</b>	<b>(55 348)</b>	<b>(55 914)</b>	<b>2 020</b>	<b>(80 001)</b>	<b>(55 914)</b>	<b>(24 087)</b>	<b>0</b>	<b>–</b>
Transfers recognised - capital	74 181	62 537	84 360	8 080	77 698	84 360	(6 662)	(0)	
Contributions recognised - capital							–		
Contributed assets							–		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Taxation							–		
<b>Surplus/(Deficit) after taxation</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>

## GRANTS

**Table 103:** Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>									%	
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		–	118 354	118 354	–	128 539	118 354	10 185	8.6%	–
Local Government Equitable Share		–	94 514	94 514	–	94 514	94 514	–		
Finance Management		–	1 625	1 625	–	1 625	1 625			
Municipal Systems Improvement		–	–	–	–	–	–			
Water Services Operating Subsidy		–			–	–	–			
EPWP Incentive		–	1 215	1 215	–	1 215	1 215			
Water Services Operating Subsidy	3					–		–		
								–		
								–		
Municipal Water Infrastructure Grants			21 000	21 000	–	31 185	21 000	10 185	48.5%	
<b>Provincial Government:</b>		–	–	–	–	–	–	–		–
								–		
	4							–		
								–		

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>									%	
Other transfers and grants [insert description]								-		
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
								-		
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
								-		
								-		
<b>Total Operating Transfers and Grants</b>	5	-	118 354	118 354	-	128 539	118 354	10 185	8.6%	-
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	43 355	43 355	-	43 355	43 355	-		-
Municipal Infrastructure Grant (MIG)		-	36 355	36 355	-	36 355	36 355	-		
Regional Bulk Infrastructure										
								-		
DME(ELECTRIFICATION GRANT)			7 000	7 000	-	7 000	7 000	-		
<b>Provincial Government:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
								-		
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
DME		-						-		
<b>Total Capital Transfers and Grants</b>	5	-	43 355	43 355	-	43 355	43 355	-		-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	161 709	161 709	-	171 894	161 709	10 185	6.3%	-

#### COMMENT ON OPERATING TRANSFERS AND GRANTS:

The total expenditure on Municipal Infrastructure Grant (MIG) fund was 100%.in the 2016/17 financial, No roll overs on MIG Projects to the 2017/2018 financial year.

The other grants received were spent except Municipal Water Services Grants which has R19 million roll over and Electrification Grants which has R331 thousand roll over to 2017/2018 financial year.

## ASSET MANAGEMENT

Lephalale municipality has an audited asset register for the financial 2016/17 the asset management unit is reviewing and updating the register as assets after acquired, completed or purchased.

**Table 104: Three largest assets acquired**

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2015/16				
Asset 1				
Name	Refurbishment of Shogoane stadium & construction of access road to stadium			
Description	Refurbishment of Shogoane stadium & construction of access road to stadium			
Asset Type	Immovable			
Key Staff Involved	Public Works			
Staff Responsibilities				
Asset Value	2013/14	2014/15	2015/16	2016/17
				24 286 716.67
Capital Implications	Improve Sports Facilities for service delivery to the community			
Future Purpose of Asset	Improve Sports Facilities for service delivery to the community and future use			
Describe Key Issues				
Policies in Place to Manage Asset	This project is managed by Infrastructure Directorate			
Asset 2				
Name	Ga-monyeki Acess road			
Description	Construction of Ga-monyeki access road			
Asset Type	Immovable			
Key Staff Involved	Public Works			
Staff Responsibilities				
Asset Value	2013/14	2014/15	2015/16	2016/17
				17 589 490.80
Capital Implications				
Future Purpose of Asset	Improve roads service delivery to the community			
Describe Key Issues	Improve roads service delivery to the community and future use			
Policies in Place to Manage Asset	This project is managed by Infrastructure Directorate			
Asset 3				
Name	AC Pipes Replacement phase 2			
Description	Replacement of water reticulation pipes at Onverwacht from asbestos to AC pipes			
Asset Type	Immovable			
Key Staff Involved				
Staff Responsibilities				
Asset Value	2013/14	2014/15	2015/16	2016/17
				10 234 143.17
Capital Implications				
Future Purpose of Asset	Improve water service delivery to the community			
Describe Key Issues	Improve water service delivery to the community			
Policies in Place to Manage Asset	This project is managed by Infrastructure Directorate			

## ASSET MANAGEMENT, (REPAIRS AND MAINTANANCE.)

**Table 105: Repairs and Maintenance**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
-									
<b>Infrastructure</b>	-	15 243	-	1 139	8 536	7 622	(915)	-12.0%	-
Infrastructure - Road transport	-	5 249	-	181	2 367	2 624	258	9.8%	-
Roads, Pavements & Bridges	-	5 249	-	181	2 367	2 624	258	9.8%	
Storm water							-		
Infrastructure - Electricity	-	2 973	-	265	1 852	1 487	(366)	-24.6%	-
Generation		2 973		265	1 852	1 487	(366)	-24.6%	
Transmission & Reticulation	-						-		
Street Lighting							-		
Infrastructure - Water	-	2 597	-	235	1 468	1 298	(169)	-13.0%	-
Dams & Reservoirs							-		
Water purification							-		
Reticulation	-	2 597	-	235	1 468	1 298	(169)	-13.0%	
Infrastructure - Sanitation	-	3 849	-	225	1 628	1 924	296	15.4%	-
Reticulation	-						-		
Sewerage purification		3 849		225	1 628	1 924	296	15.4%	
Infrastructure - Other	-	576	-	233	1 221	288	(933)	-324.3%	-
Waste Management	-	576	-	233	1 221	288	(933)	-324.3%	
Transportation							-		
Gas							-		
Other							-		
<b>Community</b>	-	252	-	1	266	126	(140)	-111.2%	-
Parks & gardens	-	230	-	33	262	115	(147)	-127.3%	
Sportsfields & stadia						-	-		
Swimming pools						-	-		
Community halls						-	-		
Libraries	-	21	-	(32)	4	11	7	63.3%	
Recreational facilities							-		
Fire, safety & emergency							-		
Security and policing							-		
Buses							-		
Clinics							-		
Museums & Art Galleries							-		
Cemeteries		-	-	-	-	-	-		
Social rental housing			-				-		
Other			-				-		
<b>Heritage assets</b>	-	-	-	-	-	-	-		-
Buildings							-		
Other							-		
<b>Investment properties</b>	-	-	-	-	-	-	-		-
Housing development							-		

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
Other							-		
<b>Other assets</b>	12	5 759	-	(2 436)	2 988	2 879	(108)	-3.8%	-
General vehicles							-		
Specialised vehicles	-	-	-	-	-	-	-		-
Plant & equipment							-		
Computers - hardware/equipment							-		
Furniture and other office equipment	12						-		
Abattoirs							-		
Markets							-		
Civic Land and Buildings							-		
Other Buildings							-		
Other Land							-		
Surplus Assets - (Investment or Inventory)							-		
Other	-	5 759	-	(2 436)	2 988	2 879	(108)	-3.8%	
<b>Agricultural assets</b>	-	-	-	-	-	-	-		-
List sub-class							-		
							-		
<b>Biological assets</b>	-	-	-	-	-	-	-		-
List sub-class							-		
							-		
<b>Intangibles</b>	-	-	-	-	-	-	-		-
Computers - software & programming							-		
Other							-		
<b>Total Repairs and Maintenance Expenditure</b>	12	21 254	-	(1 296)	11 790	10 627	(1 163)	-10.9%	-

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

From the budgeted amount a total of 93% budget on repairs and maintenance was spent.

**FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**

**Liquidity Ratios**

Current Ratio	1.34:1	2:1
Acid Test Ratio	1.33:1	2:1
Debtors Collection Period	94 Days	94 Days

**COMMENT ON FINANCIAL RATIOS:**

The Liquidity ratios are an indication of the ability of the municipality to pay its operational obligation as they become due. The municipality's current ratio is below the norm.



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### COMMENT ON SOURCES OF FUNDING AND CAPITAL EXPENDITURE:

The spending on capital projects has slightly declined from 69 % expenditure on total capital projects in 2015/16 to 65% in 2016/17.

### CAPITAL EXPENDITURE

**Table 106: Capital Expenditure**

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>Multi-Year expenditure appropriation</b>									
Vote 1 - MUNICIPAL MANAGER	–	–	–	–	–	–	–		–
Vote 2 - BUDGET AND TREASURY	–	–	–	–	–	–	–		–
Vote 3 - CORPORATE SERVICES	–	–	–	–	–	–	–		–
Vote 4 - SOCIAL SERVICES	–	–	7 712	–	6 116	7 712	(1 597)	-21%	–
Vote 5 - INFRASTRUCTURE SERVICES	–	–	105 481	9 504	74 045	105 481	(31 436)	-30%	–
Vote 6 - PLANNING DEVELOPMENT	–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC SERVICE	–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–		–
<b>Total Capital Multi-year expenditure</b>	–	–	113 193	9 504	80 160	113 193	(33 033)	-29%	–
<b>Single Year expenditure appropriation</b>									
Vote 1 - MUNICIPAL MANAGER	–	–	–	2	192	–	192	#DIV/0!	–
Vote 2 - BUDGET AND TREASURY	–	–	–	–	–	–	–		–
Vote 3 - CORPORATE SERVICES	–	2 727	7 035	26	2 129	7 035	(4 906)	-70%	–
Vote 4 - SOCIAL SERVICES	–	–	8 732	294	1 069	8 732	(7 663)	-88%	–
Vote 5 - INFRASTRUCTURE SERVICES	–	65 037	13 420	2 985	8 816	13 370	(4 554)	-34%	–
Vote 6 - PLANNING DEVELOPMENT	–	316	8 088	9	2 732	8 088	(5 356)	-66%	–
Vote 7 - STRATEGIC SERVICE	–	–	–	–	–	–	–		–
<b>Total Capital single-year expenditure</b>	–	68 080	37 275	3 314	14 938	37 225	(22 287)	-60%	–
<b>Total Capital Expenditure</b>	–	68 080	150 468	12 819	95 098	150 418	(55 320)	-37%	–
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	–	2 727	7 035	28	2 321	7 035	(4 714)	-67%	–
Executive and council		–	–	2	192	–	192	#DIV/0!	
Budget and treasury office		–	–	–	–	–	–		
Corporate services		2 727	7 035	26	2 129	7 035	(4 906)	-70%	
<b>Community and public safety</b>	–	–	8 782	294	1 069	8 782	(7 713)	-88%	–
Community and social services		–	8 782	294	1 069	8 782	(7 713)	-88%	
Sport and recreation						–	–		
Public safety						–	–		
Housing		–	–				–		
Health			–			–	–		
<b>Economic and environmental services</b>	–	18 414	46 845	2 049	34 439	46 845	(12 406)	-26%	–
Planning and development		316	8 088	9	2 732	8 088	(5 356)	-66%	
Road transport		18 098	38 757	2 041	31 707	38 757	(7 050)	-18%	
Environmental protection							–		
<b>Trading services</b>	–	46 939	87 806	10 448	57 270	87 806	(30 536)	-35%	–

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
Electricity		7 000	13 370	2 985	8 816	13 370	(4 554)	-34%	
Water		29 616	52 516	6 411	35 272	52 516	(17 244)	-33%	
Waste water management		10 323	14 208	1 052	7 066	14 208	(7 143)	-50%	
Waste management		–	7 712	–	6 116	7 712	(1 597)	-21%	
<b>Other</b>							–		
<b>Total Capital Expenditure - Standard Classification</b>	–	68 080	150 468	12 819	95 098	150 468	(55 369)	-37%	–
<b>Funded by:</b>									
National Government		62 537	83 840	9 934	78 990	83 840	(4 850)	-6%	
Provincial Government							–		
District Municipality							–		
Other transfers and grants							–		
<b>Transfers recognised - capital</b>	–	62 537	83 840	9 934	78 990	83 840	(4 850)	-6%	–
<b>Public contributions &amp; donations</b>							–		
<b>Borrowing</b>							–		
<b>Internally generated funds</b>		5 543	66 628	2 885	16 108	66 628	(50 520)	-76%	
<b>Total Capital Funding</b>	–	68 080	150 468	12 819	95 098	150 468	(55 369)	-37%	–

## SOURCES OF FINANCE

**Table 107: Financial Performance**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>Revenue By Source</b>									
Property rates	46 595	48 780	48 780	4 225	51 180	48 780	2 400	5%	
Property rates - penalties & collection charge							–		
Service charges - electricity revenue	148 529	144 627	171 274	16 877	176 988	171 274	5 715	3%	
Service charges - water revenue	32 484	36 845	34 832	3 089	35 885	34 832	1 053	3%	
Service charges - sanitation revenue	14 731	16 930	16 930	1 338	15 826	16 930	(1 104)	-7%	
Service charges - refuse revenue	10 736	11 305	11 305	1 044	12 134	11 305	829	7%	
Service charges - other	–						–		
Rental of facilities and equipment	221	288	293	16	191	293	(102)	-35%	
Interest earned - external investments	3 631	4 247	4 247	206	2 666	4 247	(1 581)	-37%	
Interest earned - outstanding debtors	16 343	21 190	21 532	1 834	20 703	21 532	(828)	-4%	
Dividends received	–						–		
Fines	882	370	370	11	1 550	370	1 180	319%	
Licences and permits	7 472	9 305	9 305	1 593	7 528	9 305	(1 777)	-19%	
Agency services	–						–		
Transfers recognised - operational	94 028	99 172	99 172	614	98 549	99 172	(623)	-1%	
Other revenue	3 461	17 171	18 837	3 573	6 643	18 837	(12 194)	-65%	
Gains on disposal of PPE	–						–		
<b>Total Revenue (excluding capital transfers and contributions)</b>	379 114	410 230	436 876	34 421	429 844	436 876	(7 032)	-2%	–
<b>Expenditure By Type</b>									
Employee related costs	149 879	161 092	156 422	13 005	159 918	156 422	3 496	2%	

Description	2015/16	Budget Year 2016/17							Full Year Fore cast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	
<b>R thousands</b>								%	
Remuneration of councillors	8 923	8 554	8 939	763	8 896	8 939	(43)	0%	
Debt impairment	9 397	1 650	6 650	–	8 284	6 650	1 634	25%	
Depreciation & asset impairment	70 492	68 954	72 954	5 879	77 922	72 954	4 968	7%	
Finance charges	17 028	11 466	11 466	905	17 991	11 466	6 526	57%	
Bulk purchases	128 172	124 597	134 997	–	124 079	134 997	(10 918)	-8%	
Other materials	–						–		
Contracted services	24 556	12 837	11 592	375	12 640	11 592	1 048	9%	
Transfers and grants	1 774	1 315	1 315	535	1 541	1 315	226	17%	
Other expenditure	60 606	75 113	88 455	10 939	98 575	88 455	10 120	11%	
Loss on disposal of PPE	–				–	–	–		
<b>Total Expenditure</b>	<b>470 828</b>	<b>465 578</b>	<b>492 790</b>	<b>32 401</b>	<b>509 845</b>	<b>492 790</b>	<b>17 055</b>	<b>3%</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>(91 714)</b>	<b>(55 348)</b>	<b>(55 914)</b>	<b>2 020</b>	<b>(80 001)</b>	<b>(55 914)</b>	<b>(24 087)</b>	<b>0</b>	<b>–</b>
Transfers recognised - capital	74 181	62 537	84 360	8 080	77 698	84 360	(6 662)	(0)	
Contributions recognised - capital							–		
Contributed assets							–		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Taxation							–		
<b>Surplus/(Deficit) after taxation</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>			<b>–</b>

#### COMMENT ON SOURCES OF FUNDING:

The spending on capital projects was as follows:

Grants funding Projects: 94%

Own Funding Projects 24%

#### CAPITAL SPENDING ON 5 LARGEST PROJECTS

**Table 108: Capital Expenditure – 5 largest projects**

Capital Expenditure of 5 largest projects* R' 000						
Name of Project	Current Year				Variance Current Year	
	Original Budget (Vat Inc.)	Awarded Amount (Vat Inc.)	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Refurbishment of Shongoane Stadium & Construction of	R 24 286 716.67	R 24 286 716.67	----	R21365949.04	R 000	R000

Capital Expenditure of 5 largest projects* R' 000						
Name of Project	Current Year		Variance Current Year			
	Original Budget (Vat Inc.)	Awarded Amount (Vat Inc.)	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Access Road to Stadium						
Ga-monyeki Access road	R 17 589 490.80	R 17 589 490.80	----	R17558 117.50	R 476 666.67	
Thabo Mbeki water network	R 10 261 932.27	R 10 261 932.27	----	R 6 721 914.01	R000	R000
Refurbishment of AC pipes - Contractor	R 8 732 076.21	R 8 732 076.21	----	R 9 085 688.10	R000	R000
Thabo Mbeki sewer network sanitation	R 31 373 055.00	R 31 373 055.00	----	R 4 816 253.08	R000	R000
* Projects with the highest capital expenditure in 2016/17						

#### COMMENT ON CAPITAL PROJECTS:

The total expenditure on capital projects, including MIG was at better and higher level as compared to the previous financial years. The total percentage of expenditure is 64.7% of the total capital budget. MIG funding expenditure is at 100%

### BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

#### COMMENT ON BACKLOGS:

The backlogs on the basic services are based on the RDP level of standard and the expression of percentage is based on the household number of 34249 within Lephalale local municipality including farms and rural homes

Municipality is comprised of 38 scattered rural settlements, 3 informal settlements and farms. Provision of basic infrastructure services remains a challenge. There are additions of challenges as the informal settlements are on the rise. Provision of basic services at farms is the discretion of the owner. There is no strategy in place as yet to guide the municipality regarding the provision of services to farm dwellers and farming community in general.

Provision of basic services within the formalized town is on target.

Sanitation backlog of 5 %

Water backlog of 5 %

Electricity backlog of 3 %

Refuse Removal 22%

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### CASH FLOW

Table 109: Cash Flow

Description	2015/16 Audited Outcome	Budget Year 2016/17 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	46 084	46 341	46 341	6 376	49 248	48 780	468	1%	
Service charges	227 125	199 222	223 574	20 088	266 787	234 511	32 276	14%	
Other revenue	1 870	30 120	47 455	1 621	2 946	9 967	(7 021)	-70%	
Government - operating	91 127	99 172	99 172		97 354	99 172	(1 818)	-2%	
Government - capital	98 750	62 537	84 360		66 588	62 537	4 051	6%	
Interest	3 631	4 247	4 247	206	2 666	4 247	(1 581)	-37%	
Dividends		-					-		
<b>Payments</b>									
Suppliers and employees	(385 000)	(340 850)	(397 537)	(25 082)	(384 884)	(406 628)	(21 744)	5%	
Finance charges	(13 012)	(11 465)	(11 466)	(905)	(12 908)	(11 466)	1 442	-13%	
Transfers and Grants	(1 774)	(1 315)	(1 315)	(535)	(1 541)	(2 631)	(1 090)	41%	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>68 800</b>	<b>88 009</b>	<b>94 832</b>	<b>1 768</b>	<b>86 257</b>	<b>38 491</b>	<b>(47 767)</b>	<b>-124%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-		
Decrease (Increase) in non-current debtors							-		
Decrease (increase) other non-current receivables							-		
Decrease (increase) in non-current investments							-		
<b>Payments</b>									
Capital assets	(75 611)	(68 080)	(150 468)	(12 819)	(98 438)	(150 468)	(52 029)	35%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(75 611)</b>	<b>(68 080)</b>	<b>(150 468)</b>	<b>(12 819)</b>	<b>(98 438)</b>	<b>(150 468)</b>	<b>(52 029)</b>	<b>35%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-		
Borrowing long term/refinancing	-				(19 741)		(19 741)	#DIV/0!	
Increase (decrease) in consumer deposits							-		
<b>Payments</b>									
Repayment of borrowing	(19 473)	(4 187)	(4 187)		(424)		424	#DIV/0!	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(19 473)</b>	<b>(4 187)</b>	<b>(4 187)</b>	<b>-</b>	<b>(20 165)</b>	<b>-</b>	<b>20 165</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(26 284)</b>	<b>15 742</b>	<b>(59 823)</b>	<b>(11 050)</b>	<b>(32 346)</b>	<b>(111 977)</b>			<b>-</b>
Cash/cash equivalents at beginning:	59 763	59 763	93 242		33 479	93 242			33 479
Cash/cash equivalents at month/year end:	33 479	75 505	33 419		1 134	(18 735)			33 479

#### COMMENT ON CASH FLOW OUTCOMES:

The municipality ended the financial year with a bank balance of R11 million.

## BORROWING AND INVESTMENTS

### COMMENT ON BORROWING AND INVESTMENTS:

The long term loans which the municipality has are from Development Bank of South Africa (DBSA), and EXXARO.

	2014/15	2015/16	2016/17
Long-term loans	R 96 102 251	R 88 621 440	R 82 875 440
Investments	R 22 887	R 20 824	R 0

## PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

A total of four strategic economic partnerships have been established, with Libsa ( LEDA, Lephalale Tourism Association, Small Business Development and LEDET). Also with Waterberg Coal, Limpopo RAL, EXXARO and Boikarabelo mine.

## COMPONENT D: OTHER FINANCIAL MATTERS

## SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The Bid Specification Committee, Bid Evaluation and Bid Adjudication Committees have been established, these committees were all functional in the financial year 2016/17. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. Quarterly reports on the tenders are submitted to Council.

## GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to prepare their financial statements. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The accounting policies are attached with the audited financial statements as Volume II of this document.

## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2015-16

#### AUDITOR GENERAL REPORTS 2015-16

**Table 110: Auditor General Report**

Auditor General Report on Financial Performance 2015/16	
Status of audit report:	UNQUALIFIED
Non-compliance Issues	Remedial action taken
UIF and compliance to legislation	Development of action plan to address the findings

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2015/16

Material misstatements in the financial statements were identified during the audit. These misstatements were not prevented or detected by the Municipal's system of internal control. These material misstatements also constitute non-compliance with the section 122 of the MFMA.

The misstatements not corrected form the basis for the qualified opinion on the financial statements.

#### COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2015/16

All the matters rose in the Auditors report and management letter are being addressed on a monthly basis. The Accounting Officer arranges a monthly meeting following the responses to raised matter from the Auditor Report. Audit action plan has been established and raised are to addressed by end march in the next financial year

#### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

All the section 71 reports were sent treasury on time each month

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

Signed (Chief Financial Officer)..... Dated

AUDITOR GENERAL REPORT 2016/17

REPORT OF THE AUDITOR-GENERAL TO LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL OF LEPHALALE LOCAL MUNICIPALITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

I have audited the financial statements of the Lephalale Local Municipality set out on volume 2 of this Annual Report which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division Of Revenue Act, 2016 (Act No.3 of 2016) (DORA).

BASIS FOR OPINION

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

EMPHASIS OF MATTERS

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

**Restatement of corresponding figures**

As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017.

**Uncertainty relating to the future outcome of exceptional litigation**

With reference to note 43 to the financial statements, the municipality is the defendant in a number of lawsuits. The municipality is opposing the claims as it believes the claims to be fraudulent. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements

**Material losses**



As disclosed in note 52 to the financial statements, material losses of 11 927 282 units of electricity amounting to R11 211 645 (2015- 2016: 14 400 596 units to the amount of R14 112 584) was incurred.

#### **Material impairment of debts**

As disclosed in note 9, 11 and 12 to the financial statements, the municipality made material impairments to the amount of R76 405 050 for receivables from exchange and non-exchange transactions as a result of inadequate collection practises

#### **Material underspending of the conditional grant**

As disclosed in note 15 to the financial statements, the municipality has materially underspent the budget for improved access to affordable and sustainable basic services to the amount of R22 080 128.

#### **Irregular expenditure**

As disclosed in note 48 to the financial statements, irregular expenditure to the amount of R39 371 840 was incurred, as a proper procurement process had not been followed and the unspent conditional grant not supported by the cash in the bank.

#### **Unauthorised expenditure**

As disclosed in note 46 to the financial statements, unauthorised expenditure to the amount of R17 053 570 was incurred in the current year due to the municipality overspending on its approved budget

---

#### **OTHER MATTER**

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

---

#### **UNAUDITED SUPPLEMENTARY SCHEDULES**

The supplementary information set out on pages 73 to 80 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

---

#### **UNAUDITED DISCLOSURE NOTES**

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

---

#### **RESPONSIBILITIES OF ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS**

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

---

#### **AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Key performance area 2 – Service delivery and infrastructure development	85 – 123

I performed procedures to determine whether the reported performance information was whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the usefulness and reliability of the selected objectives are as follow:

### KEY PERFORMANCE AREA 2 – SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The Framework for Managing Programme Performance Information (FMPPI) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements of the indicators listed below were materially misstated, as the evidence provided was inadequate, duplicate, invalid and incomplete:

**Table 111: Key Performance Area – Service Delivery and Infrastructure Development**

Performance indicator	Reported achievement	Audited value
Inadequate Percentage households with access to basic level of electricity	97%	Unknown

Percentage households with access to basic level of sanitation YTD	95%	Unknown
Number of urban household provided with weekly refuse removal	19 942	Unknown
Percentage households with access to basic level of solid waste removal	78%	Unknown
Percentage households with access to basic level of water YTD	95%	Unknown

## OTHER MATTERS

I draw attention to the matters below.

### Achievement of planned targets

Refer to the annual performance report on page 89 to 123 for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets. This information should be considered in the context of the adverse opinions expressed on the usefulness and reliability of the reported performance information in paragraph(s) [9; 10; and 11] of this report.

### Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: Service delivery and infrastructure development. Management subsequently corrected some of the materials misstatements. Those that were not corrected are included in the basis for adverse opinion paragraphs.

## REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements, performance and annual reports

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

Material misstatements of non-current assets, current liabilities, non-current liabilities, expenditure, commitments, unauthorised expenditure, irregular expenditure and cash flow statement identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management regulation (SCM regulation) 13(c). Similar non-compliance was also reported in the prior year.

Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for staff members issued in terms of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).

Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).

Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).

### **Expenditure management**

Effective steps were not taken to prevent irregular expenditure amounting to R39 371 840, as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

### **Budget**

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R17 053 570, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

### **Conditional grant**

The conditional grant was not spent in accordance with the applicable grant framework, which is in contravention of section 17(1) of the DORA.

### **Consequence management**

Fruitless and wasteful expenditure incurred by the municipality in the prior year was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA

## **OTHER INFORMATION**

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include financial statements, the auditor's report thereon and those selected presented in the annual performance report that have been specifically reported on in the auditor's report.

My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in

the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

### Leadership

The accounting officer reviewed the annual financial statements and the annual performance report with the assistance of the audit committee prior to their submission for audit, but a number of material misstatements on financial statements and annual performance report were still identified.

### Financial and performance management

Daily and monthly internal controls measures in place are not adequate to identify, prevent and correct all the errors and misstatements in the financial statements and annual performance report to ensure compliance with the relevant laws and regulations applicable to the municipality for reporting.

### Governance

Those charged with governance (internal audit, council and audit committee) did not provide adequate oversight over the effectiveness of the internal control environment over financial statement and reported performance information.



Polokwane  
30 November 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## GLOSSARY

**Table 112: Glossary**

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give <i>"full and regular"</i> reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>"what we do"</i> .
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	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.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by Council or a provincial or national executive.
<b>Baseline</b>	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.
<b>Basic municipal service</b>	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.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	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.
<b>General performance indicators</b>	<b>Key</b> After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	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.
<b>Integrated Development Plan (IDP)</b>	<b>Plan</b> Set out municipal goals and development plans.
<b>National performance areas</b>	<b>Key</b> <ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	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".
<b>Outputs</b>	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.
<b>Performance Indicator</b>	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)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	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.
<b>Performance Targets:</b>	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.
<b>Service Delivery Budget Implementation Plan</b>	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.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

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

Table 113: Attendance of Committees

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
<b>Executive Leadership</b>					
Cllr. MJ Maeko	FULL TIME	Mayor: Governance and Administration	ANC PR	92%	1
Cllr. KR Molokomme	FULL TIME	Speaker, Public Participation	ANC PR	92%	1
<b>Executive Committee Members</b>				100%	
Cllr. AE Basson	PART TIME	Head of Cluster: Social Services.	DA PR	85%	2
Cllr. MJ Maeko	FULL TIME	Governance and Administration	ANC PR	92%	1
Cllr. W.M Motlokwa	FULL TIME	Head of Cluster: Planning and Development Services.	ANC PR	100%	0
Cllr M L Shongwe	PART TIME	Head of Cluster: Municipal Infrastructure Services.	ANC PR	100%	0
Cllr MM Semenya	PART TIME	Head of cluster : Finance and Budget	EFF PR	92%	
<b>Portfolio Council Chairpersons</b>					
Cllr. A Thulare	PART TIME	Mining and Industry, LED/SMME.	ANC WARD	92%	1
Cllr. ME Maisela	PART TIME	Water, Sanitation & Electricity	ANC WARD	92%	1
Cllr. SL Seabi	PART TIME	Public Transport, EPWP and Public works	ANC PR	92%	1
Cllr. RT Modise	PART TIME	Land, Agriculture and Tourism.	ANC PR	100%	0
Cllr.L F Monare	FULL TIME	Transformation, Labour, sports Arts and Culture	ANC WARD	100%	0
Cllr. M J Selokela	PART TIME	Planning and Human Settlements	ANC WARD	100%	0
Cllr. MM Makgae	PART TIME	Health and Social Development. Traditional and home affairs, Security & Liason	ANC PR	92%	1
Cllr. P Molekwa	PART TIME	Waste,	ANC	100%	0



## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
		Enviromental Affairs, Parks And Cemetry	WARD		
Cllr. SM Nieuwoudt	PART TIME	Income and Expenditure.	DA WARD	85%	2
Cllr. NH Pienaar	PART TIME	MPAC	DA WARD	85%	2
Cllr.KM Mogohloana	PART TIME	MPAC	ANC WARD	100%	0
Cllr. MM Madibana	PART TIME	MPAC	ANC PR	92%	1
Cllr. RM Modiba	PART TIME	MPAC	ANC WARD	92%	1
Cllr. R Maropeng	FULL TIME	MPAC	EFF PR	92%	1
Cllr. MJ Marakalala	PART TIME	MPAC Chairperson	ANC PR	92%	1
Cllr. N J Motebele	PART TIME	MPAC	ANC Ward	85%	2
Cllr. LS Manamela	PART TIME	MPAC	DA PR	92%	1
Cllr M F Mashita	PART TIME	Communication & Special projects	EFF PR	85%	2
Cllr SJ Moselane	PART TIME	MPAC	EFF PR	85%	2
Cllr FM Mabasa	PART TIME	Education and Early Childhood Development	EFF PR	85%	2
<b>Councillors' directly elected to the WDM</b>					
Cllr R Maropeng	PART TIME	Member	EFF PR	100%	0
Cllr.	FULL TIME		ANC	100%	0
<b>Traditional Leaders</b>					
Kgoshigadi ML Laka	PART TIME	Mokuruanyane, Langa, Traditional Authority		09	4
Kgoshi PD Seleka	PART TIME	Ga-Seleka Traditional Authority		08	5
	PART TIME	Ga-Shongoane Traditional Authority		09	4
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					

# LEPHALALE MUNICIPALITY

Develop, Sustain, Prosper

ITEM A110/2016[9]



SECTION 80 PORTFOLIO COMMITTEES	COUNCILLORS	CONTACT NO
<b>MAYOR</b>	Clr M J Maeko	071 271 7326
<b>SPEAKER</b>	Clr K R Molokomme	078 398 8511
<b>PORTFOLIO CHAIRPERSON: GOVERNANCE AND ADMINISTRATION</b>	Clr M J Maeko	071 271 7326
Portfolio: Communication & Special Projects	Clr M F Mashita	083 929 1612
Portfolio: Land , Agriculture and Tourism	Clr R T Modise	072 782 6044
Portfolio: Transformation, Labour, Sports, Arts & Culture	Clr L F Monare	076 885 9869
<b>PORTFOLIO CHAIRPERSON: PLANNING &amp; ECONOMIC DEVELOPMENT SERVICES</b>	Clr W M Motlokwa	076 998 9508
Portfolio: Planning and Human Settlement	Clr M J Selokela	076 395 5619
Portfolio: Mining and Industries & Transformation	Clr A Thulare	073 588 6105
<b>PORTFOLIO CHAIRPERSON: MUNICIPAL INFRASTRUCTURE SERVICES</b>	Clr M L Shongwe	072 111 4033
Portfolio: Public Transport, EPWP and Public Works	Clr S L Seabi	072 770 3395 078 735 0210
Portfolio: Water, Sanitation & Electricity	Clr M E Maisela	079 299 8996
<b>PORTFOLIO CHAIRPERSON: FINANCE AND BUDGET</b>	Clr M M Semanya	078 298 8437
Portfolio: Income and Expenditure	Clr S M Nieuwoudt	078 786 1689
<b>PORTFOLIO CHAIRPERSON: SOCIAL SERVICES</b>	Clr A E Basson	082 822 9027
Portfolio: Health and Social Development, and Traditional, Home Affairs, Security and Liaison	Clr M M Makgae	084 706 9775
Portfolio: Waste, Environmental Affairs, Parks & Cemetery	Clr P Molekwa	072 122 7651 079 594 0806
Portfolio: Education & Early Childhood Development	Clr F M Mabasa	078 436 0561

SECTION 79 COMMITTEES	COUNCILLOR	CONTACT NO.
<b>MPAC (A107/2016[9])</b>		

Clr M J Marakalala	<b>Chairperson</b>	<b>073 256 1379</b>
Clr M R Modiba	Member	<b>073 747 9834</b>
Clr M M Madibana	Member	<b>073 249 6771</b>
Clr N J Motebele	Member	<b>072 264 4754</b>
Clr K M Mogohloana	Member	<b>076 064 5625</b>
Clr R Maropeng	Member	<b>063 635 0733</b>
Clr S J Moselane	Member	<b>079 968 8893</b>
Clr L S Manamela	Member	<b>071 842 6475</b>
Clr N H Pienaar	Member	<b>082 927 2399</b>

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

OFFICE OF THE MUNICIPAL MANAGER			
	Manager: Internal Auditor(Acting)	Mamafa	M
	Risk Officer	Sefala	M
	Manager: Communication	Chiloane	SC
	Manager: Public Participation	Monyepao	N.V
	PMS Manager	Matsoma	D.E
	IDP Manager	Mabotja	M.F
SECTION: BUDGET AND TREASURY SERVICES			
	Manager: Income	Langa	M.S
	Manager: Reporting	Ntwampe	S.M
	Manager: SCM	Manaka	M.J
	Manager: Expenditure	Jooste	C.J
SECTION: CORPORATE SERVICES			
	Manager: Admin and Secretarial	Maartens	A.E
	Manager: Legal	Moaloshi	P.J
	Manager: HR( Acting)	Makholwa	K
SECTION: DEVELOPMENT PLANNING			
	Manager: LED (Acting)	Maake	J
	Manager: Town Planning	Mutshavi	H.C
	Manager: Building Control	Mabale	T.O.B
SECTION: SOCIAL SERVICES			
	Manager: Library	Ndoweni	B.J
	Manager: Parks	Tshivandekano	T
	Manager: Housing	Dankuru	M
	Manager: Waste Management	Hlapa	P.J
	Manager: Licensing	Teffo	J.R
	Manager: Traffic	Maloba	P
SECTION: INFRASTRUCTURE SERVICES			
	Manager: Water	Shiko	M.A
	Manager: Sanitation	Selowa	D
	Manager: Public Works	Ngobeli	R.J
	Manager: Electricity	Jacobs	E
	PMU Manager	Machete	E

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Function	Authority	Capacity	Personne l	Department	Budget	Comments
Air pollution	No	Limited	0	Social services	No	District function.
Building regulation	Yes	Yes	5	Development Planning	Yes	Municipality has capacity and budget, function performed by building control & LED
Bulk supply of Electricity	Yes	Yes	39	Infrastructure services	Yes	Municipality provides electricity in urban area and eastern part of Lephalale town
Fire fighting	No	No	11	Social services	Yes	District function performed by the municipality as agent of WDM.
Local tourism & LED	Yes	Yes	2	Development planning	Yes	Perform function in collaboration with local tourism association
Municipal planning	Yes	Yes	6	Development planning	Yes	With spatial development and land use and building control
Municipal health services	No	No	N/A	Department of health & social development	N/A	District function.
Municipal public transport	Yes	Limited	1	Social services	No	Municipality is currently responsible for coordination of transport related activities.
Municipal roads and storm water	Yes	Yes	42	Infrastructure services	Yes	Municipality only responsible for access roads and still waiting for road classification
Trading regulation	Yes	No	No	Function not performed	No	No service level agreement ( not clear who is responsible to perform function)
Bulk supply of water	Yes	Yes	44	Infrastructure services	Yes	Municipality only provides water for residential areas and small, medium business
Sanitation	Yes	Yes	36	Infrastructure services	Yes	Function performed through infrastructure services
Billboards & the display	Yes	Yes	12	Development planning	Yes	No service level agreement in place
Cemetery, funeral parlours & crematoria	Yes	Yes	9	Social services	Yes	Rendered through social services in urban areas and Steenbokpan
Street cleansing	Yes	Yes	18	Social services	Yes	Rendered through social services
Control of public nuisance	Yes	Yes	11	Social services	Yes	Function performed in collaboration with SAPS
Control of undertakings that sell liquor to the public	Yes	No	N/A	Liquor board (social services)	No	Social service has authority but no budget and service level agreement. SAPS are currently responsible for law enforcement.
Licensing & undertakings to sell food to the public	Yes	No	N/A	WDM function	No	No service level agreement and district not performing the function
Local sport facilities	Yes	Limited	No	Social services	Yes	Municipality paying grant to implementing agent around urban area and adhoc staff at rural areas.
Municipal parks & recreation	Yes	Yes	40	Social services	Yes	Function performed through social services
Noise pollution	Yes	No	0	Social services	No	No service level agreement in place

Refuse removal, refuse dump & solid waste disposal	Yes	Yes	35	Social service	Yes	Service available in urban areas only. In rural areas only cleaning campaigns embarked upon on interval.
Street trading	Yes	Yes	11	Social services	Yes	No service level agreement in place, Development planning should also play a role
Traffic and parking	Yes	Yes	11	Social services	Yes	Performed by social services
Occupational health & safety	Yes	Yes	1	Social services	Yes	Performed by social services
<b>Additional Functions Performed</b>						
Housing	No	Yes	6	Social services& DPLG&H	Yes	Department of local government & housing as per agreement with the municipality
Library, Arts & Culture	No	Yes	13	Social services& DSAC	Yes	Department of sport, arts & culture with the municipality as per agreement.
Registering Authority	No	Yes	11	Department of Transport & Social service	Yes	Department of Transport with the municipality as per agreement.

## APPENDIX E – WARD REPORTING

Component v (five) of the SDBIP is not fully included in Lephalale 2016/17 SDBIP and as results the information for capital projects is covered in chapter 3 of this annual report

## APPENDIX F – WARD INFORMATION

Functionality of ward committees					
Nam of ward (number)	Name of ward Councillor and elected ward committee member	Ward 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 the year
1	Cllr W M Motlokwa	Yes	1	12	4
2	Cllr LF Monare	Yes	1	12	3
3	Mr F PIENAAR (DA)	Yes	1	12	3
4	Ms S.M NIEWOUDT (DA)	Yes	1	12	2
5	Mr K M Mogohloana( ANC)	Yes	1	12	3
6	Mr MM Makgae ( ANC)	Yes	1	12	3
7	Ms ME MAISELA( ANC)	Yes	1	12	2
8	Ms MJ SELOKELA( ANC)	Yes	1	12	4
9	A. THULARE ( ANC)	Yes	1	12	3
10	Ms M R MODIBA ( ANC)	Yes	1	12	3
11	Mr NJ MOTEBELE( ANC)	Yes	1	12	4
12	Ms P MOLEKWA( ANC)	Yes	1	12	4
13	Ms AE BASSON(DA)	Yes	1	12	4

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2016/17

**REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE (AC)**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

We are pleased to present our report for the financial year ended 30 June 2017.

**Audit and Performance Committee and Attendance**

The Audit and Performance Committee consists of three external members and is required to meet at least four times a year as required by section 166(4)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

Seven meetings (one for Performance Management Reviews) were held during the 2016/17 financial year. The members of the AC during the financial year under review were:

<b>Name of Member</b>	<b>Number of Meetings Attended</b>
Ms. P.M.M. Mphelo	7
Mr. I.S. Mogotsi (Contract ended: 30 June 2017)	6
Mr. B. Mbange (Contract ended: 30 June 2017)	6

**Audit and Performance Committee responsibility**

The AC is pleased to report that it is properly constituted as required by section 166 of the MFMA and has complied with its responsibilities arising from this section. The AC has adopted the Audit Committee Charter and has regulated its affairs in compliance with the charter as approved by Council.

We have advised the Council, the Accounting Officer and management on matters relating to:

- (a) Internal financial control
- (b) Internal Audit
- (c) Risk Management
- (d) Accounting Policies
- (e) Adequacy, reliability and accuracy of financial reporting and information
- (f) Performance Management
- (g) Performance evaluations
- (h) Effective governance
- (i) Compliance with laws and regulations

**Effectiveness of internal control**

The AC confirms that taking into consideration the reports by both the internal and external auditors; it has reviewed and assessed the following:

- the effectiveness of the internal control systems;
- the effectiveness of internal audit;
- the effectiveness of the risk management processes;
- the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- any accounting and auditing concerns identified as a result of internal and external audits; and
- The Municipality's compliance with legal and regulatory provisions.

Based on the information and explanations given by Management, Internal Audit and the Auditor-General of South Africa (AGSA) on the result of their audits, the AC is of the opinion that the internal controls are partially adequate and partially effective.

The AC notes the improvement in the implementation of corrective action by Management. 94% of audit findings raised by Auditor-General SA were corrected during the 2016/17 financial year.

We are of the view that there are still areas where internal controls need to be improved.

The AC is concerned that of the seventy-two (72) findings raised by the AGSA in the 2016/17 Audit Report by the AGSA, forty-six (46) of the issues raised are recurring.

### **Internal Audit**

The 2016/17 risk-based Internal Audit Plan was approved and its effectiveness was considered.

The AC congratulates the Municipality on the appointment of the Manager of the Internal Audit (IA) Unit.

We also note the fact that the IA Unit is still not adequately staffed; this may negatively affect capacity of the unit to effectively conduct audits in the long term.

The AC notes the commitment of the Internal Audit unit to remain effective and objective despite the staff shortage in the unit during the financial year under review.

### **Forensic Investigations**

There were no special investigations conducted during the 2016/17 financial year.

### **Risk Management**

The AC notes the progress made by the Risk Management Committee.

The risk management strategy and policy were developed. The strategic and operations risk registers were approved during the financial year under review.

Based on the reports received, the AC notes the progress made in fraud awareness within the Municipality. However, we would like to encourage Management to increase fraud awareness campaigns in order to create and entrench a culture of zero tolerance to fraud within the Municipality.

The Business Continuity Management Plan was implemented during the current financial year.

### **Evaluation of Annual Financial Statements**

The Municipality achieved an unqualified audit opinion for the fourth consecutive year. The AC accepts the AGSA's conclusions on the Annual Financial Statements (AFS) and they can be read together with the audit report of the AGSA.

The AC reviewed the draft Annual Financial Statements (AFS) before they were submitted to the AGSA for auditing.

However, the AC is concerned over the material misstatements, including repeated findings from previous years on the AFS reported by the AGSA in the Management Report. These material misstatements were raised by AGSA although the Municipality appointed a consultant to review the AFS.

The AC would like to congratulate the Municipality on the appointment of the Chief Financial Officer (CFO). We also commend Management on appointing the CFO from within the Municipality. This indicates a commitment to



personnel development and recognition of talent by the Municipality. We believe that this will serve as encouragement and boost morale of Municipal staff as they carry out their duties.

#### **The quality of quarterly reports submitted in terms of the MFMA**

The AC is satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer during the year under review. Although there is room for improvement, the AC is of the view that the quality of the reports presented enabled it to perform its responsibilities.

#### **Performance Management**

The AC appreciates the commitment shown by the Municipality in monitoring performance information. Quarterly performance reports were submitted to the AC. The performance of Section 56 employees was evaluated for 2015/16 financial year.

The AC is concerned about the regression in the audit opinion expressed by the AGSA over performance information in the audit of Pre-determined Audit Objectives during the 2016/17 financial years.

We therefore, advise the Accounting Officer to pay attention to the findings raised by the AGSA regarding performance information.

#### **One-on-One Meeting with the Accounting Officer**

The AC has met with the Accounting Officer to address unresolved issues.

#### **Office of the Auditor-General**

The AC is concerned over the little support offered by the AGSA during the 2016/17 financial year. We note a decline in engagements with the AGSA prior to the year-end external audit as compared to previous financial years. Failure or lack of will to improve communication and engagements between the AGSA and the Municipality may negatively impact the outcome of future external audits.

We request that the Municipality facilitates engagements between the AC and AGSA in a timely manner for the next financial year.

#### **Appreciation**

In conclusion, the AC expresses its appreciation towards the Accounting Officer and all other role players for the constructive AC meetings held during the 2016/17 financial year.

---

PMM Mphelo CA (SA)

8 January 2018

Long term contracts (20 Largest Contracts Entered into 2015/16)					
Name of Service provider( Entity or Municipal Department)	The service provider	Start date of contract	Expiry date of contract	Project Manager	Contract value
ESKOM	ESKOM	01 July 2016	20 June 2017	MUNICIPAL MAMANAGER	
EXXARO	EXXARO	01 July 2016	20 June 2017	MUNICIPAL MAMANAGER	

Public Private Partnerships Entered into 2015/16					
Name and description of project	Name of Partner(s)	Initiation Date	Expiry date	Project Manager	Value
Development Altoostyd	CoGHSTA	July 2012	2020	EXECUTIVE MANAGER DEVELOPMENT PLANNING	
Business Licencing	LEDET	July 2012	June 2017	EXECUTIVE MANAGER SOCIAL SERVICES	

#### APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

No Services were outsourced to Entities or Agencies.

#### APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

ALL STAFF MEMBERS HAS DISCLOSED BUSINESS INTERESTS FOR FIANACIAL YEAR 2016/17 TO ACCOUNTING OFFICER THROUGH A DICLOSURE PROGRAMM ENFORCED BY COUNCIL. EXECUTIVE MANAGERS HAS DISCLOSED WHEN SIGNING THEIR PERFORMANCE AGREEMENTS IN TERMS OF SECTION 57.

## APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

LIM362 Lephalale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	R e f	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		46 595	48 780	48 780	4 225	51 180	48 780	2 400	5%	
Property rates - penalties & collection charges								–		
Service charges - electricity revenue		148 529	144 627	171 274	16 877	176 988	171 274	5 715	3%	
Service charges - water revenue		32 484	36 845	34 832	3 089	35 885	34 832	1 053	3%	
Service charges - sanitation revenue		14 731	16 930	16 930	1 338	15 826	16 930	(1 104)	-7%	
Service charges - refuse revenue		10 736	11 305	11 305	1 044	12 134	11 305	829	7%	
Service charges - other		–						–		
Rental of facilities and equipment		221	288	293	16	191	293	(102)	-35%	
Interest earned - external investments		3 631	4 247	4 247	206	2 666	4 247	(1 581)	-37%	
Interest earned - outstanding debtors		16 343	21 190	21 532	1 834	20 703	21 532	(828)	-4%	
Dividends received		–						–		
Fines		882	370	370	11	1 550	370	1 180	319%	
Licences and permits		7 472	9 305	9 305	1 593	7 528	9 305	(1 777)	-19%	
Agency services		–						–		
Transfers recognised - operational		94 028	99 172	99 172	614	98 549	99 172	(623)	-1%	
Other revenue		3 461	17 171	18 837	3 573	6 643	18 837	(12 194)	-65%	
Gains on disposal of PPE		–						–		
Total Revenue (excluding capital transfers and contributions)		379 114	410 230	436 876	34 421	429 844	436 876	(7 032)	-2%	–

## APPENDIX K(I) – REVENUE COLLECTION PERFORMANCE BY VOTE

LIM362 Lephalale - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	R e f	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		5 531	5 132	5 232	–	5 130	5 232	(103)	-2.0%	–
Vote 2 - BUDGET AND TREASURY		72 048	75 374	75 841	–	69 761	75 841	(6 080)	-8.0%	–
Vote 3 - CORPORATE SERVICES		228	374	374	–	151	374	(224)	-59.8%	–
Vote 4 - SOCIAL SERVICES		37 384	40 923	41 128	–	39 163	41 128	(1 965)	-4.8%	–
Vote 5 - INFRASTRUCTURE SERVICES		336 605	349 917	397 676	–	392 532	397 676	(5 143)	-1.3%	–
Vote 6 - PLANNING DEVELOPMENT		616	1 047	984	–	806	984	(179)	-18.1%	–
Vote 7 - STRATEGIC SERVICE		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	452 412	472 767	521 235	–	507 542	521 235	(13 693)	-2.6%	–

## APPENDIX K(II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

LIM362 Lephalale - Table C1 Monthly Budget Statement Summary - M12 June

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	46 595	48 780	48 780	4 225	51 180	48 780	2 400	5%	–
Service charges	206 481	209 707	234 341	22 348	240 834	234 341	6 493 (1 581)	3%	–
Investment revenue	3 631	4 247	4 247	206	2 666	4 247	(623) (13 721)	-37%	–
Transfers recognised - operational	94 028	99 172	99 172	614	98 549	99 172	(623) (13 721)	-1%	–
Other own revenue	28 380	48 323	50 336	7 028	36 615	50 336	721	-27%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>379 114</b>	<b>410 230</b>	<b>436 876</b>	<b>34 421</b>	<b>429 844</b>	<b>436 876</b>	<b>(7 032)</b>	<b>-2%</b>	<b>–</b>
Employee costs	149 879	161 092	156 422	13 005	159 918	156 422	3 496	2%	–
Remuneration of Councillors	8 923	8 554	8 939	763	8 896	8 939	(43)	-0%	–
Depreciation & asset impairment	70 492	68 954	72 954	5 879	77 922	72 954	4 968	7%	–
Finance charges	17 028	11 466	11 466	905	17 991	11 466	6 526 (10 918)	57%	–
Materials and bulk purchases	128 172	124 597	134 997	–	124 079	134 997	918	-8%	–
Transfers and grants	1 774	1 315	1 315	535	1 541	1 315	226	17%	–
Other expenditure	94 559	89 600	106 697	11 314	119 499	106 697	12 802	12%	–
<b>Total Expenditure</b>	<b>470 828</b>	<b>465 578</b>	<b>492 790</b>	<b>32 401</b>	<b>509 845</b>	<b>492 790</b>	<b>17 055</b>	<b>3%</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>(91 714)</b>	<b>(55 348)</b>	<b>(55 914)</b>	<b>2 020</b>	<b>(80 001)</b>	<b>(55 914)</b>	<b>(24 087)</b> <b>(6 662)</b>	<b>43%</b>	<b>–</b>
Transfers recognised - capital	74 181	62 537	84 360	8 080	77 698	84 360	662	-8%	–
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>	<b>(30 749)</b>	<b>-108%</b>	<b>–</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(17 533)</b>	<b>7 189</b>	<b>28 446</b>	<b>10 100</b>	<b>(2 303)</b>	<b>28 446</b>	<b>(30 749)</b>	<b>-108%</b>	<b>–</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>–</b>	<b>68 080</b>	<b>150 468</b>	<b>12 819</b>	<b>95 098</b>	<b>150 418</b>	<b>(55 320)</b> <b>(4 850)</b>	<b>-37%</b>	<b>–</b>
Capital transfers recognised	–	62 537	83 840	9 934	78 990	83 840	–	-6%	–
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	5 543	66 628	2 885	16 108	66 628	(50 520)	-76%	–
<b>Total sources of capital funds</b>	<b>–</b>	<b>68 080</b>	<b>150 468</b>	<b>12 819</b>	<b>95 098</b>	<b>150 468</b>	<b>(55 369)</b>	<b>-37%</b>	<b>–</b>

## APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

LIM362 Lephalale - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		–	118 354	118 354	3 704	18 081	118 354	(100 273)	-84.7%	–
Local Government Equitable Share		–	94 514	94 514	–	–	94 514	(94 514)	-100.0%	
Finance Management		–	1 625	1 625	473	1 625	1 625	–		
Municipal Systems Improvement		–	–	–			–	–		
Water Services Operating Subsidy		–						–		
EPWP Incentive		–	1 215	1 215	185	1 215	1 215	–		
Water Services Operating Subsidy		–	–	–			–	–		
Municipal Water Infrastructure Grants		–	21 000	21 000	3 046	15 241	21 000	(5 759)	-27.4%	
<b>Provincial Government:</b>		–	–	–	–	–	–	–		–
Other transfers and grants [insert description]								–		
								–		
								–		
								–		
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Total operating expenditure of Transfers and Grants:</b>		–	118 354	118 354	3 704	18 081	118 354	(100 273)	-84.7%	–

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

Replaced with audited schedule from AFS

## APPENDIX M(I) – CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Replaced with audited schedule from AFS

## APPENDIX M(II) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Replaced with audited schedule from AFS

---

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2016/17

Replaced with audited schedule from AFS

---

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2016/17

Replaced with audited schedule from AFS

---

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

---

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

1. upgrading of Infrastructure of schools is the responsibility of the department of Education
2. Access of Primary health care services by farming community is a huge challenge.
3. Construction of Library and Information centres to enable farming community to access services
4. Construction of a new driver's licence testing station at Mokuruanyane is supposed to be constructed by the Provincial Department of Transport.
5. Maintenance of Road Infrastructure belonging to the District Municipality and the Provincial Department of Transport.
6. Upgrade of the sanitation facilities at Thabo Mbeki Town and Onverwacht/Marapong by the Department of CoGHSTA
7. Electrification of schools at the Rural Villages.
8. Telecommunications and Postal services at rural parts of Lephalale by South African Post and Telecommunications services still remains a huge challenge.
9. Formalization of villages by the department of CoGHSTA to extend provision of services to the rural villages.
10. Construction of RDP houses to address housing backlogs by the department of CoGHSTA.

---

**APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

<b>Declaration of Loans and Grants made by the municipality 2016-17</b>				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2016/17 R' 000	Total Amount committed over previous and future years
SPCA	Prevention of cruelty to animals, Money used to care for abandoned and abused animals	Caring of animals	R 197	R 197
Mogol club	Maintenance of Sports and Recreational facilities at Onverwacht	Maintenance of facilities	R 518	R 518
Sports Club Marapong	Maintenance of sports and Recreational facilities at Marapong	Maintenance of facilities	R 518	R 518
* Loans/Grants - whether in cash or in kind				

---

**APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71**

ALL SECTION 71 FINANCIAL REPORT RETURNS FINANCIAL YEAR 2016-17 WERE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY OFFICES FROM LEPHALALE MUNICIPALITY

ON THE PRESIDENTIAL HOT LINE 31,  
100% OF SERVICE DELIVERY COMPLAINTS LODGED AT THE PRESIDENTIAL AND PREMIER HOT LINES WERE ATTENDED AND RESOLVED BY THE MUNICIPALITY AS OF END OF THE FINANCIAL YEAR 2016-17







Lephalale ADJ  
AFS.pdf













