

Audited Draft Annual Report
2015/2016 Financial Year

VOLUME I

MASILONYANA LOCAL
MUNICIPALITY

TABLE OF CONTENTS

| | |
|--|----|
| VISION, MISSION AND VALUES..... | 5 |
| CHAPTER 1 | 6 |
| COMPONENT A: MAYOR'S FOFREWORD | 6 |
| COMPONENT B: EXECUTIVE SUMMARY | 8 |
| 1.1 MUNICIPAL MANAGER'S OVERVIEW | 8 |
| 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW | 11 |
| 1.3 SERVICE DELIVERY OVERVIEW..... | 14 |
| 1.4 FINANCIAL HEALTH OVERVIEW..... | 16 |
| 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW..... | 18 |
| 1.6 AUDITOR GENERAL REPORT..... | 1 |
| 1.7 STATUTORY ANNUAL REPORT PROCESS | 17 |
| CHAPTER 2 – GOVERNANCE | 28 |
| COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE | 28 |
| 2.1 POLITICAL GOVERNANCE | 28 |
| 2.2 ADMINISTRATIVE GOVERNANCE..... | 32 |
| COMPONENT B: INTERGOVERNMENTAL RELATIONS..... | 33 |
| 2.3 INTERGOVERNMENTAL RELATIONS | 33 |
| COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION..... | 36 |
| 2.4 PUBLIC MEETINGS..... | 36 |
| 2.5 IDP PARTICIPATION AND ALIGNMENT..... | 42 |
| COMPONENT D: CORPORATE GOVERNANCE | 42 |
| 2.6 RISK MANAGEMENT | 42 |
| 2.7 ANTI-CORRUPTION AND FRAUD | 44 |
| 2.8 SUPPLY CHAIN MANAGEMENT..... | 44 |
| 2.9 BY-LAWS | 49 |
| 2.10 WEBSITE..... | 51 |

| | |
|---|-----|
| 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES | 51 |
| CHAPTER 3 – SERVICE DELIVERY PERFORMANCE | 53 |
| COMPONENT A: BASIC SERVICES | 53 |
| 3.1 WATER PROVISION | 53 |
| 3.2 WASTE WATER (SANITATION) PROVISION..... | 61 |
| 3.3 ELECTRICITY..... | 63 |
| 3.4 WASTE MANAGEMENT..... | 65 |
| 3.5 HOUSING | 68 |
| 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT | 69 |
| COMPONENT B: ROAD TRANSPORT..... | 71 |
| 3.7 ROADS..... | 71 |
| COMPONENT C: PLANNING AND DEVELOPMENT..... | 75 |
| 3.8 PLANNING..... | 75 |
| 3.9 LOCAL ECONOMIC DEVELOPMENT..... | 78 |
| COMPONENT D: COMMUNITY SERVICES & SOCIAL SERVICES | 87 |
| 3.10 COMMUNITY FACILITIES | 87 |
| 3.11 CEMETERIES AND CREAMTORIUMS..... | 89 |
| COMPONENT E: SECURITY AND SAFETY | 91 |
| 3.12 TRAFFIC MANAGEMENT | 91 |
| 3.13 DISASTER MANAGEMENT AND FIRE..... | 93 |
| COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES | 95 |
| 3.14 EXECUTIVE AND COUNCIL | 95 |
| 3.15 FINANCIAL SERVICES | 99 |
| 3.16 HUMAN RESOURCES SERVICES..... | 104 |
| 3.17 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES..... | 109 |
| 3.18 RISK MANAGEMENT SERVICES | 112 |

| | |
|--|-----|
| COMPONENT G: ORGANISATIONAL PERFORM. SCORECARD AS AT 30 JUNE 2016..... | 114 |
| CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE | 138 |
| (PERFORMANCE REPORT PART 11) | |
| COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL | 138 |
| 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES | 138 |
| COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE | 138 |
| 4.2 POLICIES | 140 |
| 4.3 INJURIES, SICKNESSES AND SUSPENSIONS | 140 |
| 4.4 PERFORMANCE REWARDS..... | 142 |
| COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE..... | 143 |
| 4.5 SKILLS DEVELOPMENT AND TRAINING..... | 144 |
| CHAPTER 5 – FINANCIAL PERFORMANCE | 148 |
| COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE | 148 |
| 5.1 STATEMENTS OF FINANCIAL PERFORMANCE | 148 |
| 5.2 GRANTS | 150 |
| 5.3 ASSET MANAGEMENT | 151 |
| COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS..... | 152 |
| 5.4 CASH FLOW | 152 |
| 5.5 BORROWING AND INVESTMENT..... | 153 |
| COMPONENT C: OTHER FINANCIAL MATTERS | 154 |
| 5.6 SUPPLY CHAIN MANAGEMENT | 154 |
| CHAPTER 6 – AUDITOR GENERAL’S FINDINGS | 157 |
| GLOSSARY..... | 200 |
| APPENDICES | 202 |
| ANNUAL FINANCIAL STATEMENTS (VOLUME II) | |

VISION, MISSION AND VALUES

VISION

To be an integrated, developmental and viable municipality

MISSION

Masilonyana Local Municipality is committed to effective and transparent governance by:

To be an integrated, safe and harmonious environment with effective service delivery to attract investors

- (a) Promoting economic development
- (b) Providing sustainable services , and
- (c) Improving the quality of life of all people

VALUES

- Democratic values
- Good governance
- Transparency
- Honesty
- Equity
- Commitment
- Accountability
- Professionalism

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

Since the successful 2011 Local Government Elections, which renewed the mandate of the ANC-led government in Masilonyana Local Municipality, we have sought to prioritize provision of basic services to our community, building on key policy frameworks & plans which laid a solid foundation upon which we could accelerate the delivery of services to our communities.



In a quest of doing that, the Council adopted the 2015/16 Integrated Development Plan (IDP) and the 2015/16 Medium Term Revenue and Expenditure Framework (MTREF) or Budget as well as the Service Delivery Budget and Implementation Plan (SDBIP) which were aligned to one another and responding to the Local Government Back to Basics. This annual report is presented mainly to assess and report back on our Municipality’s performance in making these themes a reality during the book year under review. In line with the ANC Local Government Manifesto Priorities, Masilonyana Local Municipality has made the following strides in an effort to deliver quality services to our communities:

- Building the local economy to create more employment and sustainable livelihoods.
- During the year under review the Municipality maintained its Regional Bulk Infrastructure Grant (RBIG) and Municipal Infrastructure Grant (MIG) spending, to fund service delivery projects such water, sanitation and roads infrastructure. All these projects resulted in the job creation within our communities.
- In addition we were able to create additional jobs through the Expanded Public Works Program (EPWP) and the Community Work Program (CWP).
- Furthermore in promoting local economic development we have held workshops to empower our people on the establishment of functional small businesses as well as the establishment of corporative.

During the year under review we have achieved the following:

- As Masilonyana Local Municipality we provided all households in formalized settlement with access to water, sanitation as well as access to electricity and waste removal. Continuously removed illegal dumping in all our wards;
- We are in the process of completing a construction Bulk Raw Water Pipeline to Brandfort & finalizing the planning stage for the construction of a Bulk Raw Water Pipeline to Winburg.

To ensure a proper use of resources, accountability and realization of service delivery objectives, the Municipality strengthened its governance structures by providing full support to committees such as Section 80 & Section 79 (Municipal Public Accounts Committee, Audit and Performance Audit Committee & Finance Committee) This commitment was undertaken to allow these committees to play their oversight role over municipal affairs and deal appropriately with specific issues of priority for the overall development of the Municipality.

Although the municipality has sustained a qualified audit opinion for the year under review, we have managed to reduce matters of emphasis and will work on our asset register to ensure that we improve our audit opinion to clean audit.

This 2015/16 annual report gives an account of activities undertaken in the year under review and we hope that you will enjoy reading it as much as we have enjoyed putting it together. We will endeavour to deliver quality services to our communities and continue to abide by our values and mission.

(Signed by :)



**CLLR. K.S KOALANE
MAYOR
MASILONYANA LOCAL MUNICIPALITY**

1.1. MUNICIPAL MANAGER'S OVERVIEW

Honorable Mayor, It is a great pleasure to present to the Masilonyana Municipal Council the annual report for the 2015/16 to reflect on our endeavors and achievements since the last reporting period, it also provides an opportunity to account in detail on our performance as the municipality against the strategic plans and resources that were at our disposal for the 2015/16 financial year in compliance with provisions of section 46 of the Municipal Systems Act 2000 prescribes the minimum contents of an annual report for the municipality.

In 2015/16 financial year, the municipality made a recommendable positive progress in developing the IDP within the approved IDP process plan and engaged in a ward based consultation process made during public participation meetings. Among our challenges despite our reliance on grants due to the demographical information, the Municipality managed to rise to the challenges by fulfilling its constitutional obligations. The Municipality is able to meet the service delivery requirement and implement the capital projects that have enormous impact in our community.

At the State of the Provincial Address of 2015 the Premier Mr Ace Magashule declared drought as a disaster in the Free State. The Municipality has taken an action to mitigate against drought by implementing emergency projects such as Theunissen refurbishment of concrete tower completed, Brandfort borehole rehabilitation also completed and provision of water tanks to all the five (5) towns of the Municipality.

The Capital Projects such as upgrading of waste water treatment plant in Makeleketla, replacing of asbestos air valves in Brandfort, construction of sports complex in Makeleketla and construction of reservoir in Soutpan has been completed and these projects that are still under construction are over 95 % to completion. Over and above that other projects such as Construction 1,5km block paving in Masilo and 3,5 storm water has been implemented.

Basic Service Delivery:

The Municipality is doing well with regard to access to water and electricity while refuse removal and sanitation remains below the national target as set by government. According to Census 2011, 28,90% of the Masilonyana population had access to piped water inside the dwelling and yard. 70,50% of the households within the Municipality have access to flush toilets connected to sewerage, 53,90% of weekly refuse removal while 16.1% is still using the bucket system. During the year under review our households used 93,20% of electricity for lighting and cooking.

It is therefore with great pride to highlight the effort taken by the municipality to ensure that this 2015/2016 IDP; NDP and Budget reflects an alignment of these collective blueprints. We are confident that through the Integrated Development Plan the municipality will be in a position to deliver services in line with constitutional mandates and priorities of vision 2030.

During the period under review the Municipality provided free basic services such as water, refuse removal and sanitation to 3716 registered indigents and free electricity is provided to 2041 registered indigents due to Eskom being a supplier in the townships. The Municipality is providing 6kl of water to indigent households, 50 kWh electricity, R50.00 subsidy on assessment rates, free sanitation and refuse removal per month.

The main challenge faced by the Municipality with regard to provision of basic services to the community during the period under review was a lack of adequate funding for bulk infrastructure which in fact is further exacerbated by high unemployment rate that results in a low municipal tax base, hence our reliance on grant funding.

To improve our overall efficiency and effectiveness on municipal activities we have bound every departmental head in the municipality to specific targets that when met, will enable us to address the said backlogs and these include among others, the requirement to source funding outside the normal channels and investigating alternative funding models for provision of these services to communities in their 2016/17 Performance Plans.

The departmental Head's performance plans for 2016/17 financial year are aligned with the municipal Budget, Integrated Development Plan performance indicators, municipal strategic planning report & action plan and which contains Council priorities.

Financial Viability:

The Municipality financial year under review was a difficult period for the municipality in that the recovery of debtors deteriorated and the cash flow throughout the period was under pressure as a result of the following, litigations against the municipality. The other reasons relating to cash flow deteriorating was as a result of the Valuation Roll that was implemented in the financial year under review, with property values increased that has increased 3 times as compared to the previous years. The municipality envisages through the implementation of revenue enhancement strategy to improve credit control by appointing a service provider for debt collection on debts owing over 90 days. The Municipality also conducted a campaign during this period under review on registering indigents in all Municipal Units. The appointment was made during the course of December 2015. It envisaged that revenue collection will improve in the first quarter of 2016/2017.

The municipality has been working collectively in order to ensure that approved Audit Action Plans are implemented effectively through monthly meetings held by staff and management in addressing issues raised by the Auditor General.

Corporate Governance

During the 2015/16 the Municipal Council reviewed and approved a number of policy documents to ensure compliance and alignment to king three reports. Supply Chain Management Bid Committees since been established are fully operational.

The Audit and Performance Committee is in existence and operational, the Committee is sitting as per schedule and internal controls are monitored. The Municipal Public Account Committee (MPAC) is functional in terms of section 33 and section 79 of Municipal Structures Act(no 117 of 1998).

Local Economic Development

The municipality is in the process of reviewing the LED strategy. The LED unit is in process of compilation of inputs from different stakeholders. There are number of jobs created through Municipality LED initiatives based on projects and programmes outlined in the IDP and MTAS,11 SMME's and Cooperatives were trained through facilitation of SEDA as part of intervention on the basis of capacitating our SMME's and 3 SMME's were appointed for a 3 year contract to supply goods and services to the Municipality.

The business community, mining houses in particular, have a relationship with the municipality. There were trainings conducted by Business today which was funded by Harmony Goldmine and also the mine assisted with projects of refurbishment of Sechaba Lesimola Business Hive. The other project is Building of 17 Houses funded by Sibanye Goldmine to its employees in Masilo.

Council has appointed the Municipal Tribunal Community and is in process of appointing a service provider for development of Spatial Development framework (SDF) to ensure the alignment with Spatial Planning and Land use Management Act (SPLUMA).

Good governance and Public participation

The council meetings are held in accordance with the council schedule and the level of commitment of councillors is unquestionable high. The section 79 and 80 committees are in existence and operational. It must be noted that the ward committees are also in existence and operational.



Mr. M.D. Nthau

Municipal Manager