IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: M311 /2021

In the application between:

RECORDS OFFICE
NORTH WEST HIGH COURT
PRIVATE BAG X2010, MMABATHO 2735
2021 -05- 26
COUNTER - NO.3
REPUBLIC OF SOUTH AFRICA

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent
THE PREMIER: NORTH WEST PROVINCE	7th Respondent
ESKOM SOC LIMITED	8th Respondent
MAGALIES WATER BOARD	9th Respondent
SEDIBENG WATER BOARD	10th Respondent

NOTICE OF MOTION

Documents Filed by:
Nicolene Neethling
Tel: (018) 381 0180/1/2
Cell: 082 597 3962

TAKE NOTICE that the applicant intends making application to this Court for an order in the following terms:

1. That the fifth and sixth respondent municipalities be found in terms of Section 139 (5) of the Constitution, read with Sections 136 (4), 139 and 140 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 ("MFMA"), to be in serious and persistent material breach of their obligations to provide basic services and to meet their financial commitments.

2. That the first and second respondent's failure to implement mandatory intervention in terms of Section 139 (5) read with Sections 136 (4), 139 and 140 of the MFMA, be found to be inconsistent with Sections 2, 10, 24, 139 (5), 195 and 237 of the Constitution;

3. That the first respondent be directed to intervene in terms of the provisions of the Local Government: Municipal Finance Management Act, No. 56 of 2003 ("MFMA"), in the fifth and sixth respondent municipalities and to forthwith take over their basic service delivery obligations;

4. That the intervention referred to in prayer 1 *supra* be a mandatory intervention, as envisaged in Section 139 of the MFMA and that, should the fifth and sixth respondent municipalities, its administration and/or its respective councils resist such intervention, to dissolve each of the councils of the affected municipalities and that administrators be appointed to take over the control of the affected municipalities;

5. That the third and fourth respondents be directed to:

5.1. determine the reasons for the crisis in each of the affected municipalities' financial affairs;

5.2. assess each of the municipalities' financial status;

5.3. instruct the Municipal Finance Recovery Service of the fourth respondent to prepare a recovery plan for the affected municipalities;

5.4. recommend appropriate changes to the municipalities' budgets and revenue raising measures that will give effect to a recovery plan, as developed;

5.5. submit to the second respondent the determination and assessment, referred to in prayers 5.1 and 5.2 *supra*, together with the recovery plan and recommendations, referred to in prayers 5.3 and 5.4 *supra*;

6. That the first respondent be directed to prepare a report to be filed on the court file in this case every 60 (sixty) days (or two calendar months) after the date of this court order, setting out the steps taken by the respondents, as the case may be, in recovering the fifth and sixth respondent municipalities, which report shall provide updates on the implementation of the developed financial recovery plan;

7. The first to fourth respondents are directed to provide copies of all reports and recovery plans prepared with reference to the recovery of the fifth and sixth respondent municipalities, to the applicant;

8. That, pending the proper implementation of the financial recovery plan, Advoca Auditors, Lynnwood, Pretoria, Gauteng Province, be appointed as a so-called special master in respect of the fifth and sixth respondents, with the following duties:

8.1. collecting and overseeing the ringfencing in separate municipal bank accounts all municipal income generated from the sale of electricity and the sale of water;

8.2. effecting the distribution of the municipal income received and ringfenced in terms of prayer 8.1 above, to:

8.2.1. Eskom and/or any other supplier of bulk electricity to the municipality on receiving a proper invoice from the supplier; and

8.2.2. Magalies Water and/or any supplier of bulk water service to the municipality on receiving a proper invoice from the supplier;

8.2.3. paying contractors required to conduct emergency maintenance to the sanitation, storm water, electricity and water reticulation networks within the municipalities;

8.2.4. transferring the balance available for distribution after the payment of the suppliers, mentioned in prayers 8.2.1, 8.2.2 and 8.2.3 above, to the municipality in question;

8.3. provide, within 14 (fourteen) days after each month-end, a proper account in respect of all money received or collected in respect of electricity and/or water from the community within the municipal area of the relevant municipality and all money paid out in accordance with prayers 8.2.1 up to 8.2.4 above;

9. That the special master shall have, in addition, the powers as set out in the schedule attached to this notice of motion and marked as **Annexure "Z",** alternatively such powers as this Court may deem fit and appropriate;

10. That the special master shall compile and provide a report to this Court, the applicants, the first to fourth respondents and the fifth to sixth respondent municipalities, on each municipality's compliance and enforcement of Section 32 of the MFMA for the financial years ending 2017, 2018, 2019, 2020 and 2021, which report must:

10.1. specify every incident of unauthorised, irregular or fruitless and wasteful spending and the person/s liable for that expenditure;

10.2. specify every resolution passed and/or further action taken by each of the municipalities, as is required by Sections 32(2), 32(3), 32(4), 32(5) and

32(6) of the MFMA, in relation to each incident of unauthorised, irregular or fruitless and wasteful spending;

10.3. specify every incident of non-compliance with Sections 32(2), 32(3), 32(4), 32(5) and 32(6) of the MFMA;

11. That the special master shall compile and provide a report to this Court, the applicants, the first to fourth respondents and the fifth to sixth respondent municipalities involved, in respect of the accounting systems, practices and failures of each municipality, specifically insofar as it relates to the prevention, management and recovery of unauthorized, irregular or fruitless or wasteful spending and the fifth and sixth respondent's failures to address issues raised by the Auditor-General as required by Section 131(1) of the MFMA ;

12. The respondents are directed to co-operate with the special master in the preparation and execution of the special master's duties in terms of the order, and shall ensure that:

12.1. the special master is provided with all documents and requested required and requested by the special master;

12.2. that officials of the fifth and sixth respondents are reasonably available to meet with the special master if so requested and provide the special master with such information as may reasonably be requested;

12.3. that all requests of the special master be timeously respondent to;

13. That the Court determine the remuneration of the special master and give any further directions regarding the terms of the appointment of the special master as the Court deems necessary;

14. Once the reports envisaged in these orders have been received, alternatively if any of the respondents fails to comply with the provisions of this order, the applicant shall be entitled to supplement these papers, amend its notice of motion and seek such further relief as may be necessary to give effect to this order;

15. That the first to sixth respondents be ordered to pay the costs of this application on the scale as between attorney and client, jointly and severally, the one paying the other to be absolved.

16. Cost against the seventh to tenth respondents will only be sought in the event of them electing to oppose the application;

17. Further and/or alternative relief.

TAKE NOTICE FURTHER that the founding affidavit and supplementary founding affidavit of **PIETER JACOBUS LE ROUX**, together with annexures thereto, shall be used in support of this application.

TAKE NOTICE FURTHER that the applicant appoints the address of its attorney of record, set out hereunder, as the address where the applicant shall receive notice of all process in this application.

TAKE NOTICE FURTHER that if you intend to oppose this application you are required to:

(a) deliver a written notice of your intention to oppose this application within 15 (fifteen) Court days of receipt hereof, which notice shall be directed to the to the applicant's attorney of record and the Registrar of this Court;

(b) file your answering affidavit, if any, within 15 (fifteen) Court days after you have delivered your written notice of your intention to oppose this application; and

(c) in your notice of intention to oppose this application, provide an address as envisaged in Rule 6(5)(b) of the Uniform Rules of Court at which you shall accept notice of all process in this application.

TAKE FURTHER NOTICE THAT if no such notice of intention to oppose be given, the application will be made on **Thursday, the 15th day of July 2021** at 10h00 or as soon thereafter as counsel may be heard.

Dated at **MAFIKENG** on this the 26th day of May 2021.

KRIEK WASSENAAR & VENTER INC, ATTORNEYS
Attorneys for the Applicant
Tel.: 012 756 7566
Fax: 086 596 8799
Email: peter@kriekprok.co.za
Ref.: PJ Wassenaar/es/QB0616
C/O SMIT STANTON INCORPORATED
29 Warren Street
Mahikeng
Tel: 018 381 0180
Fax: 086 274 6253
E-mail: litigation1@smitstanton.co.za
REF: KRI19/0002/21

TO:
THE REGISTRAR
OF THE HIGH COURT
MAHIKENG

AND TO:
THE MEC: NORTH WEST PROVINCE: COGTA
FIRST RESPONDENT
NWDC Building
Corner Provident House and University Drive
Mmabatho
North West Province

SERVICE BY SHERIFF

AND TO:
THE MEC: NORTH WEST PROVINCE: FINANCE
SECOND RESPONDENT
Garona Building
2nd Floor, East Wing
Corner James Moroka and University Drive
Mmabatho
North West Province

SERVICE BY SHERIFF

AND TO:
THE MINISTER: COGTA
THIRD RESPONDENT
87 Hamilton Street
Arcadia
Pretoria
Gauteng Province

SERVICE BY SHERIFF

AND TO:
THE MINISTER OF FINANCE
FOURTH RESPONDENT
40 Church Square
2nd Floor, Old Reserve Bank Building
Pretoria
Gauteng Province

SERVICE BY SHERIFF

AND TO:
THE STATE ATTORNEY, PRETORIA
FOR AND ON BEHALF OF THE FIRST TO FOURTH AND SEVENTH RESPONDENTS
316 Thabo Sehume Street
Pretoria Central
Pretoria
Gauteng Province

Received a copy of this on
_____ **May 2021**.

_____

AND TO:
THE STATE ATTORNEY, MAHIKENG
1st Floor, East Gallery
Mega City Complex
Corner Sekame Road and Dr James Moroka Drive
Mmabatho
North West Province

Received a copy of this on
_____ **May 2021**.

_____

AND TO:
DITSOBOTLA LOCAL MUNICIPALITY
FIFTH RESPONDENT
Civic Centre
Corner Nelson Mandela Street and Transvaal Street
Lichtenburg
North West Province

SERVICE BY SHERIFF

AND TO:
NALEDI LOCAL MUNICIPALITY
SIXTH RESPONDENT
19A Market Street
Vryburg
North West Province

SERVICE BY SHERIFF

AND TO:
THE PREMIER: NORTH WEST PROVINCE
SEVENTH RESPONDENT
Garona Building
2nd Floor, East Wing
Corner James Moroka and University Drive
Mmabatho
North West Province

SERVICE BY SHERIFF

AND TO:
ESKOM SOC LTD
EIGHT RESPONDENT
Megawatt Park, Maxwell Drive,
Sunninghill, Sandton,
Johannesburg,
Gauteng.

SERVICE BY SHERIFF

AND TO:
MAGALIES WATER BOARD
NINTH RESPONDENT
38 Heystek Street,
Rustenburg,
North West Province

SERVICE BY SHERIFF

AND TO:
SEDIBENG WATER BOARD
TENTH RESPONDENT
Protea Street, Balkfontein,
Bothaville,
Free State Province

SERVICE BY SHERIFF

Annexure Z

POWERS AND CAPACITIES OF THE APPOINTED SPECIAL MASTER OF
THE DITSOBOTLA LOCAL MUNICIPALITY
and
THE NALEDI LOCAL MUNICIPALITY

a) To open, on behalf of The Ditsobotla Local Municipality and The Naledi Local Municipality 2 (two) additional municipal banking accounts in respect of each of these municipalities, wherein all income derived from water sales and electricity sales shall be received and ringfenced.

b) To take control of and operate the newly opened banking accounts of the municipalities, for the exclusive purpose as envisaged in 8.2 of the order of this Court.

c) To appoint and pay contractors to conduct maintenance to the sanitation, storm water, electricity and water reticulation networks within the areas of the municipalities.

d) To incur all necessary expenditure to maintain the sanitation, storm water, electricity and water reticulation networks within the areas of the municipalities.

e) To claim all costs, charges and other expenditure reasonably incurred by the special master, including but not limited to travelling, telephone calls and accommodation in the execution of the special master's duties in terms of the order of this Court, which shall include own remuneration, as costs payable from the ringfenced municipal accounts at the rate of R2 500.00 per hour.

f) To engage the assistance of legal, accounting, administrative or other professionals or technical assistance as may reasonably be deemed necessary for the performance of the special master's duties in terms of the order of this Court and to defray the reasonable charges and expenses thus incurred from the ringfenced municipal accounts.

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IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant

and

THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent
THE PREMIER: NORTH WEST PROVINCE	7th Respondent
ESKOM SOC LTD	8th Respondent
MAGALIES WATER BOARD	9th Respondent

FOUNDING AFFIDAVIT

I, the undersigned,

PIETER JACOBUS LE ROUX

do hereby make oath and state the following:

1. I am an adult male and I am the chief executive officer of Sakeliga NPC, with its offices at Building A, 5th Floor, Loftus Park, 402 Kirkness Street, Arcadia, Pretoria, Gauteng Province.

2. The applicant company has duly resolved to bring this application. I attach hereto marked annexure **X1** a resolution confirming the required authority to institute these proceedings.

3. The facts set out in this affidavit fall within my personal knowledge, unless the contrary appears from the context hereof, and are both true and correct.

4. To the extent that I make legal submissions in this affidavit, which I do, I do so being advised by the applicant's legal team.

JURISDICTION

5. This Court has jurisdiction to adjudicate upon this application, because all the affected municipalities are situated within this Court's area of jurisdiction and the whole cause of action arose within this Court's area of jurisdiction.

6. The relief sought pertains to matters that occur within this Court's area of jurisdiction.

THE PARTIES

THE APPLICANT

7. The applicant is Sakeliga NPC, with registration number 2012/043725/08, a non-profit company duly registered and incorporated in terms of the statutes of the Republic of South Africa and has its principal place of business at Building A, 5th Floor, Loftus Park, 402 Kirkness Street, Arcadia, Pretoria, Gauteng Province.

8. The applicant is a public interest organisation with a supporter and donor base of more than 17 000 businesspeople, companies and business organisations and a network of more than 40 000 subscribers in South Africa.

9. Within the municipal areas of the fifth and sixth respondents, the applicant has more than 89 business owner members.

10. The applicant was established in the year 2011 and was incorporated and registered as a non-profit company in terms of the Companies Act, No. 71 of 2008, in the year 2012. The applicant's main objective is the protection of constitutional rights, constitutional order, the rule of law, free market principles and a just and sustainable business environment within the Republic of South Africa.

11. To this extent, the applicant lobbies to promote a free market and economic prosperity to create a favourable business environment in the interest of its supporters as well as in the interest of the common good. In order to give effect to

its main object, it also provides support to its supporters and the public at large, which support includes legal support.

12. Further, to achieve the applicant's objectives and to perform its functions and mandate, as an ancillary object, is *inter alia* to act in the interest of its supporters and members of the public to protect their business and other constitutional rights.

13. The aforesaid is also evident from an extract of the memorandum of incorporation of the applicant which extract I attach hereto and mark annexure **X2**. I deem it apposite to draw this Honourable Court's attention to clause 4 of the memorandum of incorporation which sets out in more detail the objects, ancillary objects as well as the powers of the applicant. I request this Court to incorporate the content thereof herein as if specifically set out. I do not attach a full copy of the memorandum of incorporation to these papers, because it will make these papers unnecessarily prolix and voluminous. The applicant will, however, at the request of any of the respondents, make the full memorandum of incorporation available to such respondent requesting it.

THE RESPONDENTS

14. The first respondent is the Member of the Executive Council: North West Province: Cooperative Governance, Human Settlements and Traditional Affairs. To my knowledge, the present MEC is Ms Boitumelo Moiloa, who is the acting MEC, with address at NWDC Building, situated at the corner of Provident House and University Drive, Mmabatho, North West Province.

15. The second respondent is the Member of the Executive Council: North West Province: Finance. To my knowledge, the present MEC is Ms Motlalepula Ziphora Rosho, with address at Garona Building, Second Floor, East Wing, Corner James Moroka and University Drive, Mmabatho, North West Province.

16. The third respondent is the Minister: National Department of Cooperative Governance and Traditional Affairs (hereinafter referred to as "COGTA"), presently Dr. Nkosazana Clarice Dlamini-Zuma, who is cited herein as the head of the National Department of Cooperative Governance and Traditional Affairs, with address at 87 Hamilton Street, Arcadia, Pretoria, Gauteng Province.

17. The fourth respondent is the Minister of Finance, presently Mr Tito Titus Mboweni, who is cited herein in his representative capacity as the head of the Department of Finance and National Treasury, with address at 40 Church Square, Old Reserve Bank Building, 2nd Floor, Pretoria, Gauteng Province.

18. In respect of the first four respondents (as well as the seventh respondent stated below), this application shall also be served at:

    18.1. The State Attorney – Pretoria at 316 Thabo Sehume Street, Pretoria Central, Pretoria, Gauteng Province, who represents the ministers joined in this application.

    18.2. The State Attorney – Mahikeng at 1st Floor, East Gallery, Mega City Complex, Corner Sekame Road and Dr James Moroka Drive, Mmabatho, North West Province, who represents the members of the executive council

in the North West Province and the Premier: North West Province, joined in this application.

19. The fifth respondent is Ditsobotla Local Municipality, a municipality established in terms of the Local Government: Municipal Structures Act, No. 117 of 1998 (hereinafter referred to as "the Structures Act"), read with Section 155 of the Constitution, which has its address at Civic Centre, Corner Nelson Mandela and Transvaal Streets, Lichtenburg, North West Province.

20. The sixth respondent is Naledi Local Municipality, a municipality established in terms of Section 12 of the Structures Act, No. 117 of 1998, read with Section 155 of the Constitution of the Republic of South Africa 1996, which has its address at 19A Market Street, Vryburg, North West Province.

21. The seventh respondent is the Premier of the North West Province. To my knowledge, the present Premier is Prof Job Mokgoro, with address at Garona Building, Second Floor, East Wing, Corner James Moroka and University Drive, Mmabatho, North West Province.

22. The eight respondent is Eskom Soc Ltd, a state owned company incorporated in accordance with the company laws of the Republic of South Africa with registered address at Megawatt Park, Maxwell Drive, Sunninghill, Sandton, Johannesburg, Gauteng.

23. The ninth respondent is the Magalies Water Board, a state owned entity and water board established in terms of section 29 of the Water Services Act 108 of 1997 with primary address at 38 Heystek Street, Rustenburg, North West Province.

24. The seventh to ninth respondents are joined because they might have a potential interest in the outcome of the application. The seventh respondent is also specifically joined as the head of the provincial executive.

25. No cost order is sought against the seventh to ninth respondents. A cost order will only be sought in the event of any of them electing to oppose this application.

26. **PURPOSE OF APPLICATION**

27. This is an application which has one goal in mind and that is to ensure effective and functional governance within local government in the North West Province. The applicant brings this application as a structured interdict with the intention that this Court, for as long as it may be necessary, retains a constitutional oversight role to ensure that the relevant role players in the three different spheres of government (national, provincial and local government) comply with their constitutional duties.

28. I have in my possession an official report on the State of local government in the North West Province. It is dated 24 August 2020 and is signed by the first respondent. I attach a copy of that document hereto and mark it annexure **X3**. I shall deal hereinafter in more detail with the content of that document.

29. On a mere peripheral perusal of the document, it is apparent that almost every single municipality, and particularly the respondent municipalities all experienced or underwent a total collapse of governance over the last ten years. It seems as if every constitutional duty that has been bestowed upon local government within the North West Province has been neglected to such an extent that the communities involved

cannot rely upon local government to provide them with the most basic municipal services anymore.

30. The respondent municipalities are debt-ridden. The municipalities are plagued by corruption. All fiscal control has been lost. Most of the municipalities are factually insolvent (to the extent that a branch of government can be regarded as such).

31. Year on year, the municipalities' audit outcomes show disclaimers that in those audit findings are deemed qualified and/or could not otherwise be finalised.

32. This state of affairs has a direct negative social and economic impact on every citizen that resides within the jurisdictional area of each of these municipalities. It also detrimentally infringes on the right of each of the applicant's members who conduct business within those areas to:

32.1. be productive members of the community within which they reside;

32.2. conduct business freely;

32.3. to be economically sustainable and profitable;

32.4. to offer continued and sustainable employment to other members of their community;

32.5. to participate effectively in the economic and social activities within their communities; and

32.6. to contribute to the growth and wellbeing of their communities as a whole, and to maintain a stable income for their businesses, employees and affected families in particular.

33. The Eskom debt-crisis plays a significant role in this application. Eskom has a constitutional duty to provide bulk electricity to the respondent municipalities. The municipalities, in return, have a constitutional duty to supply and distribute electricity to their communities (by implication also the businesses being represented by the applicant). Due to the collapse of governance, the respondent municipalities can no longer effectively:

33.1. maintain their electricity reticulation networks;

33.2. collect, allocate and account for monies for electricity so distributed;

33.3. settle their Eskom liabilities as they become due and payable (mostly due to collected electricity payments not being ringfenced and used to finance other activities).

34. The failure to pay Eskom has a direct impact on the livelihood of the communities affected. Since about 2018, Eskom has undertaken to disrupt or otherwise limit the bulk supply of electricity to municipalities who are in arrears with their accounts. As will be shown in this application, the decision by Eskom to terminate the supply of bulk electricity in the affected municipalities has resulted in the communities residing in the fifth and sixth respondents' jurisdictional areas having no other recourse but

to seek the assistance of the courts to protect themselves from the dispute between Eskom and the fifth and sixth respondents.

35. Similar to the Eskom debt-crisis, concerns exist about these municipalities' ability to provide proper water, sanitation, and other municipal services. The respondent municipalities are no longer in a position, financially and administratively, to manage and maintain their municipal areas' services reticulation networks.

36. The applicant intends to show that even though the municipalities are to blame for the gross mismanagement of their affairs, the dire nature of the current crisis results from state failure at all levels of government. The Honourable Court is referred to the recommendation made by the first respondent on the last page of the 24 August 2020 report (annexure X3), which I quote:

"***It is recommended that the Provincial Executive Council*** *mandate the MEC of COGTA working with MEC of PT to develop a municipal recovery programme focusing on Kgetlengrivier; Moretele; Maquassi Hills; Ditsobotla* [**the fifth respondent**]*; Mahikeng; Lekwa-Teemane; Ratlou; Mamusa; Naledi* [**the sixth respondent**]*; Dr. RSM and Bojanala DM.*"

37. The applicant will, however, show that the recommendation of the first respondent:

37.1. fails to recognise the immediate statutory duties of the first respondent in preventing further municipal collapse and mismanagement;

37.2. fails to recognise that the municipalities involved have collapsed to such an extent that intervention at the provincial government level is in itself no longer a constitutionally acceptable measure;

37.3. fails to address the financial crises facing the fifth and sixth respondents with sufficient urgency;

37.4. fails to address the urgent need for considering whether to dissolve the respective councils of the fifth and sixth respondents;

37.5. fails to address the urgent need for intervention by the fourth respondent's municipal recovery unit as is required by legislation.

38. In the premises, the purpose of this application is to seek this Court's assistance in compelling, so to say, all spheres of government to comply with their constitutional duties. The applicant seeks a structured interdict which should *inter alia* include the following relief:

38.1. that the first respondent be directed to intervene in terms of the legislation, referred to hereinafter, in each of the respondent municipalities and take over the basic service delivery obligations;

38.2. that the intervention be a mandatory intervention and that the first respondent be directed to consider to dissolve each of the councils of the

affected municipalities and appoint administrators to take over the control of the municipalities;

38.3. that the third and fourth respondents be directed to:

38.3.1. determine the reasons for the crises in each of the affected municipalities' financial affairs;

38.3.2. to assess the municipalities' financial status;

38.3.3. to prepare an appropriate recovery plan for the municipalities;

38.3.4. to recommend appropriate changes to the municipalities' budgets and revenue raising measures that will give effect to a recovery plan developed;

38.3.5. to submit to the second respondent the determination and assessment referred to in paragraphs 38.3.1 and 38.3.2 *supra* and the recovery plan and recommendations referred to in paragraphs 38.3.3 and 38.3.4 *supra*;

38.4. that the first respondent be directed to prepare a report every 60 (sixty) days [or 2 (two) calendar months] after the date of this court order, setting out the steps taken by the relevant parties in recovering the municipalities involved, which reports shall provide updates on the implementation of the financial recovery plan;

38.5. that, pending the proper implementation of the financial recovery plan, Advoca Auditors, Lynnwood, Pretoria be appointed as a so-called special master in respect of each of the municipalities with the following duties:

38.5.1. overseeing the ringfencing in a separate municipal bank account of municipal income generated from the sale of electricity and water;

38.5.2. overseeing and effecting the distribution of municipal income ringfenced in terms of 38.5.1 above to:

38.5.2.1. Eskom and any supplier of bulk electricity to the municipality on receiving a proper invoice from the supplier;

38.5.2.2. Magalies Water and/or any supplier of bulk water service to the municipality on receiving a proper invoice from the supplier;

38.5.2.3. Paying contactors required to conduct emergency maintenance to the electricity and water reticulations network within the municipalities;

38.5.2.4. Transferring the balance available for distribution after the repayment of the suppliers mentioned in paragraph 38.5.2.1 and 38.5.2.2 above to the municipality in question;

38.5.2.5. Provide within 14 days after each month end a proper account in respect of all money received or collected in respect of electricity and/or water from the community within the municipal areas of the municipalities and all money paid out in accordance with 33.5.2.1 up to 33.5.2.4 above;

38.5.3. compiling and providing a report to the Court, the applicants, the first to fourth respondents and each municipality, on each municipality's compliance and enforcement of section 32 of the Local Government Municipal Finance Management Act for the financial years ending 2017, 2018, 2019, 2020 and 2021, which report must:

38.5.3.1. specify every incident of unauthorised, irregular or fruitless and wasteful spending and the person/s liable for that expenditure;

38.5.3.2. specify every resolution passed and/or further action taken by each of the municipalities as is required by sections 32 (2), 32 (3), 32(4), 32 (5) and 32 (6) of the MFMA, in relation to each incident of

unauthorised, irregular or fruitless and wasteful spending;

38.5.3.3. specify every incident of non-compliance with sections 32 (2), 32 (3), 32(4), 32 (5) and 32 (6) of the MFMA

38.5.4. compiling and providing a report to the Court, the applicants, the first to fourth respondents and each municipality, on the accounting systems, practices and failures of each municipality, specifically in as far as they relate to the prevention, management and recovery of unauthorised, irregular or fruitless and wasteful spending.

APPLICABLE LEGISLATION

39. In this affidavit, I will *inter alia* refer to the following legislation:

39.1. the Constitution of the Republic of South Africa 1996 ("the Constitution");

39.2. the Local Government: Municipal Finance Management Act, No. 56 of 2003 (the "MFMA");

39.3. the Local Government: Municipal Systems Act, No. 32 of 200 ("the Systems Act");

39.4. the Local Government: Municipal Property Rates Act, No. 6 of 2004 ("the MPRA");

39.5. the Intergovernmental Relations Framework Act, No. 13 of 2005 ("the IRFA").

40. Of particular relevance to this application, section 41 of the Constitution deals with the principles of cooperative government and intergovernmental relations. It stipulates *inter alia* that all spheres of government and all organs of State within each sphere must *inter alia*:

40.1. secure the wellbeing of the people of the Republic;

40.2. provide effective, transparent, accountable and coherent government for the Republic as a whole,

41. Furthermore, section 152 of the Constitution sets out the objects of local government which includes, but is not limited to:

41.1. the provision of democratic and accountable government for local communities;

41.2. to ensure the provision of services to communities in a sustainable manner.

42. Section 154 provides that the national government and provincial governments, by means of legislative and other measures, must support and strengthen the capacity

of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

43. Section 156(1) stipulates that a municipality has executive authority in respect of and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 of the Constitution.

44. The important section in the Constitution for purposes of this application is Section 139. I quote Section 139(1):

"*(1) When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation, including—*

(a) issuing a directive to the Municipal Council, describing the extent of the failure to fulfil its obligations and stating any steps required to meet its obligations;

(b) assuming responsibility for the relevant obligation in that municipality to the extent necessary to—

(i) maintain essential national standards or meet established minimum standards for the rendering of a service;

(ii) *prevent that Municipal Council from taking unreasonable action that is prejudicial to the interests of another municipality or to the province as a whole; or*

(iii) *maintain economic unity; or*

(c) *dissolving the Municipal Council and appointing an administrator until a newly elected Municipal Council has been declared elected, if exceptional circumstances warrant such a step."*

45. Section 139(5) stipulates the following:

"*(5) If a municipality, as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments, or admits that it is unable to meet its financial obligations or financial commitments, the relevant provincial executive must—*

(a) *impose a recovery plan aimed at securing the municipality's ability to meet its obligations to provide basic services or its financial commitments, which—*

(i) *is to be prepared in accordance with national legislation; and*

(ii) binds the municipality in the exercise of its legislative and executive authority, but only to the extent necessary to solve the crisis in its financial affairs; and

(b) dissolve the Municipal Council, if the municipality cannot or does not approve legislative measures, including a budget or any revenue-raising measures, necessary to give effect to the recovery plan, and—

(i) appoint an administrator until a newly elected Municipal Council has been declared elected; and

(ii) approve a temporary budget or revenue-raising measures or any other measures giving effect to the recovery plan to provide for the continued functioning of the municipality; or

(c) if the Municipal Council is not dissolved in terms of paragraph (b), assume responsibility for the implementation of the recovery plan to the extent that the municipality cannot or does not otherwise implement the recovery plan..."

46. Subsection 7 then stipulates that if the provincial executive cannot or does not adequately exercise its powers, then the national executive must intervene and subsection 8 further stipulates that national legislation may regulate the implementation of Section 139 of the Constitution.

47. This brings me to Section 139 of the MFMA. This is the legislation that was envisaged in Section 139(8) of the Constitution. This section tells the respondents when an intervention is mandatory. I quote this section:

"*139. Mandatory provincial interventions arising from financial crises*

(1) If a municipality, as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments, or admits that it is unable to meet its financial obligations or financial commitments, the provincial executive must promptly-

(a) request the Municipal Financial Recovery Service-

(i) to determine the reasons for the crisis in its financial affairs;

(ii) to assess the municipality's financial State;

(iii) to prepare an appropriate recovery plan for the municipality:

(iv) to recommend appropriate changes to the municipality's budget and revenue-raising measures that will give effect to the recovery plan: and

(v) to submit to the MEC for finance in the province-

(aa) the determination and assessment referred to in subparagraphs (i) and (ii) as a matter of urgency; and

(bb) the recovery plan and recommendations referred to in subparagraphs (iii) and (iv) within a period, not to exceed 90 days, determined by the MEC for finance: and

(b) consult the mayor of the municipality to obtain the municipality's co-operation in implementing the recovery plan, including the approval of a budget and legislative measures giving effect to the recovery plan."

48. Sub-section 3 then stipulates:

"(3) An intervention referred to in subsection (1) supersedes any discretionary provincial intervention referred to in section 137, provided that any financial recovery plan prepared for the discretionary intervention must continue until replaced by a recovery plan for the mandatory intervention."

49. In terms of Section 1 of the MFMA "*Municipal Financial Recovery Service*" is the municipal financial recovery service established by Section 157. Section 157 then

establishes the recovery service and Section 157(2) stipulates that the municipal financial recovery service forms part of, and functions within, the National Treasury.

50. If it is therefore established that such a financial crisis, as envisaged in Section 139 of the Constitution exists, then a recommendation, as made by the first respondent, to develop a municipal recovery programme, without the intervention of National Treasury, is plainly not good enough.

FIRST RESPONDENT'S REPORT, DATED 28 AUGUSTS 2020

51. The report of the first respondent, which is already attached hereto and marked annexure X3, confirms that the respondent municipalities as a result of crisis in their financial affairs are in serious and persistent material breach of their obligations to provide basic services and to meet their financial commitments.

52. The report confirms this and effectively makes the concessions that ought to activate a mandatory intervention. If this is accepted, which I submit the first four respondents have to do, then mandatory interventions must follow. I shall demonstrate, by referring to some of the salient facts listed in the report, that the applicant's contention in this respect is correct. I will obviously not repeat the full content of the report, but only highlight certain aspects.

53. The purpose on page 1 of the report is stated to be to present to the provincial council on cooperative governance and traditional affairs a "*State of local government report in the North West Province*". Important is the fact that immediately thereafter one finds the quotation of Section 152 of the Constitution.

54. Page 7 of the report provides a "handy" summary of audit findings in respect of all the municipalities in the North West Province for a period of 7 (seven) years. The Honourable Court will note that the calculation is simple. There are 22 (twenty-two) municipalities who had to submit audit reports over 7 (seven) years. That brings us to a total of 154 audit reports. Of these 154 audit reports, I could find only 16 unqualified reports. The remainder consists of qualified reports, disclaimer reports and adverse reports. The last audit reports are listed to include:

54.1. there are 4 regressions;

54.2. there are 9 no improvements which municipalities all received disclaimer audit outcomes;

54.3. there are 5 no improvement, which municipalities are described as stagnant in terms of received qualified audit outcomes;

54.4. there are only 2 improvements, but those improvements are from disclaimers to qualified audit reports;

54.5. there were then 2 municipalities wherein the audit process was not finalised.

55. The report further provides an overview on the State of the municipalities. For purposes of this application, it is only necessary to deal with the status of the fifth and sixth respondent municipalities. The question arises, why the applicant does not also address the plight of the remainder of the municipalities listed in the report.

The applicant, however, acts in accordance with its memorandum of incorporation and more particularly, to address its members' rights to an environment that is conducive to conduct their trade feely in an environment where service delivery is optimal. The applicant has members within the area of jurisdiction of the fifth and sixth respondents who are prejudicially affected by the total collapse of governance.

Fifth respondent, Ditsobotla Local Municipality:

56. The facts in respect of this municipality are set out on pages 47 up to 50 of the report, annexure X3. It seems that this municipality was at some stage under intervention since there is reference made to an administrator. It is recorded that the appointment of the municipal manager and other senior managers had its controversies and irregularities, allegedly identified by the appointed administrator.

57. The municipal manager, apparently with the support of other councilors, dismissed more than 11 employees who were all newly elected SAMWU shop stewards. This dismissal happened without any disciplinary hearing/s, which created tension within the administration of the municipality as well as the local labour forum. Only 2 positions of senior managers are filled, being the position of municipal manager and chief financial officer with the remaining 4 others vacant. The work of MPAC is not resourced and the committee's reports are not processed by the municipal council. Serious and damning allegations against key office bearers and councillors are not allowed to be tabled at council meetings.

58. This municipality experienced community protests which resulted in the closure of municipal offices. Employees strike from time to time, complaining about the conduct of the municipal manager.

59. Under the heading "sound financial management" it is apparent that the situation of this municipality is also dire. The approved budget is not cash backed. The municipality is accordingly not financially viable and fails to pay its creditors and fails to fulfil other commitments.

60. It is recorded in the report that the ever-increasing creditor book balance is an indication that this municipality fails to honour its obligation to pay creditors within 30 days as envisaged in Section 65 of the MFMA. This municipality owes Eskom a total amount of R627 717 201.00, of which R607 004 585.00 is overdue. In addition:

60.1. a firm of attorneys has been appointed to conduct a forensic investigation with regards to the loss and embezzlement of INEP (integrated national electrification plan) funds;

60.2. the supply chain management unit receives no attention, because the position of the supply chain management manager is not filled;

60.3. the municipality does not run on a proper municipal IT system;

60.4. the municipality has received 3 consecutive disclaimer audit opinions for the financial years 2016 / 2017 to 2019 / 2020;

61. In respect of service delivery, this municipality is not collecting refuse as expected and the communities must dispose of their own refuse. This leads to violent protests. Access roads are not being maintained and the internal roads have deteriorated to such an extent that they many informally and with time turned into gravel roads.

62. This is a municipality that clearly requires intervention.

Sixth respondent, Naledi Local Municipality:

63. The story of this municipality is reported on pages 14 to 17. This municipality was also placed under intervention, which intervention was withdrawn after a period of 6 months. It is somewhat mindboggling that the intervention was withdrawn if one accepts that the municipality is in no position to comply with is service delivery obligations and demonstrably fails to do so. It is alleged that the municipality has, during the period of intervention, embraced and demonstrated commitment and support towards the realisation of the objectives of the intervention. I pause here to mention that "attitude" alone does not constitute a basis to terminate an intervention.

64. During the intervention, a number of tangibles were attained such as the filling of the position of corporate services, community and technical services, restored stability and most labour related challenges were resolved. The problem however is that, after the intervention, the municipality again started to experience political and administrative instability. The position of municipal manager and chief financial officer remain vacant, despite efforts to fill these positions.

65. The failure to appoint a municipal manager has created disruptions and chaos in the council and the administration, which resulted in the municipal offices being closed for a period of 3 weeks. The community was, during that period, unable to access any services.

66. Under the heading "financial management", it is conceded that poor audit outcomes are recurring and in the past 7 financial years the municipality received 3 unqualified, 2 qualified and 2 disclaimer audit opinions. Here, also, the budget is not cash backed, in that the municipality is not financially viable. It fails to pay its creditors and fails to fulfil other financial commitments. Its total creditors, as at the end of January 2020, amounted to R127 000 000.00, of which amount of R124 000 000.00 was outstanding for more than 90 days. The municipality is unable to implement its credit control measures and to recover outstanding debts from its consumers. It has a total outstanding debtor book of R423 000 000.00, as at the end of January 2020.

67. Under "service delivery", it is recorded that refuse removal and the cleaning of the town and townships are not adequately performed. There are no landfill sites at Stella and Rekgaratlhile townships. Interrupted supply of water is recorded due to lack of maintenance and non-payment of water services. The infrastructure is old and inadequate. This municipality ought to be placed under compulsory intervention.

REPORT: OBSERVATIONS AND CONSCLUSIONS

68. In the conclusion, the report talks about a "trust deficit". This is a lack of trust that communities have in the implicated municipalities. According to the report, this deficit can be attributed to all of the municipalities' political leadership since the

election in 2016. Municipal councils have no relationship with communities which, in return, has the effect that the communities do not play their part in service delivery, by paying for services rendered. I shall demonstrate later in this affidavit that the so-called "trust deficit" plagues the North West municipalities already since the year 2008.

69. The inability further to collect revenue results in a lack of service delivery.

70. Also, the underspending on capital projects results in municipalities losing funding through grant funding which affects infrastructure capacity building. All of the municipalities are highly indebted to Eskom, the Water Board, the Auditor General and other creditors. Despite support by Provincial Treasury, on revenue management and the implementation of credit control measures, the municipalities remain stagnant. It is stated that this is so, because there is political resistance and lack of oversights by the political office bearers, which is characterised by a lack of accountability to higher authorities in the national and provincial governments.

71. It is therefore a tale of distress. What is apparent though is that, in general, the problem commences with the elected political officer bearers. It therefore starts with the councils. On a proper consideration of the full report it seems that there is another problem and that is that the first respondent and the Provincial Council lack the political will of dismantling the respective councils. Where councils govern with such disastrous effects, as one sees in the North West Province, one would have expected the serious consideration of the dissolution of the incapacitated councils. This is particularly relevant in circumstances where it is a confirmed fact that communities distrust the elected councillors.

72. Yet, we see no implementation of what the legislation, referred to in this affidavit, requires the municipalities to do.

QUALIFIED AUDITS

73. Fruitless, wasteful and irregular spending in the two respondent municipalities has become a massive problem facing the affected communities. It is especially worrysome considering the relatively small annual budgets and the collapsing of service delivery and infrastructure of each respondent municipality. I proceed to consider the audited financial statements of each respondent municipality year on year in this respect:

73.1. fifth respondent

	Fruitless & Wastefull spending	Irregular spending	Unauthorised	Total
2020	n/a	n/a	n/a	
2019	R 153 885 674,00	R 119 928 013,00	R19 107 145,00	R 292 920 832,00
2018	n/a	n/a	n/a	R -
2017	R 28 546 915,00	R 14 309 114,00	n/a	R 42 856 029,00
2016	R 4 296 831,00	R 2 685 267,00	R44 429 483,00	R 51 411 581,00
2015	R 9 170 709,00	R 1 642 110,00	R21 264 256,00	R 32 077 075,00
2014	R 44 429 483,00	R 21 264 256,00	R74 960 358,00	R 140 654 097,00

73.2. Sixth respondent

	Fruitless & Wasteful spending	Irregular spending	Unauthorised	Total
2020	n/a	n/a	n/a	
2019	n/a	R 6 540 112.00	n/a	R 6 540 112.00
2018	R 29 716 991.00	R 67 848 016.00	R 61 958 614.00	R 159 523 621.00
2017	R 35 127 494.00	R 2 076 713.00	R 28 227 765.00	R 65 431 972.00
2016	R 29 515 344.00	R 3 163 057.00	R 60 158 320.00	R 92 836 721.00
2015	R 61 958 614.00	R 28 227 765.00	R 60 158 320.00	R 150 344 699.00
2014	R 60 158 320.00	R 333 671 280.00	R 54 322 626.00	R 448 152 226.00

74. The tables mentioned above are derived from the audited financial statements of the fifth and sixth respondents. For the sake of brevity, the applicant will not attach every annual financial statement. The applicant's attorneys will make same, however, available to any of the respondents, if so requested.

75. It is clear from the financial track record of the two respondent municipalities that they are not conducting proper financial management of the respondent municipalities. In the case of the fifth respondent, the year of 2019 saw a massive increase in so-called irregular spending. Where the municipality previously had an irregular spend of less than R20 000 000,00 per annum, the municipality's audit noted irregular spending in the sum of R119 928 013,00. At the same time it was found that the municipality embarked on fruitless and wasteful spending in the sum of R153 885 674,00.

76. A similar situation arose with the sixth respondent. Even though there was a stark decrease in the irregular and wasteful spending from 2018 until 2019, the municipality has a long track record of massive irregular and wasteful spending. The differences between the 2019 and 2018 financial statements should also be considered in the light of the reports of the Auditor General.

77. If the financial crisis and administrative collapse within the fifth and sixth respondents is not already glaringly obvious, one needs to only turn to the audit reports issued by the Auditor General.

78. In order to clarify its opinion, the Auditor General issues a general descriptive of the audit findings of each year. Relevant to this case is the Auditor General definition of the following descriptive (I refer to the Auditor General's "*Background to the Three Aspects We Audit*" publication which I attach hereto as annexure **X4**):

78.1. **Qualified Audit Opinion means:** *The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.*

78.2. **Disclaimer of Opinion means:** *The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.*

78.3. **Financially Unqualified means**: *The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects*

79. For the periods of 2014, 2015, 2016, 2017, 2018 and 2019, the Auditor General issued the following opinions relating to the fifth and sixth respondents:

Auditor-General audit opinions per financial year		
	Fifth Respondent	**Sixth Respondent**
2014	Disclaimer of opinion	Unqualified - Emphasis of Matter items
2015	Disclaimer of opinion	Unqualified - Emphasis of Matter items
2016	Qualified	Unqualified - Emphasis of Matter items
2017	Disclaimer of opinion	Qualified
2018	Disclaimer of opinion	Disclaimer of opinion
2019	Disclaimer of opinion	Outstanding

80. The above information was obtained from the National Treasury's *Municipal Data (https://municipaldata.treasury.gov.za) site and published Municipal Finance Data Tables* as on 23 April 2021.

81. The applicant's attorney has in its possession the complete audit opinions of the Auditor General (which it can produce on request):

81.1. in the case of the fifth respondent for the financial period ending in 2017 and 2018.

81.2. in the case of the sixth respondent for the financial period ending in 2014, 2015, 2016, 2017 and 2018.

82. The fifth respondent on its municipal website (https://www.ditsobotla.gov.za) as on 23 April 2021, has only published the findings of the Auditor General for the periods ending in 2013, 2014 and 2015. The sixth respondent's website was non responsive and no findings of the Auditor General could be obtained.

83. Whilst there is a clear and increasing decline in the ability of the sixth respondent to meet the audit requirements of the Auditor General, resulting in it not even submitting audit information of the financial period ending in 2019, the fifth respondent has for 5 of the last 6 audit periods been unable to provide the Auditor General with sufficient information to conduct an audit.

84. The financial crisis of the two municipalities is evident from the most recent audit reports issued by the Auditor General, being the reports for the financial period ending 2018:

84.1. fifth respondent (for which I attach a copy of the financial statements for the period ending 2018 as well as the corresponding audit report issued by the Auditor General for the same period as annexures **X5** and **X6** respectively) :-

84.1.1. The fifth respondent could not provide sufficient appropriate audit evidence in regards to almost every aspect of its assets, liabilities and general expenses, contractual commitments, debtor accounts, accounts receivable, and creditor accounts (see paragraphs 4 – 25 of the audit report)

84.1.2. The fifth respondent does not have an adequate accounting system which is compliant with GRAP19 accounting guidelines issued by the National Treasury (see paragraph 22 of the audit report);

84.1.3. There is no supporting evidence to account for R43 168 235.00 worth of cash and cash equivalent transactions in the financial statements (see paragraph 7 of the audit report);

84.1.4. There is no supporting evidence to account for R329 799 777.00 worth of income generated by municipal service charges as reported in the financial statements (see paragraph 15 of the audit report). The same lack of supporting

evidence prevented the Auditor General from making a determination regarding the revenue and receivables relating to the provision of retail water services in the sum om R64 799 674.00 (see paragraph 16 of the audit report) ;

84.1.5. No appropriate supporting evidence was available regarding almost R56 084 797.00 worth of property rates purportedly collected by the fifth respondent (see paragraph 18 of the audit report);

84.1.6. Material discrepancies between the financial statements and the accounting records of the municipality (which is again described as being insufficient and inappropriate), also resulted in the Auditor General being unable to audit general expenses amounting to R101 744 342.00 (see paragraph 20 of the audit report);

84.1.7. The Auditor General has been unable to check or audit the reported unauthorised, irregular, fruitless and wasteful spending. The Auditor General even states that it has become *impracticable to determine* the full extent of unauthorised, irregular, fruitless and wasteful expenditure in the municipality (see paragraphs 26, 27 and 28 of the audit report);

84.1.8. In general the financial statements of the fifth respondent were not prepared in all material respects in terms of section 122

(1) of the MFMA. The statements include material misstatements which were not corrected by the municipality (see paragraph 39 of the audit report);

84.1.9. The municipality failed to implement reasonable and appropriate asset management systems and accounting systems, even though these disclaimers were raised during the previous year's audit (see paragraphs 42 – 47 of the audit report);

84.1.10. The municipality simply did not take any reasonable steps to prevent unauthorised, irregular, fruitless and wasteful expenditure as is required by section 62 of the MFMA (see paragraphs 48 – 50 of the audit report).

84.1.11. The municipality failed to even investigate unauthorised, irregular, fruitless and wasteful spending (see paragraphs 51 – 52 of the audit report).

84.1.12. Allegations of financial misconduct against officials of the municipality is simply not investigated (see paragraph 54 of the audit report).

84.2. sixth respondent (for which I attach a copy of the financial statements for the period ending 2018 as well as the corresponding audit report issued by the Auditor General for the same period as annexures **X7** and **X8** respectively):-

84.2.1. The sixth respondent could not provide sufficient appropriate audit evidence in regards to almost every aspect of its assets, liabilities and general expenses, contractual commitments, debtor accounts, accounts receivable, and creditor accounts (see paragraphs 3 – 24 of the audit report)

84.2.2. There is no supporting evidence to account for R148 416 969.00 worth of income generated by municipal service charges as reported in the financial statements. The same lack of supporting evidence prevented the Auditor General from making a determination regarding the revenue and receivables relating to electricity and water. This was due to the sixth respondent not having an adequate system of internal control to account for these service charges (see paragraph 12 of the audit report);

84.2.3. No appropriate supporting evidence was available regarding almost R46 057 550.00 worth of property rates purportedly collected by the municipality (see paragraph 13 of the audit report);

84.2.4. Material discrepancies between the financial statements and the accounting records of the municipality (which is again described as being insufficient and inappropriate), also resulted in the Auditor General being unable to audit general

expenses amounting to R17 966 478.00 (see paragraph 23 of the audit report);

84.2.5. The Auditor General has been unable to check or audit the reported unauthorised, irregular, fruitless and wasteful spending. The Auditor General even states that it has become *impracticable to determine* the full extent of unauthorised, irregular, fruitless and wasteful expenditure in the municipality (see paragraphs 27, 28 and 29) of the audit report;

84.2.6. The municipality failed to implement reasonable and appropriate asset management systems and accounting systems (see paragraphs 62 – 64 of the audit report);

84.2.7. The municipality simply did not take any reasonable steps to prevent unauthorised, irregular, fruitless and wasteful expenditure as is required by section 62 of the MFMA (see paragraphs 59 – 61 of the audit report).

84.2.8. The municipality failed to investigate unauthorised, irregular, fruitless and wasteful spending (see paragraph 77 of the audit report).

85. The lack of proper accounting practises, financial procedures, accounting system and management oversite in the fifth and sixth respondents cannot be overstated. It is evident that there are simply no proper controls in place. The Auditor General

is, due to a lack of evidence, in no position to check whether the unauthorised, irregular, fruitless and wasteful spending referred to in paragraph 79 above, is indeed accurate. The municipalities cannot account for millions of Rands' worth of cash and cash equivalent transactions that occurred in the year 2018. The public can only rely on the municipalities' own financial statements (which apparently do not even correspond with its actual insufficient and inadequate accounting records).

86. A lack of oversight, financial records and control is the perfect breeding ground for corruption and irregular spending. The reported unauthorised, irregular, fruitless and wasteful spending of the fifth and sixth respondent (if one is to consider the state of their financial records- or rather total lack thereof), is most likely only the tip of the iceberg. Over the last six years, the public has effectively only been able to gauge the state of the fifth and sixth respondent based on self-compiled financial statements. There is no real tangible way to accurately gauge the state of affairs within the municipalities. Regardless of the repeated audit failures over the years, the first to fourth respondents have failed to effectively intervene.

EVENTS SINCE THE REPORT OF 24 AUGUST 2020

87. As indicated hereinbefore, in the affected towns situated within the respondent municipalities' jurisdiction, the applicant has several members. The applicant has obtained affidavits of its members which are attached to these papers and referred to herein after. I will not repeat the content of those affidavits. It is, however, apparent that, as from August 2020, nothing has changed in the affected towns. It

is unknown to the applicant whether the first respondent and/or the second respondent have developed a so-called municipal recovery programme. It is, however, submitted that the development of a municipal recovery programme is meaningless. I say this, because of *inter alia* the following facts:

87.1. it is the first respondent's contention, in its report, that mere interventions are ineffective, because there does not exist the political will within the municipalities to work with provincial and/or national government;

87.2. there is instability within the councils of each of the municipalities which leads to infighting and consequent maladministration.

88. If one takes into account only these two factors, it follows, without any doubt, that the providing of some sort of a municipal recovery programme, without oversight or reporting responsibilities, to the affected municipalities will have no effect whatsoever. Therefore, much more is required. Mandatory interventions are required and, in many instances, once a mandatory intervention has been promulgated in respect of the affected municipalities, consideration must be given to dissolutions of councils.

89. If and when it becomes apparent that the respective councils of the municipalities refuse to cooperate with provincial and national government and/or in instances where there is a resistance to such intervention, the only logical consequential decision to make then is to dissolve the councils. It should at all times be borne in mind that one deals here with the plight of the communities who ought to be served by these political officials or councillors.

90. Since August 2020:

Fifth respondent, Ditsobotla Local Municipality:

90.1. The municipality continues to decline.

90.2. In or about July/August 2020 the applicant instructed its attorneys, Kriek Wassenaar and Venter Inc, to submit a formal information request to the fifth respondent in terms of the Promotion of Access to Information Act 2 of 2000 ("PAIA"). This request was submitted in order to obtain various municipal documents such as the Auditor-General's audit reports, management reports, annual performance reports, annual compliance reports, non-compliance recommendations and various others all of which related to the fifth respondent. A copy of the applicant's PAIA request directed at the fifth respondent's offices is attached hereto and marked **X9**.

90.3. The request was sent via email to the fifth respondent on 6 August 2020. No response was received. On 21 October 2020 the applicant's attorneys sent a letter following up on the request. On 23 October 2020 the Acting Legal Manager of the fifth respondent responded and requested that the letter accompanying the PAIA request be forwarded. The letter and a full copy of the request was once again sent to the fifth respondent on 28 October 2021. On the same date the complete PAIA request was served by Sheriff onto the fifth respondent's nominated address. Notwithstanding service via email, follow up correspondence as well as service by Sheriff the fifth respondent failed to respond to the request.

90.4. As a result of the failure of the fifth respondent the applicant instructed its attorneys to issue an application to compel delivery of the requested documents. On 19 January 2021 the applicant issued the application in this Honourable Court under case number M27/2021 and the matter was enrolled for hearing on 25 February 2021.

90.5. Despite proper service of the application, the fifth respondent failed to enter into appearance to defend the matter. The application continued on an unopposed basis and an order was obtained against the fifth respondent directing them to provide the applicant with the requested documents as set out in the PAIA request. In this regard, I attach the order aa annexure **X10** and the request, which is already attached hereto as annexures X9.

90.6. The order was served by sheriff on 29 March 2021. A copy of the Sheriff's return is attached as annexure **X11**. In disregard of the service of the order, the municipality has failed to provide any response. Considering the Auditor General's findings, I can only make the inference that the administrative collapse within the fifth respondent has potentially made it impossible for the fifth respondent to respond. Mechanisms like PAIA, which seeks to promote transparent government - a vital constitutional check on public power - have become stillborn legislation in the specific context of the fifth respondent.

90.7. In addition to a lack of communication, the municipality simply no longer maintains the municipal roads and other infrastructure. The rainfall cycles of the area continue to wash away the roads. Potholes become more visible and significant each time it rains. The vast number of potholes in the town make it an undesirable tourist

attraction and have basically destroyed what was left of the tourism industry in the town. In this regard, I attach a photo album which I mark as annexure **X12**. The photo album photos 1, 2, 3, 4, 8, and 9 clearly show overgrown and washed away roads. It is but a mere sample of the town of Lichtenburg's depleted and decaying municipal area.

90.8. The municipality fails to settle its outstanding water debts. It was brought to the applicant's attention that the fifth respondent currently has millions of Rands in debt still outstanding and due to the relevant Water Board. The precise outstanding amount is however unknown to the applicant. The municipality also owes Eskom a sum of R691 783 110.00.

90.9. Water supply has become irregular and unpredictable. The municipality no longer has the necessary skills and funds to service the water reticulation networks. As a result, residents often sit without water for weeks on end, waiting on the municipality to fix broken connections and pipes in the area. It has become such an issue that most houses rely on bulk water storage containers in order to help them through these long periods of service interruption. Unfortunately, not everyone in the municipal area can afford these water storage containers. If residents are unable to get access to a borehole or other water source, they are often without water. The residents of Lichtenburg often need to take the lead with regards to service delivery by transporting and distributing water to residents. It is often the surrounding farmers who need to assist in the supply of drinking water to the local communities in order for them to survive.

90.10. The municipality also no longer maintains the electricity reticulation networks and infrastructure. The electricity network's distribution poles have not been maintained over the years. As a result of a lack of maintenance the poles have are completely rusted. As a result of a lack of maintenance, the community faces regular interruptions in the supply of electricity to their businesses and homes. At this stage it seems as if the municipality is merely trying to maintain the deprecated network by fixing the network as and when something fatally breaks down. This then takes weeks to do and by the time that an issue is resolved, several new breakdowns have been reported. There is no improvement being made to the network. The municipality simply does not have the money.

90.11. The stormwater network of the municipality has become basically non-existent. It is not maintained at all.

90.12. Probably one of the biggest issues currently in the municipality of the fifth respondent is the failing sewage network. The applicant has received many reports from businesses who have had to deal with raw sewage spilling into their business premises for days on end. The municipality merely informs residents that they are unable to attend to the matter due to a lack of funds – with the result that businesses are required to appoint private contractors to repair their own sewage connections. In this regard I refer to the photo album which is already attached as annexure **X12**. The photo album, more specifically photo 7 clearly shows how sewage is spilling out of a manhole which the fifth respondent failed to maintain.

90.13. The sewage treatment plants are not properly maintained and continue to seep raw sewerage into the Harts River, which as a consequence provides polluted water to the town of Schweizer-Reneke.

90.14. One of the most alarming concerns within the municipal area of the fifth respondent which was brought to the applicants attention was that the fifth respondent has continuously failed to adequately maintain and upgrade the refuse removal infrastructure of Lichtenburg. Refuse is being dumped along the roads of Lichtenburg and the dumping sites are not adequately maintained by the fifth respondent. In this regard I refer to the photo album which is already attached as annexure X12. The photo album, more specifically photo 6, and 11 - 17 demonstrate the fifth respondent's neglect and failure to adequately maintain and upgrade the refuse removal infrastructure of Lichtenburg. It is evident that the fifth respondent no longer possess the required skills and/or funds to ensure continuous and reliable refuse removal service delivery to the town.

90.15. The town is no longer a desirable place for conducting business. The applicant has received reports from numerous businesses who have indicated their desire to relocate to another area of the country in order to build a better future for their business and families. Unfortunately this will result in job losses in an already ailing local economy. As a result of the failing network, the town is losing its economic lifeblood, being the businesses and business people who sustain its economy. In this regard I can refer to letters received from businesses located in the municipality's jurisdiction, who have indicated an intention to relocate their ventures to more sustainable areas as a result of the collapse in service delivery

and administration in the municipalities, which I attach hereto as annexures **X13** and **X14**.

90.16. In this regard I attach supporting affidavits deposed to by residents who live and/or conduct business within the area of the fifth respondent as annexures **X15** and **X16**.

Sixth respondent, Naledi Local Municipality:

90.17. The sixth respondent similarly fails in its duty to deliver services to the community and to maintain the infrastructure of its towns.

90.18. The sixth respondent is no longer able to maintain the municipal roads and other infrastructure adequately or regularly within the town. As a consequence of the heavy rainfall this year the potholes in the town roads have multiplied in number and size and the community can no longer with confidence use the roads since they fear damage being caused to their cars. In this regard I attach a photo album which I mark as annexure **X17**. With specific reference to photo's 4, 5 and 14 it can be seen that the roads of Vryburg are no longer in a desirable condition and constitutes evidence of the town of Vryburg's decaying municipal area.

90.19. The sixth respondent has failed to regularly maintain and upgrade the water infrastructure of Vryburg. Municipal water delivery has become inconsistent to such an extent that a large part of the community has resorted to installing water tanks on their property in order to manage the ongoing water disruptions suffered which have lasted up 7 days in the past. Consequently, the less fortunate of the

community who do not have the necessary resources to install private water storage tanks are left without water for days during these water disruption periods and consequently they suffer from the reluctance of the sixth respondent to maintain and upgrade the water infrastructure of Vryburg. Moreover, water pumps in Vryburg have exploded and/or broke down on numerous occasions which left the town without any water supply for days on end before the sixth respondent attended to and fixed the water pump. It is evident that the sixth respondent no longer possesses of the required skills and/or funds to ensure continuous and reliable water service delivery to the town.

90.20. The sixth respondent is in arrears with its liabilities towards Eskom SOC Limited. The sixth respondent owed Eskom roughly the amount of R 290 000 000.00 as on 30 December 2019. Since then, the sixth respondent's debt has increased dramatically and to date the sixth respondent, owes Eskom approximately R390 000 000.00. The most astounding fact regarding the sixth respondent's debt towards Eskom is the fact that the majority of the local community is on a pre-paid electricity system and Eskom directly supplies electricity to the township of Vryburg. The effect of this is that it is not possible for the local households and businesses to be in arears with their electricity accounts towards the sixth respondent. The most logical explanation for the sixth respondent's spiralling debt due to Eskom is that the sixth respondent fails and/or refuses to pay over any and all amounts due to Eskom.

90.21. As a consequence of the sixth respondent's failure and/or refusal to settle its debt due towards Eskom, Eskom has resorted to terminating the bulk of the town's electricity supply on numerous occasions which left the local community without

any electricity for extensive periods. Those members of the community who can have taken precaution by installing generators and solar power systems. Notwithstanding these preventative measures taken by the community, most businesses still suffer financial and productivity loss due to the termination of the electricity supply. Unfortunately, the less fortunate residents of the community are once again left without any form of electricity supply. On or about 19 December 2019 a large part of the community of the sixth respondent, represented by Naledi Concerned Citizens as the applicant, approached the High Court of South Africa, Gauteng Division, Pretoria by issuing an urgent application under case number 93705/2019 seeking an order to prevent Eskom from terminating the supply of electricity to the town due to the sixth respondent's failure to settle their debt towards Eskom. The relief sought was granted and the matter was postponed and is still pending. I attach hereto the order as annexure **X18**.

90.22. In addition to the above, during the month of February 2021 it was reported to the applicant that the sixth responded failed and/or refused to attend to and fix a transformer which exploded in Vryburg and left the majority of the town without electricity for more of less a week. In this regard I refer to the photo album which I had marked X17, with specific reference to photo's 7 and 8. It constitutes a prime example of the town of Vryburg's decaying municipal area.

90.23. On or about 9 March 2021 the Democratic Alliance (DA) issued a media statement wherein it expressly addressed the sixth respondent's reluctance to timeously attend to and fix the Vlakfontein electric cables providing electricity to the farms in the area of Vryburg, who depend on the electricity supply to their farms for their own safety and security. The DA expressed that the issue was

indeed brought to the attention of the current Directror of Technical Services, Mr. Nelson Mongale, who is also the acting Municipal Manager. To date this issue has still not been resolved and the farmers in the Vryburg are are still left at risk. In this respect I refer to photo 13 in the album, which constitutes the press relelease of the Democratic Alliance.

90.24. The applicant has received numerous reports that the majority of the streetlamps in the town of Vryburg do not work and the sixth respondent has failed and/or refused to attend to and replace the broken street lights. In this regard I refer to photo 12 in the Vryburg photo album. It is evident that the sixth respondent no longer has the required skills and/or funds to ensure continuous and reliable electric service supply to the town.

90.25. One of the primary issues currently within the municipal area of the sixth respondent is the failing sewage network. The applicant has received many reports from businesses who have had to deal with raw sewage running down the streets and spilling into their business premises. Such occurrences would continue for days on end and on occasion even for as long as two weeks. On numerous occasions, private contractors had to be contacted by the community themselves to come to the town's aid since the municipality neglected and/or refused to timeously attend to and repair the sewage issue. In this regard I refer to photo 6 in the Vryburg photo album showing raw sewage spilling into stormwater.

90.26. Another issue within the municipal area of the sixth respondent which was brought to the applicant's attention is the fact that the sixth respondent has failed

to maintain and/or upgrade the refuse removal infrastructure of Vryburg. Refuse is being dumped along the roads of Vryburg and the dumping sites are not maintained by the sixth respondent.

90.27. The sidewalks in the town are in an extremely neglected condition due to the sixth respondent's failure to preserve the upkeeping of the sidewalks. Consequently the responsibility to attend to maintenance the sidewalks and cut the grass is left to the local community of Vryburg. In this regard I refer again to the photo album X17. With specific reference to photo's 1, 2, 9, and 10, it can be seen how refuse has clogged one of many stormwater drains; how the sixth respondent fails to maintain the dumping sites of Vryburg, and how refuse is dumped along the streets of Vryburg. It is evident that the sixth respondent no longer possesses of the required skills and/or funds to ensure continuous and reliable refuse removal services to the town.

90.28. Several years ago, the local community attempted to minimise the adverse effect of the sixth respondent's failure to deliver services and maintain the infrastructure by establishing a local chamber of commerce who represented the business community of the town Vryburg. Their focus was primarily to negotiate with and put pressure on the sixth respondent to uphold basic service delivery standards within Vryburg.

90.29. However, the decay of the sixth respondent's service delivery ability has worsened to such an extent that, together with the sixth respondent's lack of co-operation, the responsibility this local chamber of commerce had to carry, became too much and consequently it withdrew itself from upholding the sixth

respondent's responsibilities, since its attempt to improve municipal service delivery and the economy of Vryburg proved to be fruitless.

90.30. The town of Vryburg is no longer a desirable place for the conducting of business. The applicant has received reports from numerous businesses who have indicated a desire to relocate to another area of the country in order to build a better future for their business and families. In this regard I again refer to a letter of an attorney representing businesses in the municipal area who have expressed their dismay at the relentless and rapid deterioration of the town, which I attach hereto as annexures **X19**.

90.31. In this regard I also attach a supporting affidavit from a resident of the sixth respondent as annexure **X20**.

THE THIRD RESPONDENT

91. The provincial government in the North West Province has itself been under continuing administration, with the third respondent during February 2021 announcing that the province's administration imposed on it by the National Government has been extended for an additional three months (effectively until May 2021 unless a further extension is granted).

92. Except for indirect intervention resulting from intervention at the provincial level, the third respondent has not directly intervened in the affairs of the fifth and sixth respondent.

THE FOURTH RESPONDENT

93. The applicant's consultations with the communities residing in the towns of the fifth and sixth respondents have shown an alarming lack of intervention from the second, third and fourth respondents. From what the applicant has been able to determine, intervention has only come from the first respondent's office. These were discretionary intervention and wholly ineffective. A discretionary intervention does not apply where one is faced with serious financial problems at a municipality. Then, only mandatory interventions are appropriate.

94. I pause at this stage to refer to the annual *National Treausry: The state of local government finances and the financial management report* ("State of local government report"), which the National Treasury publishes after June of each year. An extract of the report insofar as it pertains to the two implicated municipalities is attached and marked annexure **X21**. In the unreduced report, National Treasury lists all of the country's municipalities, including the fifth and sixth respondents, and their deemed financial health.

95. Of interest to this application is the report sections that indicate whether or not a municipality is in financial distress and whether the municipality is subject to discretionary intervention under section 139 of the Constitution. I point out that National Treasury has omitted a reference to section 139 interventions in municipalities from its *State of local government reports* since 2018. The report also does not specify what form of intervention has been applied to a specific municipality. It merely states that intervention under section 139 of the Constitution has been effected or not.

96. The applicant has considered the annual State of local government reports for the financial years ending 2009, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019. The applicant has not been able to find any more recent reports published by National Treasury. From these State of local government reports, the following can be gleaned:

96.1. The fifth respondent:

96.1.1. The fifth respondent has been identified as a municipality in financial distress since 2013 (including the years 2013, 2014, 2016, 2017 and 2019);

96.1.2. The fifth respondent has been under some form of intervention described in section 139 of the Constitution since 2013 (including the years 2013, 2014, 2016 and 2017);

96.2. The sixth respondent:

96.2.1. The sixth respondent has been identified as a municipality in financial distress since 2011 (including the years 2011, 2014, 2016, 2017, 2018 and 2019);

96.2.2. The sixth respondent has only been under some form of intervention described in section 139 of the Constitution in 2017;

97. As far as the applicant is aware, the fifth and sixth respondents have to date only been subjected to so-called discretionary interventions at the hands of the first respondent in terms of section 136 of the MFMA. According to the first respondent's August 2020 report discussed above, the first respondent terminated its formal discretionary intervention over the fifth and sixth respondents at the end of 2019.

98. A summary of the State of local government reports for the financial years ending 2009, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019, as well as the relevant extracts of each year in question is attached hereto and marked annexures **X22 – X29** respectively. Full copies of the reports may be requested from the applicant's attorneys.

FIRST AND SECOND RESPONDENTS

99. Before launching this application, the applicant, during December 2020, instructed its attorneys, Kriek Wassenaar and Venter Inc, to submit a formal information request to the first and second respondents in terms of the *Promotion of Access to Information Act 2 of 2000* ("PAIA"). These requests were aimed at determining whether there had been provincial interventions of the fifth and sixth respondents (including eight other municipalities listed in the first respondent's report of August 2020). A copy of the applicant's PAIA requests directed at the first and second respondents' offices is attached hereto and marked **X30** and **X31** respectively. The request was intended to procure a complete record of the first and second respondents' interventions in *inter alia* the fifth and sixth respondents over the last five financial years.

100. These requests were sent via email on 14 December 2021 to the first and second respondents.

101. The second respondent responded to the PAIA request submitted to it, and a virtual meeting was held on 11 February 2021 between *inter alia* the applicant's attorney, Mr Wassenaar, and the second respondent's head of department, Mr NI Kunene. During the meeting, Mr Kunene confirmed that the second respondent has never undertaken any formal interventions in the fifth and sixth respondent and that the matter has never been escalated past discretionary interventions in terms of section 136 of the MFMA at the hands of the first respondent.

102. In this regard, the second respondent forwarded a letter dated 12 February 2021 confirming the position, which I attach hereto as annexure **X32**. The second respondent also transferred the PAIA request submitted to the second respondent to the first respondent in terms of section 20 of PAIA. In this regard, I attach a copy of transfer notices as annexures **X33** and **X34**.

103. The second respondent did indicate that they are still considering interventions but that they were unable to give any further particulars to our attorney during the meeting.

104. Our attorney on 15 February 2021 requested that the second respondent confirm whether they have the intention to intervene in the affected municipalities, which include the fifth and sixth respondents. A copy of the letter is attached hereto as annexure **X35**. No response has, however, been received.

105. To date hereof, the first respondent has failed to reply to the applicant's PAIA requests (I refer here to both the direct request sent via email on 14 December 2020 as well as the transfer PAIA request transferred by the second respondent on 12 February 2021).

106. Even though the applicant has yet to receive a formal response to its PAIA requests from the first respondent, the response received from the second respondent, if considered in the light of the National Treasury's "State of local government report", confirmed the following:

106.1. The fifth and sixth respondents have all been in financial distress for more than seven years;

106.2. Except for the first respondent, none of the remaining respondents (specifically the second to fourth respondents) have over the last seven years taken any formal action to intervene in the fifth and sixth respondents, notwithstanding the escalating municipal debt crisis in the North West Province;

106.3. Since the termination of the first respondent's discretionary interventions and since the issuing of the first respondent's report in August 2020, no new interventions have been implemented. The management of the defunct municipalities has been left without any formal oversight since end of 2019;

106.4. Regardless of an escalating municipal debt crisis, the intervention mechanisms entrenched in section 139 of the Constitution and the MFMA have not been applied;

106.5. The fifth and sixth respondents are municipalities that, as a result of a crisis in its financial affairs, are in severe and persistent material breach of their obligations to provide basic services and to meet its financial commitments;

106.6. Provincial interventions by the first and second respondents have been materially ineffective and lacking. The first and second respondents' provincial governments have allowed a continued and progressive failure of local government administration to persist for almost a decade, even allowing the defunct municipal administrations unfettered control after the removal of the discretionary administrators in 2019. An already serious crisis has been exasperated by the failure by the first and second respondents to intervene since at the latest end of 2019 effectively;

106.7. The inadequate response by the first and second respondents' provincial governments results in the fourth respondent having a duty in terms of section 139 (7) of the Constitution to now intervene. I have, however, already shown that the fourth respondent and National Treasury have been aware of the escalating crisis for more than seven years.

GOVERNANCE FAILURES EXCEEDING A DECADE

107. I do not wish to give an extensive exposition about this issue. This is a matter that I mention to demonstrate that the North West Province has been plagued by festering maladministration as from the year 2009 and earlier. In 2009, the then president of

the Republic of South Africa, appointed the Special Investigation Unit ("SIU") to investigate in respect of municipalities in the North West province *inter alia*:

102.1 serious maladministration in connection with the affairs of the municipalities;

102.2 improper or unlawful conduct by councillors, officers and/or employees of the municipalities;

102.3 unlawful appropriation or expenditure of public money or property;

102.4 intentional or negligent loss of public money or damage to public property, etcetera.

108. The above list is not exhaustive. The relevant proclamation is attached hereto and marked annexure **X36.** It lists 24 municipalities in the North West province. The outcome or findings report or meeting of the SIU of 12 September 2012 is attached hereto and marked annexure **X37.** It is apparent from a reading of the report that it conveys a tale of desperate maladministration, corruption, nepotism or simply ignorance. It shows that the problem outlined in this affidavit, is deep rooted and at least more than a decade old.

109. This brings me to the appointment of a special master.

APPOINTMENT OF SPECIAL MASTER

110. The financial demise of each of the affected municipalities is to a large extent due to poor debt collection. Poor debt collection, on the other hand, is exacerbated by the fact that the communities do not trust the political structures within the municipalities. One of the main reasons why communities distrust political structures, is because they know of their corrupt activities. They know that their hard-earned money is maladministered. They furthermore know that many of the councillors are corrupt. This entails that community members understand that money paid over into the hands of such corrupt officials will not find its way to the municipalities' true creditors.

111. I have dealt hereinbefore with the example of Eskom. It is factually so that, for example, Eskom money ought to be ringfenced. To do so, each municipality requires a separate account into which Eskom money is received and then paid over to Eskom. This never happens. Eskom money is usually paid into the general municipal account where it gets intertwined with the other money received and used for all sorts of purposes, including unlawful goals (except to pay the Eskom bill). This, in turn, results in electricity terminations or suspensions to the affected towns.

112. Similar situations happen with money due to the water boards and so forth. The applicant therefore proposes that this Court, pending the outcome of the process of this structured interdict, appoints what we will refer to as a special master. This should be, for example, a reputable firm of auditors who will have as task:

112.1. the collection of money due to the municipalities for electricity sold to its consumers;

112.2. the collection of money due to the municipalities for water sold to its consumers.

113. Once collected, this special master shall have the obligation to pay over to Eskom an amount of 70% of all money collected in respect of electricity from the municipalities' customers and retain, in a trust account, the remaining 30% which may be used for purposes of the upgrading of the electricity reticulation network.

114. In respect of water consumption and other municipal services, the amount ought also to be ringfenced. This process will entail that, at least, the current accounts of the municipalities are paid. None of the municipalities ought to have any problem with this arrangement, in that they still are entitled to collect rates and taxes for other purposes, such as payment of salaries and so forth.

115. It will be submitted and argued at the hearing of this application that, where organs of State fail to comply with their constitutional duties, this Court is entitled to appoint such a special master which will function under Court supervision. This happens where the disfunction of an organ of state, with consequent violation of rights (in this instance the violation of the rights of the communities involved) is so extreme that it warrants such an appointment. In this case where the maladministration is so prevalent and so clear it is submitted that such an appointment is justified. It is so that the special master must operate under the supervision of this Court and be directed to report regularly on its duties.

REQUIREMENTS FOR AN INTERDICT

116. To the extent that this Court may hold the view that this application is *stricto sensu* an interdict, it is submitted that the facts set out herein demonstrate that an interdict is warranted and is in fact as a matter of expediency required.

CLEAR RIGHT

117. As indicated earlier in this affidavit, the applicant is a public interest organization with a supporter and donor base of more than 17 000 businesses in the Republic of South Africa. I also indicated above that, within the municipal areas of only the fifth and sixth respondents, the applicant has more than 89 business-owner members.

118. It is necessarily so that the failure of the first four respondents to act in accordance with the prescripts of the legislation referred to in this application, directly infringes upon the rights of each of the business owners that are situated within municipal areas of the fifth and sixth respondents.

119. The municipalities have the constitutional duty to ensure that there is proper and effective service delivery within their respective municipal areas. The communities of the fifth and sixth respondents have the concomitant right to accept that the municipalities will comply with their constitutional duties and ensure that the towns wherein these businesses are situated are suitably habitable and conducive for the conducting of business.

120. For that privilege (in fact a constitutional right), the business owners pay rates and taxes. They also pay for other services, such as electricity, water, sewerage, etc.

121. Each of the applicant's members situated within the municipal areas are rate payers. In addition, the failure of the respondents to adhere to the legislative obligations that they have, constitutes illegal conduct. The applicant has a right to prevent such illegal conduct. Each of the business owners has the Section 22 of the Constitution right to freedom of trade, occupation, and profession. This entails that these basic rights ought to be advanced by the municipalities in providing proper services, and to the extent that it is reasonably possible, to create an environment that is conducive to advancement of the rights.

122. As such, it follows that the applicant has a clear right, on behalf of its members residing within the jurisdictional areas of the fifth and sixth respondents, to claim that there shall be compliance with *inter alia* section 139 of the MFMA and the correlating sections in the Constitution of the Republic of South Africa. This requirement has therefore sufficiently been established in the papers.

APPREHENSION OF HARM

123. It is submitted that it would be a bit superfluous to reiterate the harm suffered by the communities residing and trading within the municipal areas of the fifth and sixth respondents. This affidavit speaks for itself. The state of neglect and mismanagement by the fifth and sixth respondents is plainly unacceptable. It is apparent that there is a total collapse of government.

124. As a result of the inability to deliver services, the towns within the jurisdiction of the fifth and sixth respondents do not attract any form of new investment any more. The infrastructure in these towns is on a dangerous slippery slope. Soon it will be impossible to conduct normal business within these towns. I shall refrain from repeating what has been set out hereinabove already.

125. In this respect the Honourable Court is also again referred to the affidavits of business owners attached to this affidavit. The continuous harm is apparent.

NO ALTERNATIVE REMEDY

126. Year after year the indications are that mandatory interventions into the affairs of the fifth and sixth respondents are not only warranted, but needed. This fact is emphasized in the different reports referred to in these affidavits. What I mean to say is that all of the respondents are very well aware of the total collapse of governance within these municipalities. It is recorded on an annual basis. Yet, they do nothing.

127. All that one sees is that sometimes discretionary interventions are implemented with no effect at all. It makes no sense to take steps that have no effect. It is apparent that, notwithstanding all the signs that interventions are required, the respondents are for some or other reason reluctant to do so and then eventually neglect to intervene.

128. If government fails in its duty to act in accordance with the prescripts of the Constitution and ancillary legislation, the only alternative remedy is that the judiciary intervenes and grants the relief as envisaged by the applicant in its notice of motion.

CONCLUSION AND COSTS

129. It is submitted that the applicant is entitled to the relief sought in the notice of motion. In the alternative, the applicant is entitled to such relief as this Honourable Court deems fit, but it is apparent that mandatory interventions are something that this Court ought to grant.

130. The relief to appoint a special master is warranted in circumstances where the collapse of governance is to such an extent sthat the relevant government institutions cannot give effect to their constitutional mandate. In this respect, the applicant will rely on existing constitutional case law to justify the appointment of a special master.

131. Insofar as it relates to costs, I respectfully submit the following. The applicant is a non-profit company. It relies on donations of its members to conduct its affairs. Litigation is a very costly affair. An application, such as this, requires many days of preparation and consultation.

132. Had the affairs in the fifth and sixth respondent municipalities been relatively properly handled, an application such as this one would never have been warranted. It is entirely due to the neglect of the first to sixth respondents that this application became necessary. Therefore, the applicant should not be out of pocket. To ensure

that an applicant is not entirely out of pocket, but a bit less out of pocket, a punitive costs order is warranted.

133. In the premises, I request this Court to grant the relief as sought together with costs on an attorney and client scale against the first to sixth respondents. A cost order against the seventh to ninth respondents will only be sought in the event of them opposing this application.

PIETER JACOBUS LE ROUX

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at Pretoria on this the 24th day **MAY 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS
FULL NAMES:
BUSINESS ADDRESS:
DESIGNATION:
AREA / OFFICE:

Commissioner of Oaths
HB Forum
13 Steenberg Street
Val De Grace
Ex Officio Practising Attorney
Republic of South Africa

X1

SAKELIGA NPC
REG: 2012/043725/08

EXTRACTS OF MINUTES OF MEETING OF DIRECTORS HELD AT CENTURION ON 26 NOVEMBER 2019

PRESENT:	NAME: -	CAPACITY
	ANDRIES BRINK	**DIRECTOR**
	DAVID JAKOBUS DE VILLIERS	**DIRECTOR**
	BERNARD DU PLESSIS	**DIRECTOR**
	CHRISTIAAN PHILIPPUS LERM	**DIRECTOR**
	MARIO BRONN PRETORIUS	**DIRECTOR**
	NICOLAAS HOUGH VLOK	**DIRECTOR / CHAIRMAN**
	PIETER JACOBUS LE ROUX	**DIRECTOR / CEO**

RESOLVED:

1) That the Board hereby delegates to the Company's chief executive officer (CEO), **PIETER JACOBUS LE ROUX**, the authority to authorise the Company to institute, defend and / or to participate in any legal proceedings (whether as a party or *amicus* curiae), which includes but is not limited to appeals and/or reviews of any matter, and/or the right to have the Company appear, argue, act, support and/or oppose any matter before any State authority or judicial body, as is set out in the Company's objectives.

2) The Board hereby authorises the CEO to represent the Company in all matters referred to in paragraph 1) above, and to sign any document on behalf of and in the name of the Company as its lawful representative.

3) The CEO is furthermore duly authorised to incur costs on behalf of the Company and to appoint, instruct and direct attorneys, experts and/or consultants to assist the Company with any matters relating to paragraph 1) above.

4) The CEO is hereby granted all necessary powers to take any such further steps and to do all further necessary things on behalf of the Company in order to give effect to paragraphs 1) to 3) above.

5) The CEO may, within the sole discretion of the CEO, delegate all or some of his functions in terms of paragraphs 1) to 4) above to any such employees or agents of the Company as the CEO deems meet.

CERTIFIED AT CENTURION ON 26 November 2019.

NICHOLAAS HOUGH VLOK
CHAIRMAN OF THE BOARD

Extract of memorandum of incorporation

SAKELIGA

X 2

REPUBLIEK VAN SUID-AFRIKA
MAATSKAPPYEWET, 71 VAN 2008

AKTE VAN OPRIGTING VAN 'N MAATSKAPPY SONDER WINSOOGMERK MET LEDE

SAKELIGA NPC
REG: 2012/043725/08
(hierna die "Maatskappy" genoem)

Hierdie Akte van Oprigting ("Akte") is behoorlik aanvaar by wyse van 'n Spesiale Resolusie van Direkteure kragtens die Maatskappyewet 71 van 2008 ("die Wet") tydens 'n vergadering van die Direksie gehou te PRETORIA op 24 Mei 2019 2019 en is vir identifikasiedoeleindes deur die Voorsitter van die Direksie onderteken.

Kragtens artikel 16(9)(b)(i) van die Wet sal hierdie Akte van krag kom met die liassering daarvan.

VOORSITTER

teenstrydigheid effektiewelik aan te spreek, en

3.3.3. Die aksies neem wat binne hul uitsluitlike diskresie nodig is om die oortreding, botsing en/of teenstrydigheid aan te spreek, wat insluit maar nie beperk is tot die voorstel van wysigings tot die Akte en die belê van 'n spesiale Ledevergadering ten einde daardie wysigings goed te keur.

4. DOELSTELLINGS EN MAGTE VAN DIE MAATSKAPPY

4.1. Ter nakoming van artikel 1 van bylaag 1 tot die Wet, verklaar die Maatskappy hiermee die volgende hoofdoelstellings:

4.1.1. Die bevordering van konstitusionele orde, vryemarkbeginsels en 'n kapitaalkragtige, regverdige, en volhoubare sake-omgewing in die Republiek;

4.1.2. Die skepping van 'n selfstandige sakegemeenskap in die Republiek;

4.1.3. Die behoud van eiendomsreg, holisties gesien, ooreenkomstig die Grondwet van die Republiek;

4.1.4. Om, sonder inperking, bydraes en skenkings te doen tot die Helpende Hand Beursfonds en/of die Solidariteit Helpende Hand NPC;

4.1.5. Om kollektief namens Lede, ondersteuners en die publiek met Owerhede te onderhandel en verhoudinge met Owerhede asook plaaslike, nasionale en internasionale instansies en persone te beding te einde die doelstellings van die Maatskappy te bevorder;

4.2. Die Maatskappy verklaar hiermee die volgende aanvullende doelstellings, maar sonder inperking van die algemene aard van die Maatskappy hoofdoelstellings:

4.2.1. Om as 'n openbare sakewaghond wat fokus op die regte en belange van sy Lede, ondersteuners en lede van die publiek in die algemeen, op te tree;

4.2.2. Om ondersoek in te stel oor gevalle waar die regte van Lede, ondersteuners asook die publiek oor die algemeen, geskend en/of ingeperk word, en om waar nodig ook op te tree ten einde daardie regte te beskerm of te bevorder.

4.3. Die volgende magte word ook, sonder inperking van die algemene magte van die Maatskappy soos uitgeoefen Direksie kragtens die Wet, aan die Maatskappy verleen:

4.3.1. Om deur selfregulering en privaat institusionele infrastruktuur 'n alternatiewe

sake-omgewing te skep waarbinne ekonomiese aktiwiteit voortgesit kan word;

4.3.2. Om die Maatskappy se Lede, ondersteuners en lede van die publiek in die uitoefen van hul belange en regte, hetsy op plaaslike, nasionale of internasionale vlak, by te staan, te adviseer, te ondersteun en/of te verteenwoordig.

4.3.3. Om die publiek oor die algemeen by te staan met die bevordering van hul regte op 'n plaaslike, nasionale en internasionale vlak;

4.3.4. Om 'n vrye, onafhanklike en goedgunstige sake-omgewing in die Republiek te beskerm, stimuleer en waar nodig te skep;

4.3.5. Om regsgedinge in te stel, daartoe toe te tree, om sake te opponeer en/of te verdedig, om as *amicus curiae* in sake op te tree, deel te neem aan appèlle, hersienings, en om voor enige Owerheid te verskyn, submissies te maak, te argumenteer, op te tree, teen te staan en/of te ondersteun.

4.3.6. Om met die Owerhede, politieke partye, lede van die sakewêreld, die media asook enige ander lid van die publiek te kommunikeer, te onderhandel, in te debat te tree en om ook waar nodige daardie persone en/of instansies te voorsien met voorstelle, vertoë, submissies, verslae, argument en/of inligting.

4.3.7. Om navorsing ter bevordering van hierdie doelstellings te doen asook om inligting in te samel, statistiek op te bou, te verwerk en te publiseer;

4.3.8. Om onafhanklike regsadvies oor enige saak wat enige doelstelling van hierdie Akte raak, te bekom en waar nodig om ook regsverteenwoordiging aan te stel om die Maatskappy te verteenwoordig in die bevordering van hierdie doelstellings.

4.3.9. Om met ander organisasies of persone met soortgelyke doelstellings te onderhandel, ooreenkomste te sluit, projekte te hardloop, sake te bevorder, befondsing te voorsien, befondsing te ontvang, ondersteuning te bied en/of te affilieer.

4.3.10. Om deel te neem in die bestuur, beheer of aktiwiteite van enige ander organisasie wat soortgelyke doelstellings as die van die Maatskappy het en om in hulle te belê, belange te bekom en/of om vennootskappe of samewerkingsooreenkomste met hulle aan te gaan.

4.3.11. Om enige persoon of organisasie te vergoed vir hul dienste gelewer aan of

coghsta
Cooperative Governance, Human Settlements and Traditional Affairs
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

X3

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The Chairperson
PC on Co-operative Governance and Traditional Affairs
P.O BOX 15
CAPE TOWN
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Date: 24 August 2020

Dear Hon. A F Muthambi

SUBJECT : REPORT ON THE STATE OF LOCAL GOVERNMENT IN THE NORTH WEST PROVINCE

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1. PURPOSE

The purpose of the submission is to present to the **PC on Co-operative Governance and Traditional Affairs** a **"STATE OF LOCAL GOVERNMENT REPORT IN THE NORTH WEST PROVINCE"**

2. BACKGROUND

Section 152(1) of the Constitution, stipulates that the mandate of Local Government is to provide democratic and accountable government for local communities; ensure provision of services to the communities in a sustainable manner; promote social and economic development; promote a safe and healthy environment and encourage the involvement of communities and community organizations in the matters of Local Government. These constitutional mandates remain our foundation to put necessary systems and controls in place if we were to change the phase of Local Government in our province.

Section 152(2) of the Constitution stipulates that a municipality must strive, within its financial and administrative capacity, to achieve the mandate as set out in Section 152(1) above.

Section 153 of the Constitution further stipulates that a municipality must structure and manage its administration 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.

The National and Provincial Government in terms of Section 154 of the Constitution must by legislative and other measures support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

Despite these empowering provisions of legislation aimed at '***Making Local Government Work for Everyone***' *and ensuring* '***Accountable, Responsive and Accessible,*** it is a well-documented fact that local government in the North West is in a state of paralysis; our municipalities have invariably and in varying degrees been and/or are bedeviled by immense capacity challenges. These challenges includes but not limited to the following:

a) Failure and collapse of governance and administrative systems in municipalities;

b) Legislative provisions & prescripts flouted, in particular Supply Chain Management (SCM) processes and procedures;

c) Declining Audit Outcomes with increasing trend of Unauthorised Irregular Fruitless and Wasteful (UIF&W) Expenditure;

d) Non-compliance with MFMA and other legislative conditions that led to loss and or withholding of Equitable Share and Conditional Grants such as MIG over the years;

e) Inability to provide sustainable, uninterrupted and quality services and

f) Weak Public Participation and accountability systems.

3. BASIC INFORMATION REGARDING THE MUNICIPALITIES IN THE PROVINCE

The following table provides statistics in terms of categorising our municipalities in the province and also to share the type of the mayoral council system per municipality.

3.1. Legend:

C1	District Municipalities which are Not Water Services Authorities
C2	District Municipalities which Are Water Services Authorities
B1	Local Municipality with a Large Budget and Containing a Secondary City
B2	Local Municipality with a Large Town as a Core
B3	Local Municipality with a Small Town, with relatively Small Population and Significant proportion of Urban Population but with no Large town as Core.
B4	Local Municipality which are mainly Rural with Communal Tenure and with, at most, One or Two Small Towns in their Area.

	MUNICIPALITY	CATEGORY (LGTAS)	COUNCIL SYSTEM	NUMBER OF WARDS	NUMBER OF COUNCILORS PR+WC
1.	NgakaModiriMolema District Municipality	C 2	Executive Mayor, Mayoral Committee, Speaker and Council Committees.	0	14
2.	Mahikeng Local Municipality	B2	Executive Mayor, Mayoral Committee, Speaker and Council Committees.	35	69
3.	Tswaing Local Municipality	B4	Mayor, Executive Committee, Speaker and Council Committees.	15	29

	MUNICIPALITY	CATEGORY (LGTAS)	COUNCIL SYSTEM	NUMBER OF WARDS	NUMBER OF COUNCILLORS PR+WC
4.	Ditsobotla Local Municipality	B3	Mayor, Executive Committee, Speaker and Council Committees.	20	40
5.	Ratlou Local Municipality	B4	Mayor, Executive Committee, Speaker and Council Committees.	14	28
6.	RamotshereMoiloa Local Municipality	B3	Mayor, Executive Committee, Speaker and Council Committees.	19	38
7.	Dr. Ruth SegomotsiMompati District Municipality	C 2	Executive Mayor, Mayoral Committee, Speaker and Council Committees.	0	16
8.	Naledi Local Municipality	B3	Mayor, Executive Committee, Speaker and Council Committees	10	10
9.	Mamusa Local Municipality	B3	Plenary type municipality constituted by a full-time Mayor as the chairperson of Council and Council Committees.	9	18
10.	Greater Taung Local Municipality	B4	Mayor, Executive Committee, Speaker and Council Committees.	24	48
11.	LekwaTeemane Local Municipality	B3	Plenary type municipality constituted by a full-time Mayor as the chairperson of Council and Council Committees.	8	16

	MUNICIPALITY	CATEGORY (LGTAS)	COUNCIL SYSTEM	NUMBER OF WARDS	NUMBER OF COUNCILORS PR&WC
12.	Kagisano Molopo Local Municipality	B4	Mayor, Executive Committee, Speaker and Council Committees.	15	29
13.	Bojanala Platinum District Municipality	C 1	Executive Mayor, Mayoral Committee, Speaker and Council Committees.	0	29
14.	Kgetlengrivier Local Municipality	B3	Mayor, Executive Committee and Council Committees.	8	15
15.	Moses Kotane Local Municipality	B4	Mayor, Executive Committee and Council Committees.	34	68
16.	Madibeng Local Municipality	B1	Executive Mayor, Mayoral Committee and Council Committees.	41	81
17.	Rustenburg Local Municipality	B1	Executive Mayor, Mayoral Committee and Council Committees.	45	89
18.	Moretele Local Municipality	B4	Mayor, Executive Committee, Speaker and Council Committees.	26	52
19.	Dr. Kenneth Kaunda District Municipality	C 1	Executive Mayor, Mayoral Committee, Speaker and Council Committees.	0	16
20.	City of Matlosana Local Municipality	B1	Executive Mayor, Mayoral Committee and Council Committees.	39	77
21.	JB Marks Local Municipality	B1	Executive Mayor, Mayoral Committee and Council Committees.	34	67

	MUNICIPALITY	CATEGORY (LGTAS)	COUNCIL SYSTEM	NUMBER OF WARDS	NUMBER OF COUNCILLORS PR+WC
22.	Maquassi Hills Local M Municipality	B3	Mayor, Executive Committee and Council Committees.	11	22

4. SUMMARY OF AUDIT FINDINGS FOR LOCAL GOVERNMENT

The table below summarises the audit outcome of all municipalities in the North West Province for the past seven (07) financial years to date:

No.	Municipality	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	Progress
1.	Bojanala	Audit not yet finalised	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Unqualified	Unqualified	
2.	Kgetlengrivier	Disclaimer	Disclaimer	Unqualified	Unqualified	Qualified	Qualified	Disclaimer	Stagnant
3.	Madibeng	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Qualified	Qualified	Qualified	Stagnant
4.	Moretele	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Disclaimer	Stagnant
5.	Moses Kotane	Qualified	Disclaimer	Disclaimer	Qualified	Qualified	Unqualified	Qualified	Improved
6.	Rustenburg	Qualified	Qualified	Qualified	Qualified	Unqualified	Qualified	Qualified	Stagnant
7.	Dr Kenneth Kaunda	Qualified	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Stagnant
8.	Matlosana	Qualified	Unqualified	Qualified	Qualified	Qualified	Qualified	Disclaimer	Regressed
9.	Maquassi Hills	Disclaimer	Disclaimer	Qualified	Qualified	Qualified	Disclaimer	Disclaimer	Stagnant
10.	JB Marks	Qualified	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Stagnant
11.	Dr Ruth S Mompati	Disclaimer	Qualified	Unqualified	Unqualified	Qualified	Disclaimer	Qualified	Regressed
12.	Greater Taung	Audit not yet finalised	Qualified	Qualified	Qualified	Qualified	Disclaimer	Disclaimer	
13.	Kagisano-Molopo	Qualified	Disclaimer	Qualified	Unqualified	Qualified	Qualified	Disclaimer	Improved
14.	Lekwa-Teemane	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Qualified	Disclaimer	Disclaimer	Stagnant
15.	Mamusa	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Stagnant
16.	Naledi	Disclaimer	Disclaimer	Qualified	Unqualified	Unqualified	Unqualified	Qualified	Stagnant
17.	NgakaModiriMolema	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Regressed
18.	Ditsobotla	Disclaimer	Disclaimer	Disclaimer	Qualified	Disclaimer	Disclaimer	Disclaimer	Stagnant
19.	Mafikeng	Disclaimer	Disclaimer	Qualified	Disclaimer	Disclaimer	Qualified	Disclaimer	Stagnant
20.	RamotshereMoiloa	Disclaimer	Disclaimer	Qualified	Qualified	Unqualified	Qualified	Disclaimer	Stagnant
21.	Ratlou	Disclaimer	Qualified	Qualified	Qualified	Unqualified	Qualified	Qualified	Regressed
22.	Tswaing	Qualified	Qualified	Qualified	Qualified	Disclaimer	Disclaimer	Disclaimer	Stagnant

04 Regressions
09 No Improvement, receiving disclaimer audit outcomes
05 No Improvement, stagnant in terms of receiving Qualified audit outcomes
02 Improvement from Disclaimer to Qualified
02 Audit process not yet finalised

#. Bojanala District: AFS submitted 30 Jan 2020, off-site audit currently in progress.

#. Greater Taung: AFS submitted 30 Jan 2020, off-site audit currently in progress.
Anticipated completion date is June 2020

4.1.1. Provincial Overview

NW audit opinion	2018/19-interim	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Clean	0	0	0	0	0	0	0
Unqualified with findings	0	1	2	4	6	5	3
Qualified	8	8	12	12	10	9	6
Disclaimer	11	13	8	7	7	9	14
Adverse	1	0	0	0	0	0	0
Outstanding	2	0	0	0	0	0	0
Total	**22**	**22**	**22**	**23**	**23**	**23**	**23**

4.1.2. Municipalities receiving Disclaimer Audit opinions fo

No.	Name of Municipality	Number of Years
1.	NgakaModiriMolema	06 <
2.	Mamusa	06 < (Disclaimer since inception
3.	Bojanala	04
4.	Lekwa-Teemane	04
5.	Madibeng	04
6.	Ditsobotla	03

5. STATE OF GOVERNANCE IN NORTH WEST MUNICIPALITIES

The Governance Committee in the main assessed Municipalities in terms of the four key focus areas of the Back to Basics (Pillars) namely:

a) Governance and Administration
b) Financial Management and Viability
c) Service Delivery and Infrastructure Development

5.1. AN OVERVIEW ON THE STATE OF MUNICIPALITIES

5.1.1 Dr. Ruth SegomotsiMompati District Municipality

Dr. Ruth Segomotsi Mompati District Municipality (previously Bophirima District Municipality) is in the North West Province of South Africa, with the Botswana border immediately to the north. This area characterised by cattle farming as the most significant economic activity, is commonly known as the 'Texas of South Africa'.

The District is one of four in the province, with poor rural areas, formerly situated in the former Bophuthatswana homeland. With the population dispersed across more than 470 villages and towns in a 250km radius (approximately 50km north to south and 200km east to west), this district presents unique management and organisational challenges.

There are five local municipalities which fall within its jurisdiction and there is largely rural, consists of a few small towns, with Vryburg as the base of the DRSM offices.

Over past three years, the DRSM has been plagued with crisis after crisis, scandal after scandal, ranging from total failure to deliver water and sanitation services as the Water Service Authority to incremental decline in the governance as evidenced by the free fall from successive Unqualified Audit Report to Disclaimer Report by the Office of the Auditor-General.

a) Governance and Administration (Building Stable Institutions)

It must be noted that since the current Council was elected in 2016, the Auditor General Report has regressed from Unqualified to Qualified and now Disclaimer Opinion. This is against the backdrop of DRSM having been a beacon of hope and best placed to be the first NW municipality to get a Clean Audit, having run a record unbroken 16 Unqualified Audit Report in the period preceding the election of the current Municipal Council.

The municipality will approach the next Local Government Electionson the back foot unless the downward spiral is halted and reversed. This implies consequence management for the officials and councillors who presided over this morass, to restore institutional integrity and regain trust by the community.

All senior management posts are filled, with the recent appointment of Director Technical Services.

b) Sound Financial Management

VBS Investment

DR. Ruth Segomotsi Mompati District Municipality invested R150, 7m in VBS Mutual Bank and lost the funds which were meant for the following critical investments:

a) Infrastructure Development,
b) Economic Development;
c) Job Creation,
d) Free Basic Services and
e) Office Building

The District Municipality according to Auditor General in his 2018/2019 Financial Year Report had to ***significantly scale back its Rural Sanitation Programme***as a result of lack of funding. The District Municipality has failed to provide the support to its local municipalities as a Water Service Authority. The use of water tankering is continuing to deplete funds which should be utilised to maintain water and sanitation infrastructure.

It should be noted that DRSMDM pays about R350 000.00 per month on office rental when the municipality would have completed its own building thus freeing these funds for other critical infrastructure development, investment and poverty eradication purposes.

Impact on Financial Health (Liquidity)

According to Auditor General Report of 2018/2019 Financial Year, the municipality had to enter into a repayment agreement with National Treasury to repay the R150.7 m, to avoid withholding of the entire amount from the equitable share.

The arrangement with National Treasury resulted in a significant increase in outstanding payables and the unspent conditional grants in the current year as a result of these cash flow constraints.

Consequence Management

Auditor General in his 2018/2019 Financial Year Report is stressing that even though the Municipal Manager was suspended, no decisive action has been taken to effect consequence management despite disciplinary board making recommendations to Council. The Council instead of taking decisive action opted to generate a resolution to reinstate the Municipal Manager.

c) Service delivery & Infrastructure Development

The District is a Water Services Authority with local Municipalities and Water Board being appointed as the water services provider. As indicated above the VBS Investment had negatively impacted on capacity of the district to effective manage the water services function.

The size of the Sewer Plant in Naledi LM was reduced by half due to loss of VBS investment and the lifespan of the Sewer Plant was reduced by half, meaning that government will soon be faced with the reality of having to spend much more on an asset that should last 30 years and the District Municipality according to Auditor General in his 2018/2019 Financial Year Report had to ***significantly scale back its Rural Sanitation Programme*** as a result of lack of funding. The District Municipality has failed to provide the support to its local municipalities as a Water Service Authority. The use of water

tankering is continuing to deplete funds which should be utilise to maintaining water and sanitation infrastructure.

The 2019/20 MIG expenditure as at 30th June 2020 is 77%. The municipality was allocated a total amount of R 138 393 000.00 of which R 107 090 187.00 was spent with a balance of R 31 302 814.00

5.1.2. Kagisano Molopo Local Municipality

The municipality is situated in a rural area within the Dr RSM District Municipality with a population of 102 703 as per the 2016 community survey, consisting of 15 wards. The municipality is grant dependant as it does not have service charges, such as electricity, water and sanitation, which results in a low income from own revenue generated sources.

Water shortage and sanitation within the municipality is a concern as the municipality has been highly affected by draught. Landfill site powers and functions are still not cleared between the District and Local Municipality, resulting in environmental issues not being addressed. MEC for Cooperative Governance and Traditional Affairs will make a final determination on the matter.

a) Governance & Administration (Building Stable Institutions)

The municipality invoked section 139 (1) (b) Intervention of the RSA Constitution in September 2018. The Intervention was as a result of governance and finance systems failures characterised by political and administrative instability and non-compliance to supply chain management processes which impacted negatively on service delivery.

After a protracted resistance which lasted almost a period of 8 months, the municipality took the Provincial Government to court to challenge the Intervention, the court ruled in favour of the municipality. The Provincial has since applied for a leave to appeal which

was granted by the Court. The appeal will take place as soon as the date is set by the Court.

There are currently two (2) vacancies within senior management, i.e. Planning and Development, Infrastructure and Technical services resulting in service delivery initiatives not being implemented.

The position of Municipal Manager, Planning and Human Settlements, Community Services, Corporate Services, Local Economic Development are filled. The Council and its committees are functional.

b) Sound Financial Management

The municipality has adopted an unfunded budget. There UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. The municipality has received a qualified audit opinion for the 2018/19 financial year which is an improvement when comparing it with the 2017/18 audit opinion. According to the audited AFS for 2018/19 financial year, the Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIF&W expenditure) stands at R676 759 704.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 400 000)
- 2016-17 (R1 817074)
- 2017-18 (R890 000)

b) Service delivery & Infrastructure Development

There is a lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. The municipality is experiencing dire shortage of water which exacerbated by unresolved issue of service provision by and between the municipality and District Municipality.

Kagisano-Molopo is one of the 3 municipalities in the Province that recorded 100% expenditure of the 2019/20 MIG allocation. The municipality´s allocation was R39 568 000.00 for the 2019/20 financial year.

5.1.3. Naledi Local Municipality

Naledi Local Municipality is a category B Municipality situated in the Dr Ruth Segomotsi Mompati District in the North West Province of South Africa. It covers an area of approximately 7 264 square kilometres with a total population of 68 803 – according to the Community Survey of 2016 by Statistics South Africa and is divided into 10 wards representing the interests of the communities of Vryburg, Kismet Park, Huhudi, Colridge, Dithakwaneng, Stella Devondale, Broedersput(Tlhakeng) and the newly developed extension 25/28.

a) Governance & Administration

This is a municipality that was placed on intervention by the provincial government (in terms of Section 137 of the MFMA, and 139 of the Constitution) with the support of national government. The National Council of Provinces (NCOP) supported the invocation of section 137 of the MFMA but not Section 139 (1) (b) of the Constitution, the led to the Provincial Government withdrawing the Intervention after a period of six months. The municipality has during the intervention, embraced and demonstrated commitment and support towards the realisation of the objective of the intervention.

Prior to the provincial intervention, the Executive Committee and Council were not functional. Failure by Council to fill senior management positions within the prescribed period has dismally affected the performance of the municipality.

During the Intervention, a number of tangibles were recorded such as filling of position of Corporate Services, Community and Technical Services; restored stability, most of the

labour related challenges have been resolved. Improved Council functionality and public participation.

Post the intervention, the municipality started to experience again political and administrative instability. The position of the Municipal Manager and Chief Financial Officer remains vacant despite efforts to fill the positions. The municipality resolved not to appoint a municipal manager after following a recruitment and appointment process.

The issue of the recruitment and appointment of the Municipal Manager has recreated chaos in the Council and Administration and also attracted a lot of community interest. As a result, the municipal offices were closed for almost a period of three weeks and in that period community couldn't access services.

MPAC has been performing its minimum statutory duties, but has regressed due to lack of permanent support staff in the unit. There is only one support staff member appointed to assist MPAC. There is insufficient support for MPAC to address the increasing UIF&W expenditures. The municipality participates in the district shared audit committee.

b) <u>Sound Financial Management</u>

Poor audit outcomes with recurrent audit findings for the past seven financial years has received 3 unqualified, 2 qualified and 2 disclaimer audit opinions.

The municipality has received a disclaimer audit outcome for two consecutive years i.e. 2017/18 and 2018/19 financial years, there is no improvement registered.

During the 2018/19 financial year, the municipality submitted its annual financial statements late to AGSA, which is in contravention to the legislated date which states that AFS should be submitted to AG within two (2) months after the financial year end.

The approved budget is not cash-backed, as a result, the municipality is not financially viable and fails to pay its creditors and fulfill other financial commitments. This is evident due to the fact that most of its creditors are not paid within 30 days as per MFMA prescripts.

The municipality has not complied with the submission of section 71 reports as per requirements of MSCOA, information on debtors and creditors age analysis could not be verified to determine the current status. Total creditors as at the end of January 2020 amount to R127 millions of which 97 percent or R124 million is outstanding for over 90 days. The municipality is unable to implement credit control measures to recover outstanding debts from consumers. This is justified by a total of R423 million outstanding debtors as at the end of January 2020.

There is a costly EPWP programme which the year to date its expenditure is at R2.5 million against the grant allocation that is R1.6 million. Employment guidelines in this program is grossly mismanaged. There is gross non-compliance to Supply Chain Management (SCM) processes, wherein SCM processes are conducted manually.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 800 000)
- 2016-17 (R2 394 823)
- 2017-18 (R2 100 000)

This clearly shows that UIF&W expenditures are not investigated and loss of money not recovered as per the requirements of section 32 of MFMA.

c) <u>Service delivery & Infrastructure Development</u>

The refuse removal and the cleaning of the town and townships not adequately performed. No landfill sites at Stella and Rekgaratlhile. There is interrupted supply of water due to lack of maintenance and non-payment for water services. The old and

inadequate infrastructure and poor maintenance in general result in blockages leading to spillages of sewerage.

This anomaly has attracted unwarranted sporadic national media coverage. Poor expenditure of MIG which affect infrastructure development and lack of upgrade of water reticulation systems resulting in shortages of water, also lack of installation of meters for domestic consumption for about 9000 households, hence the municipality experience community protests relating to water.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R16 979 000.00, Expenditure R 10 390 566.12, % expenditure 61% and R 6 588 433.88 balance.

5.1.4. Greater Taung Local Municipality

Greater Taung Local Municipality is a category B4 municipality within the Dr. Ruth Segomotsi Mompati District. It is a low capacity predominantly rural municipality with communal tenure and a population size of 177 642 and 48 613 households. The municipality is constituted by 26 wards with councilors comprising of Mayor, Executive Committee, Speaker and Council Committees. According to census 2011 results, the municipality population has decreased from 182 163 in 2001 to 177 642 in 2011. Despite the decrease in population size, the municipality is still the highest in population size within the District.

a) Governance & Administration (Building Stable Institutions)

The position of Municipal Manager, Planning and Human Settlements, Technical Services and Community Services, Chief Financial Officer and Corporate Services are filled(Corporate Services to started on 1st July 2020). Council and its committees are functional.

b) Sound Financial Management

The municipality has submitted the 2018/19 Annual Financial Statements late to the Auditor General for auditing on the 30th January 2020, audit process has not yet finalised.

The municipality has been receiving qualified audit opinionfor the past consecutive years, since 2014/15.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for 2019/20 was R 47 604 000, expenditure R 47 604 000, % expenditure 80% and R 37 864 680 balance.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 400 000)
- 2016-17 (R1 817074)
- 2017-18 (R890 000)

c) Service Delivery & Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipments. Shortage of water including unresolved issue of service provision by and between the municipality and the District Municipality.

5.1.5. Mamusa Local Municipality

Mamusa LM is a category B municipality (established in terms of the Municipal Structures Act, Act No. 6 of 2004) in the Dr Ruth Segomotsi Mompati District. The municipality is licenced to provide electricity only in town. Dr Ruth Segomotsi Mompati District is a water authority however Mamusa is performing this function within the area of jurisdiction.

It is one of the municipalities that struggling with collection of their revenue which impacted negatively on its financial sustainability and delivery of basic services.

The municipality remains problematic and lacks sound financial management; and good governance. There are many on-going political and service delivery risks associated with the instability of the municipality

a) Governance & Administration (Building Stable Institutions)

The Municipality received an amount of R 7 million from their insurers to enable them to reconstruct the municipal administration block that burned during riots in June 2017, approximately 26months after the incident the municipal building still lay in ruins because the funds provided by the insurer were misused and Council has failed to provide oversight and hold those responsible for the misuse accountable. The municipality and municipal services are therefore inconvenienced as a result of the burned building.

The municipality is facing a series of costly litigations which led to municipal assets being attached in the past few months. Council and its newly established committees are functional. The newly elected council participated in the induction programme facilitated by both Cogta and SALGA. Out of five Senior Managers, three positions are vacant and only two filled, i.e. Director Community Services and Director Corporate Services. The positions of MM is not filled, former Administrator is appointed in an acting capacity, the Chief Financial Officer is on suspension.

b) Sound Financial Management

The municipality has adopted an unfunded budget, the budgeted expenditure far exceed the projected revenue. The UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. No consequence management cases have been concluded. Poor audit outcomes with recurrent audit findings pertaining to

UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management. The municipality has been receiving disclaimer audit opinions since inception. There are serious leadership challenges to oversee effective mSCOA. The municipality is unable to honour the payment obligation and do not get consistent support from the system vendor.

c) Service delivery& Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. Shortage of water including unresolved issue of service provision by the District municipality on water and sanitation. No operations and maintenance plans for internal roads.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 15 696 000, Expenditure R 13 180 506.91, % expenditure 84% and R 2 515 493.09 balance.

5.1.6. Lekwa-Teemane Local Municipality

Lekwa-Teemane LM is a category B municipality (established in terms of the Municipal Structures Act, Act No. 6 of 2004) in the Dr Ruth Segomotsi Mompati District. It is known for its diversified economy which agriculture is the predominant economic activity, and the Vaal Dam which provides water to the municipality and the surrounding arrears.

Lekwa-Teemane municipality has been under severe financial challenges in the form of cash flow problems and inability to raise sufficient revenue which impacted negatively on its financial sustainability and delivery of basic services.

The municipality remains problematic and lacks sound financial management; and good governance. There are many on-going risks associated with the instability of the municipality

a) Governance & Administration (Building Stable Institutions)

This is a municipality that was placed on intervention by the provincial government with the support of national government and the National Council of Provinces (NCOP). The municipality has during the intervention, demonstrated inconsistent support for provincial intervention (minimum resistant/disregard of the authority of the provincial and national government, including Parliament).

There are serious problems in the municipality because systems have collapsed, the MPAC and other Committees are not functional. The municipality not holding public / community meetings with specific reference to ward 6. Material conditions at the municipality determine the type of intervention needed to rescue the municipality.

The divisions amongst the ANC councillors are hampering on the functionality of the administration. The Provincial executive has taken a cautious decision to place the municipality under section 139(1)(b) of the constitution due to collapse of systems and poor or biased service delivery. MPAC is not functional and there's a general lack of commitment from members. The Municipal Manager has been recently suspended by Council, pending the disciplinary processes. All other positions for section 56/57 Managers are filled except for the Director Technical Services.

b) Sound Financial Management

The municipality required much needed assistance on revenue enhancement. Total outstanding Debtors as at June 2020 amounted to R 955 million, of which R888 million is owed for over a year. Collection of some of these outstanding debtors is of a concern

especially households debt. Households constitutes most of the outstanding debt at R788 million, followed by Commercials at R121 million, government R45 million and R372 000 attributed to other'"

The total outstanding creditors as at end of June 2020 amounted to R386 million, of which R339 million is outstanding for more than a year. Total debt owed to Eskom as at July 2020 amount to R45 482 924 and R37 459 889 is overdue for more than 30 days period.

The UIF&W expenditure of the municipality is increasing and not dealt with in accordance with section 32 of the MFMA. The mSCOA implementation is progressing well through the commitment of Municipal Leadership however not all modules offered by the system have been fully implemented. The Municipality is still highly dependent to the system vendor.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R6 671 099)
- 2016-17 (R1 800 000)
- 2017-18 (R1 800 000)

Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality has received consecutive disclaimers with regard to AG's reports, in the past seven financial years has received 5 disclaimers and 1 qualified audit opinions. The municipality maintained a disclaimer audit opinion from 2017/18 to 2018/19. The result is indicative that there is no consequence management.

There instances are the cash flow situation deteriorated to an extent that the municipality is unable to honour its financial obligations.

c) Service delivery & Infrastructure Development

The conditions are real at the municipality as service delivery is skewed - the Christiana town receiving or enjoying more advantage than the Bloemhof town as far as service delivery is concerned.

Service delivery yellow fleet not roadworthy and very unsafe as result the municipality has procured and announced the delivery of two new service delivery bakkies. Furthermore, the municipality is changing from conventional to pre-paid electricity meters. Despite all the challenges refuse collection is happening in the municipality. Skewed service delivery in Bloemhof and Christiana continues to be a challenge.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 14 793 000 and further adjusted to R10 000 000, Expenditure R19 782 059.82, % expenditure 80% and R 5 010 940.18 balance.

5.1.7. Bojanala Platinum District Municipality

The Bojanala Platinum District Municipality (BPDM) is the home of the cradle of humankind and is strategically located on the 'platinum belt' of the north-eastern side of the North West province. To the north the BPDM is surrounded by Waterberg District Municipality (Limpopo Province), Tshwane Metropolitan Municipality (Gauteng Province), West Rand District Municipality (Gauteng Province) to the Southeast. To its south is surrounded by Dr Kenneth Kaunda District Municipality and the Ngaka Modiri Molema District Municipality to the west.

The Bojanala Platinum District Municipality accounts for a total population of 1.81 million, or 44.5% of the total population in the North-West Province, which is the most populous

District in the North-West Province for 2018. The ranking in terms of the size of Bojanala Platinum compared to the other District remained the same between 2008 and 2018. The Bojanala District spans over 18 333km², and has 5 local municipalities (Kgetleng-Rivier, Madibeng, Moses Kotane, Moretele and Rustenburg) with a total of 139 wards.

a) Governance & Administration (Building Stable Institutions)

The District Municipality is on the municipalities in the Province with a full complement of senior management positions. The municipality experienced labour unrest which affected its ability to perform constitutional obligations during 2019/20 Financial Year. Key to labour unrest, was a failure by the Municipality to pay salaries and employee benefits due to financial crisis.

Bojanala Platinum District Municipality has been experiencing financial crisis since beginning of the financial year 2019/20. The financial crisis was excercebated by the misappropriation of R134 million that was erroneously transferred to the municipality by then Department of Local Government and Human Settlement and had to be repaid by the District Municipality.

On the 16th October 2019, the Council convened a special sitting to assess the situation it found itself in. In that sitting, the Council resolved to place the Municipal Manager and Chief Financial Officer on precautionary suspension in terms of paragraph 6 of the Local Government: Disciplinary Regulations for Senior Managers and ultimately suspended the two senior managers pending the disciplinary process.

The disciplinary processes has commenced after a delay due to the outcome of the forensic investigation conducted. Council took time to meet and consider the report which gave effect to the disciplinary process of the Municipal Manager and Chief Financial Officer.

The municipality was also without a Council Speaker for some time, thus making the convening of meetings very hard. A Speaker was ultimately elected in October 2019. Management of Council meetings are still a challenge to date. Council Committees for most part of 2019 were not sitting regularly to consider regulatory reports.

The Provincial Government is currently providing support and capacity building measures to the District Municipality through Section 154 of the Constitution. The support provided by the Provincial Government is in a form of an Acting Municipal Manager and the Acting Chief Financial Officer. The Provincial Government is also assisting the District Municipality by preparing Financial Recovery Plan.

b) Sound Financial Management

As indicated above, Bojanala Platinum District Municipality has been experiencing financial crisis since beginning of the financial year 2019/20. The financial crisis was excercebated by the misappropriation of R134 million that was erroneously transferred to the municipality by then Department of Local Government and Human Settlement and had to be repaid by the District Municipality. To date, it is not known how and for what the allocation was used for

Creditors were outstanding for up to 180 days (some more than 6 months unpaid), due to mismanagement of cash flows. The municipality operated on an overdraft facility in 2019. In Nov 2019, the municipality owed its creditors in excess of R80million. The municipality currently, in May 2020, owes creditors an amount in excess of R52million after having gone through invoices and assess and enter into the system. Some have been negotiated with and payment arrangements made.

The municipality has a limited budget to support its local municipalities. There was bad financial management by the previous Council. Over-expenditure of 100% to 300% reported.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 100 000)
- 2016-17 (R1 678 464)
- 2017-18 (R1 900 000)

Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality in the past six financial years has received 2 unqualified and 4 disclaimer audit opinions. The last financial year i.e. 2017/18 the municipality received a disclaimer which shows stagnation. The UIF&W expenditure is growing every year.

The municipality submitted the Annual Financial Statements late to Auditor General for auditing on the 30th January 2020, audit process is currently underway. Effectively implemented the following modules on the mSCOA system:

- Revenue and grant management
- Procurement (SCM)
- Budget and planning

With regard to mSCOA implementation, asset management and payroll are hosted on a sub-system. Implementation challenges include:

- Lack of training
- Ineffective utilization of the system

There has not been any receipt MFMA Section 71 reports by the Executive Mayor which are obligatory in terms of the MFMA to report on the finances of the municipality. The Executive Mayor and her Executive (Mayoral Committee) has never raised the lack of these reports to her Municipal Manager and CFO so that she is on par with the financial affairs of the municipality. The Mayoral Committee as a collective failed in their duties to ensure the sound financial management of the municipality.

If the above MFMA Section 71 reports, inclusive of the MFMA Section 52 (d) Quarterly Financial reports were properly dealt with by Council, Council could have taken action to remedy the financial situation. Council found itself in sever financial distress as far back as March 2019. The Annual Financial Statements for the 2018/19 financial year were never submitted by the relevant officials and this led to the municipality not being audited. The Council should have known that the matter was unattended and causing the municipality not to be audited for the 2018/19 FY. Gross financial mismanagement has been identified in the Forensic Report that was tabled in Council.

c) Service delivery & Infrastructure Development

The municipality is not a Water Services Authority and is not playing coordinating and /or supporting role to its local municipalities. The District does not have resources to support infrastructure development projects in local municipalities.

5.1.8. Moses Kotane Local Municipality

Moses Kotane Local Municipality is a category B4 Municipality located within the Bojanala District Municipality in the North West Province. It was established after re-demarcation of Municipal boundaries and subsequent municipal elections in 2000.

The Municipality covers an area of approximately 5220km² and is mostly Rural in nature comprising 107 villages and 2 Two townships namely Mogwase and Madikwe. Moses Kotane Local municipality is known as one of the best tourism attraction areas through Sun City in the Pilanesberg as well as Madikwe Game Reserve. The municipality is striving to promote the minerals, agricultural, tourism, Arts & Culture as their cornerstone.The economy of Moses Kotane is mainly characterized by Tourism, Mining and Agriculture,

owing to its location within the major tourism and mining belt of the North West province around Pilanesberg and Sun City.

a) Governance & Administration (Building Stable Institutions)

Council is fully functional and stable has ensured that planned programmes are implemented and realized which bodes well for service delivery acceleration and other governance. There are two vacancies for senior management positions, namely; Head of Dept. Corporate Services and Head of Dept. Infrastructure and Technical Services. All other Senior Management positions are filled. The Municipality is at an advance stage of recruitment and appointment process to fill Corporate Services and Infrastructure and Technical Director positions.

Appointment of the ICT Company is under the investigation by the Hawks and is depleting Council resourcesas it is expensive. There is also a service provider appointed for fleet management with a contract value of R 9million.

MPAC is functional and continues to sit for critical matters. The oversight report was adopted by council in May 2020. The municipality has recently appointed support staff to MPAC which commenced its duties on the 1 July 2020. Council adopts MPAC recommendations, but the weakness is that the adopted recommendations are given to Management for implementation without any political oversight role by Council.

b) Sound Financial Management

The municipality has adopted an unfunded budget as the budgeted expenditure exceeds the anticipated revenue to be collected. As at June 2020, the total outstanding Debtors amounted to R 1.2 billion, of which R1.1 billion or 91% is owed for over a year. Collection of some of these outstanding debtors is of a concern especially households debt. Households constitutes most of the outstanding debt at R809 million, followed by

Commercials at R220 million, government R184 million and R7 million or 6% of the debt is attributed to other' category'
The municipality has improved from a disclaimer in 2017/18 financial year to a qualified audit outcome in 2018/19 financial year.

UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. No consequence management cases have been concluded. According to the audited AFS for 2018/19 financial year, the Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIF&W expenditure) stands at R923 556 913. Poor audit outcomes with recurrent audit findings pertaining to UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management.

The following are the figures for the utilisation of Consultants by municipality:

a. 2015-16 (R0.00)
b. 2016-17 (R 4 09 528)
c. 2017-18 (R2 100 000)

There are serious leadership challenges to oversee effective mSCOA. The municipality is unable to honour the payment obligation and do not get consistent support from the system vendor. Moses Kotane is one of the 2 municipalities that have improved on their audit opinions, from Disclaimer in 2017/18 to qualified audit opinion in 201819.

c) Service Delivery & Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. No operations and maintenance plans for internal roads.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for R 149 692 000, Expenditure R101 331 863.51 % expenditure 68% and R 48 360 136.49 balance.

5.1.9. Madibeng Local Municipality

The Madibeng Local Municipality is a local municipality in Bojanala Platinum District Municipality. It consists of 41 wards and 81 members elected by mixed member proportional representation.Madibeng Local Municipality is classified as category B municipality with Executive Mayoral and ward type system of municipality. It is strategically located in NW Province, centrally between Pretoria (50 km), Johannesburg (80 km) and Rustenburg (45 km). Predominantly rural: revenue base therefore limited.

a) Governance & Administration (Building Stable Institutions)

The municipality has during the intervention, embraced and demonstrated commitment and support towards the realisation of the objective of the intervention.A brief overview of the status quo at the municipality since the municipality was placed under administration. The situation in the municipality can be described as stable and improving although there are serious underlying challenges which will take a long time to address. The damage inflicted to the municipal finances, coupled with the dilapidated state of municipal infrastructure will require a complete turn–around in the way in which the municipality is managed politically and administratively.

The intervention team was warmly welcomed by the majority if not all the stakeholders in the municipality. To date there has been no visible active resistance to efforts to stabilise the municipality from both the political and administrative wings of council, including community structures. As this report will indicate, the community has lost trust in the current political leadership of the municipality and the starting point in bringing long-term stability in the municipality is to win back the community's trust.

There is general stability in the municipality which is characterised by: Council and Mayoral Committee meetings as per council agenda, the majority of portfolio committees are meeting regularly and only a few meetings are postponed, MPAC and Audit Committee are also functional, and there is still mistrust among councillors organised labour continuously engaged through the Local Labour Forum.

Ward committees have been established in all the forty one municipal wards and they are functional. There is however not adequate public participation as there are limited engagement of communities in the form of community meetings. Communities regard the municipality as corrupt and uncaring. Although there is general stability in that there has been no labour unrest in the past eight months, the administrative wing of the municipality is characterised by:

Low staff morale, only three of the seven senior management positions are filled. Four positions of Municipal Manager, Chief Financial Officer and Directors of Infrastructure and Technical and Human Settlement and Planning are vacant, the organisational structure is bloated at the top and is not aligned to the municipal functions, high number of unresolved labour matters, blurred lines of responsibility between council and administration, there is general trust deficit of council by communities, council seem to be too scared to engage communities

There is a document on Forensic Investigation on the municipality where no action is taken. There is also a need to investigate the IT contract because the IT Company, has 5 different accounts with the municipality. Council has not yet followed on the disciplinary process following the investigations conducted on VBS. Disciplinary process has not started, Officials were initially suspended but to date the other one is back in the employ of the municipality while the former Municipal Manager has been employed in Waterberg

District Municipality in Limpopo province. No Consequence management has been undertaken.

The investigations implicated one member of the Mayoral Committee. MPAC is hitting the wall on cases of maladministration of credit cards, illegal debit orders in the municipal primary bank account. There is an irregular staff appointment that needs to be investigated because of the allegations of flawed recruitment processes. There is a need to conduct life style audit starting with Councillors. There are also allegations of irregular appointments of contractors and related payments - all contract awarded until April 2019 needs to be investigated. There is a degree of mischief in the municipality. The situation at Madibeng LM is a cause for grave concern and calls for the institution of Section 106 of the Municipal Systems Act (MSA) investigation.

The committee is divided into two groups wherein the minority component is supportive of the Executive Mayor whilst the balance of the Committee (about six) are not in support of the Executive Mayor. The Intervention Team impressed upon the members of the Mayoral Committee to participate and honour the schedules of the Portfolio Committees as Chairpersons of such committees has the potential to strengthen the Mayoral Committee reports which the Administrator will from time to time table before Council for noting and decision making when so required.

Some members hold the view that there is section 139 (1)(b) intervention and therefore the mayoral committee must not be convened because it has no powers. There is a need to have workshops/working sessions with MMCs and TROIKA to deal with the challenges to the extent of ascertaining how they affect governance issues and to empower the functionality of the Mayoral Committee.

The Administrator has cleared the misunderstandings and reinforced the need to respect the legislative prescripts to both councillors and officials. There are community intermittent projects stoppage which negatively affect the progress of certain projects.

These need urgent political intervention. The structures involved in these disruptions are being profiled to determine the root cause of the problem so that a proper prognosis can be instituted.

The limited capacity of MPAC and its implications on accountability and leadership. The MPAC has not been able to do effective oversight and this has compromised the measures to hold Councillors and officials accountable. Consequence management is thus not implemented despite huge irregular expenditure (R130 million) and other forms of misconduct or non-performance as well as disclaimer audit opinion of over the last three financial years. MPAC is unable to deal with UIF&W expenditures due to capacity constraints.

There are Councillors who for a long time, owe the municipality for rates and services. These Councillors remain in active service and ordinarily, must be champions of payments for rates and services to realise the most needed revenue for the municipality. The Speaker should have also instituted action against Councillors involved as demanded by the Code of Conduct of Councillors (Schedule 2 of the Systems Act). There is neither commitment to make reasonable arrangement to settle the debt, nor was there any action taken. Political Leadership and discipline is required to appreciate the roles and responsibilities of various committees and structures of Council.

It is therefore recommended that the councillors be engaged to ensure that there is meaningful and continuous interface with the communities to explain challenges relating to service delivery in general, the need for payment of services in areas where no payment of services is done and also explain the planned phases of delivery to various communities or wards.

Three is a possibility of escalating protests and destruction of critical infrastructure owing to lack of information or poor communication to communities. This will escalate with the

advance of the 2021 local government elections where populism and candidacy to elections will take centre stage. It is therefore important for councillors to hold frequent and regular ward and sectional meetings to keep the existing gap narrower with the view to close it completely.

b) Sound Financial Management

The mSCOA implementation is progressing well through the commitment of Municipal Leadership however not all modules offered by the system have been fully implemented. The Municipality is still highly dependent to the system vendor. The municipality is in financial distress, thus being highly indebted to its creditors. This opens room for potential litigations. This is evident on the total outstanding creditors as at end of June 2020 which amount to R598 million. Total debt owed to Eskom as at July 2020 amount to R172 018 384 of which R110 450 325 is overdue for more than 30 days period.

Total outstanding Debtors as at June 2020 amounted to R 2.6 billion, of which R2.3 billion is owed for over a year. Collection of some of these outstanding debtors is of a concern especially households debt. Households constitutes most of the outstanding debt at R1.9 billion, followed by Commercials at R554 million, government at R178 million.

The municipality has been receiving Disclaimer audit opinions for the past 4 consecutive financial years. The municipality was identified as one of the top 10 contributors to a high Irregular expenditure in the country during the 2016/17 financial year. There is generally none implementation of legislative frameworks to address the UIF&W expenditures, which leads to an annual increase. The UIF&W expenditures increased to R3 460 380 422 for the 2018/19 F/Y from R3 033 645 601 in the 2017/18 F/Y The AG has raised a finding on illegal debit orders in the municipality's primary bank account which have not been dealt with for more than 2 years. There are allegations of fraud and corruption including tender rigging.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R4 800 000)
- 2016-17 (R4 300 000)
- 2017-18 (R4 500 000)

Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality in the past six financial years has received 3 disclaimers and 3 qualified audit opinions. The municipality has received a disclaimer audit opinion during the 2018/19 financial year which shows stagnation. The result is indicative that there is no consequence management and financial viability of the municipality is under profound scrutiny. There is a need to test the authenticity of all Regulation 32 of SCM appointments.

c) Service delivery & Infrastructure Development

The municipality's service delivery challenges are primarily in the provision of clean water and reliable energy. Among others the following are the municipality's service delivery status: old, dilapidated and inadequate water network, poor state of internal roads, especially in villages, insufficient funding for infrastructure, vandalism of municipal infrastructure, stoppages of projects by business forums.

Treatment of Sewerage network is currently compromised due to ageing infrastructure and vandalism, and does not operate optimally. Most of the sewerage pump stations around the municipality are not functional and as a result, there are spillages within the residential areas and continuous contamination of the Crocodile River. Provision of clean water is a huge challenge for the municipality. The municipality owes the Water Board millions of rands. The municipality is experiencing continued community protests. There

is no operations and maintenance plan for roads and water infrastructure assets. Uneven provision of services, poor standard of internal roads.

There is non-compliance with the regulatory environment governing the provision of services. There is also lack of adequate operating plant and equipment. Shortage of water including unresolved issue of service provision by and between the municipality and the City of Tshwane.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 281 797 000, Expenditure R136 221 809.70, % expenditure 48% and R145 575 190.30 balance.

5.1.10. Moretele Local Municipality.

Moretele LM is a Category B municipality located within the Bojanala Platinum District in the North West Province,provides all the basis service to the communities, except for electricity services which are being performed by Eskom. The municipality services communities which are predominantly in rural areas and indigent, as a result,is highly depend on government grants to provide services to communities.

a) Governance & Administration (Building Stable Institutions)

There are heightened political tensions in council and EXCO. Sabotage is prevalent in the running of Council. Incidents of political interference in the administration are prevalent and this accounts to disrespect for the rule law. A municipal official stole a water JoJo tank meant to assist the community, was reported but no consequences were meted against same.

Organizational culture is not in keeping with acceptable ethical norms and standards that is, employees report late for work and knock off early.There are other people in the

municipality who are equally implicated in the VBS scandal not only the Municipal Manager.

MPAC needs to be reconstituted and include the representation of the opposition parties as a sign of good practice. It also needs support staff to complement its daunting task.

It is alleged that the Mayor appointing and entertaining rented crowds / people to disrupt operations of the municipality. The infighting among Councillors is growing and thus affect their oversight role which then impact on service delivery.
A number of cases have been referred to the Financial Disciplinary Board for processing.
The municipality was visited by the Hawks and SIU on the appointment of an ICT service provider through Regulation 32 of SCM regulations. The investigation report on the ICT is finalised and shared with the municipality to implement its recommendations.

Prevalence of malfeasance during the tenure of the then Acting Municipal Manager, resulted in the appointment of an ITC service provider, through usage of Regulation 32 of the National Treasury Regulations (tapping from similar appointment by Madibeng LM). The appointment of the ITC company by the then Acting Municipal Manager, remains irregular and unlawful. Currently, the municipality has extended the contract of the ICT service provider.

It also points out sharply to weak or lack political oversight, in that on a monthly basis, a financial report is submitted to the Mayor in terms of Section 71 of the MFMA. It therefore, insinuates that the centre is not holding.

b) Sound Financial Management

The municipality has adopted an unfunded budget for the 2020/21 financial year. The audited financial statements also indicate that the municipality will run shot of resources to can address its creditor's commitments. The audited 2018/19 Annual Financial

Statements indicates a creditors balance of R273 million, R236 millions of which relates to Current Liabilities.

There is steep cost incurred by the municipality in the information communication technology which could be avoided as it drains the limited financial resources of the municipality. The Mayor and Executive Committee do not consider and deliberate on the monthly financial report submitted in terms of Section 71 of the MFMA. This is because the Members of EXCO, do not report to office to play political oversight.

There UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. According to the audited AFS for 2018/19 financial year, the Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIF&W expenditure) stands at R1 759 397 699. The municipality has been stagnant on qualified audit opinions since 2013/14. The issue of the investment of the municipal funds with VBS is currently handled by the Directorate of Priority Crimes Investigations Directorate (DPCIP) commonly known as the Hawks.

The disciplinary hearing report on VBS was concluded and received by council during a special council meeting, the council has not yet acted on the report. Stagnant audit outcomes with recurrent audit findings pertaining to UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management.

The following are the figures for the utilisation of Consultants by municipality:

a. 2015-16 (R3 900 000)
b. 2016-17 (R6 092 475)
c. 2017-18 (R4 500 000)

Municipality is experiencing implementation challenges due to non-functionality of most modules on the system and lack of support and training from Municipality. This resulted

in the municipality opting to run on the mSCOA system parallel to a non-mSCOA compliant system.

c) Service delivery & Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. Shortage of water including unresolved issue of service provision by and between the municipality and the City of Tshwane.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for 2019/20 was R 114 780 000.00, expenditure R107 642 154.36, % expenditure 94% and the balance is R 7 137 845.64.

Uneven distribution of projects, at a glance through municipal budgets and annual reports will reveal that only few highly favoured wards is were projects of high values are concentrated. It is evident that one Ward has more than one project during the financial year while some Wards do not have even one project for that financial year.

5.1.11. Kgetleng-Rivier Local Municipality

Kgetleng-Rivier local municipality is spread over 3 973 square km of land and has 8 wards with a population of 51 049 and 17 401 households. The municipality is required by the Water Services Act 108 of 1997 to provide the right of access to basic water supply & sanitation.

a) Governance & Administration

This is a municipality that was placed on intervention by the provincial government with the support of national government and the National Council of Provinces (NCOP). The municipality has during the intervention, demonstrated inconsistent support for the

intervention (minimums resistance/disregard of the authority of the provincial and national government, including Parliament).

There is governance stability in the municipality since the provincial intervention, characterized by weak oversight. Council and its committees do meet as per the revised council calendar. MPAC has only one permanent support staff, yet managed to compile a backlog of oversight reports from the financial year 2008/09, the 2018/19 Oversight report is not yet tabled. The municipality does not have a disciplinary board, and therefore does not have enough resources to deal with UIF&W expenditures.

There is community buy-in in the current paradigm shift in council. Although still tense, no protests or disruptions have taken place of late. Resolutions register is in place including tracking of implementation. The municipality is prone to litigations due to negligent decision making.

The positions of Municipal Manager, Technical and Community Services and Chief Financial Officer are filled and only Local Economic and Corporate Services are vacant. The process to fill the two vacant positions is awaiting Council approval. The Local Labour Forum is not functional due to the term of Officer Bearers of the Trade Unions having lapsed and once processes of fresh elections are completed, establishment process shall commence and a program of action be developed.

b) Financial Management

The Approved 2020/21 Budget is not cash-backed, as a result, the municipality is not financially viable and fails to pay its creditors and fulfill other commitments. The debtors' book is high and could only be serviced once the equitable share is transferred. No outstanding payments to third party contributions.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 500 000)
- 2016-17 (R1 700 000)
- 2017-18 (R1 700 000)

The UIF&W expenditure remains not investigated owing to lack of internal capacity, thus resulting in transgression of applicable legislation, lack of oversight and consequence management. The municipality has thus been exposed to a mixture of, disclaimer, unqualified two qualified audit outcomes and the last financial being a disclaimer leading to regression. The municipality has maintained a disclaimer audit opinion for the 2018/19 financial year.

The municipality is experiencing challenges with implementation of mSCOA due to poor contract management and failure to work amicably with the vendor to deliver the expected results. The municipality is experiencing system challenges, mainly due to lack of capacity and support from the system vendor. It is also notable that the MIG allocation which is intended to reduce infrastructure backlog to enhance service delivery is not adequately utilised.

The financial challenges of the municipality have a potential to collapse the provisioning of services to the Community and this might lead to a total collapse of governance.

c) Service Delivery & Infrastructure Development

The persistent draught has reversed all the gains with regard to water provision by the municipality. Poor water conservation and water demand management strategies not in place and this is compounded by the cracking of the dam-wall. Water provision is adversely affected by lack of operation and maintenance of water treatment plant and waste water treatment plant characterized by sewer spillage in the townships.

Lack of waste management plan and poor maintenance of landfill sites including non-compliance of the landfill side with applicable legislation exacerbates the non-compliance with environmental legislation. The incomplete project of waste water treatment plant has received R 5million financial boost from the Provincial Infrastructure Grant (PIG) and expected completion time is 2019. Water tankering remains a key cost driver without leaving any infrastructure legacy for the municipality.

Road maintenance of potholes is progressing well with the assistance from the Department of Public Works and Roads, including grass cutting on the sides of several roads.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R25 847 000.00, Expenditure R 16 838 131.71, % expenditure 65% and R 9 008 868.29 balance.

5.1.12. Rustenburg Local Municipality

Rustenburg Local Municipality is a category B1 municipality within the Bojanala Platinum District. It is a secondary city with the largest budget and a population size of 549 575 and 199 044 households. It is constituted by 38 wards with councilors comprising of Executive Mayor, Mayoral Committee and Council Committees. The municipality is responsible for the provision of basic services as legislated in Chapter 7 of the Constitution and in terms of schedules 4 and 5. According to census 2011 results, the municipality population size has increased from 387 097 in 2001 to 549 575 in 2011.

a) Governance & Administration (Building Stable Institutions)

The Council is a hung Council led by a coalition arrangement. The recruitment process of the Municipal Manager is underway. The Municipality has so far appointed three Municipal Managers in a space of four years. The municipality has experienced raids from the Haws, Public Protector and Minister of COGTA and reports are still outstanding.

There are several media leaks that have been circulating revealing a worrying situation in the municipality, for instance, alleged leaked communication between the Council Whip and Councillor of the EFF. The MPAC is performing its minimum statutory functions, although there has been insufficient support from administration.

b) Sound Financial Management

The municipality is highly indebted through loans for its resource projects. The Auditor General report has revealed a number of fraudulent transactions in the Supply Chain Management space of the municipality, for example, one service level agreement was signed between a company called R&T on the 2nd March 2018 yet the first invoice of five R 5 061 999.33 was already received twelve days thereafter, (invoice date 14 March 2018).

The municipality is currently transacting in the mSCOA chart and is able to produce reports on the same system. Debtors balance as at June 2020 amounted to R5.6 billion, of which R5 billion or 89% is outstanding for more than 90 days.

The major contributor is household which constitute 78% or R4.4 billion followed by at R689 million and government at R22 million. R503 million is been attributed to other' category. The total outstanding creditors as at end of June 2020 amounted to R1.1 billion, of which R665 million or 58% were outstanding for more than 90 days.

Eskom debt as at July 2020 amounted to R286 233 296 of which R148 497 842 is overdue. This included the disputed balance of R100 million which was referred to NERSA for the building of the substation standard charges.

The UIF&W expenditure stands at R7 199 326 which makes the municipality to be considered one of the top 10 contributors to UIF&W in the province.

Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality in the past six financial years has received 1 unqualified and 5 qualified audit opinions. During the 2018/19 financial year, the municipality maintained the qualified audit opinion.

c) Service delivery& Infrastructure Development

Backlog with regard to road infrastructure. Potholes and street lights need attention.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 235 107 000, Expenditure R 224 394 872.94, % expenditure 95% and R10 712 127.06 balance.

5.1.13. NgakaModiriMolema District Municipality

Ngaka Modiri Molema District is one of four district municipalities in the North West province and covers an area of approximately 28 114km². There is currently 961 960 people living in Ngaka Modiri Molema District Municipality and is comprised of 268 099 households. There are 640 000 (67.66%) people living in poverty, using the upper poverty line definition, across Ngaka Modiri Molema District Municipality - this is 3.14% higher than the 621 000 in 2008.

a) Governance & Administration (Building Stable Institutions)

All positions of senior Managers including Municipal Manager are filled. The expenditure on personnel budget is accounts for over 47% of total expenditure which is not sustainable considering that the municipality is grant funded at 98% total revenue. There is an organizational process to address the issue of high personnel budget.

There was an investigation by the Public Protector of South Africa against the municipality. There are aggrieved employees who were favoured by the Remedial Action of the Public Protector. A Council resolution to adopt the outcome of the report including implementing the remedial action but to date, no progress has been registered including reporting back to the department of COGHSTA on implementation.

MPAC is partially functional and performing its minimum responsibilities. The support staff's contracts have been linked to the current chairperson's term of office. The municipality will not have institutional memory should the current chairperson vacate the office for any reason.

b) Sound Financial Management

The municipality has approved the budget that is unfunded. As a result of lack of capacity in the Budget and Treasury Office, there is non- compliance with Municipal Budgeting and Reporting Regulations (MBRR)..

Regarding internal controls, there is no virement policy, segregation of duties, lack of business processes. The municipality developed standard operating procedures (SOP) to improve internal controls and is currently transacting in the mSCOA chart and is able to produce reports on the same system however: not all modules are active e.g., Contract Management. Section 71 reports are not submitted as legislated.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R3 000 000)
- 2016-17 (R2 094 916)
- 2017-18 (R3 500 000)

This clearly shows that UIF&W expenditures are not investigated and recovered as per the requirements of MFMA section 32. The municipality has been receiving Disclaimer audit opinions for over the past 6 financial years, For 2018/19 financial year the

municipality has regressed from disclaimer to adverse audit opinion. This is so because of lack of oversight and consequence management. The municipality is one of the top ten contributors to UIF&W in the province.

c) Service delivery & Infrastructure Development

Lack of water across the district due to draught and lack of Adequate Water infrastructure to address water shortages. The municipality disputed Sedibeng Water Board debt over bulk supply and operations and maintenance resulted in understatement of contracted services expenditure in the AFS.

Under budgeting of operations and maintenance of waste water treatment plant. There is lack of business processes to deal with lack of payments and cash management, including lack of operational procurement plan and sound cash flow projections due to lack of internal controls. Furthermore, there is an unfunded incomplete/abandoned project which adversely affects service delivery, particularly on provision of water and sanitation.

There is huge backlog of water and rural sanitation projects which are not costed due lack of technical capacity. There is generally lack of water conservation leading to water losses and loss of revenue due to illegal and unmetered yard connections in various areas of the district roll-out the draught relief programme funded by the department of Water and Sanitation augment the DRF through internal funding to drill new boreholes in the next financial year.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 299 499 000.00, Expenditure R 264 601 047.50, % expenditure 88% and R 34 897 952.50 balance.

There is a recent report from the Public Protector indicating that the Municipality is failing its obligations to fulfil its responsibility of providing decent access to water and sanitation as a Water Service Provider. Upon the interaction by the MEC responsible for COGHSTA with the municipality, it was discovered that the decision by the provincial government that the budget allocation of water and sanitation to its residents to paid directly to Sedibeng Water Board, is not assisting the municipality fulfilling its obligations.

5.1.14. Ditsobotla Local Municipality

Ditsobotla Local Municipality is located in the Ngaka Modiri Molema District Municipality in the North West Province and covers approximately 6500 km². The municipality is home to approximately 181 8651 people. The total number of households with access to piped water stands at 43 162 of the total households which translates to 79%, the number of households without access to water is approximately 6 000 based on the emergence of informal settlements notably in Itekeng Tlhabologang and Blydeville

a) Governance and Administration (Building Stable Institutions)

The appointment of Municipal Manager and that of Senior Managers had its controversies and irregularities. The Administrator identified serious procedural flaws relating to these appointments including the fact that as Administrator, he was not involved in the process despite the terms of reference directing that he facilitates and lead these processes.

The Municipal Manager with the support of other Councillors have dismissed more than eleven employees, most of whom were newly elected SAMWU Shop stewards. Their dismissal happened without any disciplinary hearing and has created unnecessary tension in the administration and Local Labour Forum.

Only two (2) positions of Senior Managers are filled, namely the Municipal Manager and the Chief Financial Officer, the remaining four (4) positions are vacant.

The work of the Municipal Public Accounts Committee (MPAC) is not properly resourced. MPAC reports are not processed as expected by the municipal council. Serious and damning allegations against key office bearers and some Councillors have not been allowed space to be tabled.

The municipality is experiencing community protests which resulted in the closure of municipal offices. The employees are also on strike, complaining of the conduct of the Municipal Manager.

b) Sound Financial Management

The approved budget is not cash-backed, as a result, the municipality is not financially viable and fails to pay its creditors and fulfil other commitments. There are serious cash flow challenges hence its inability to meet its financial obligations. Section 65(2)(e) of the MFMA states that all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The ever increasing creditor book balance is a clear indication that Municipalities fail to honour the latter section of the MFMA. The municipality owes Eskom bulk account a total amount of R627 717 201 million of which R607 004 485 is overdue for more than 30 days period.

Firm of attorneys have been appointed to conduct forensic investigations with regard to the loss and embezzlement of INEP funds. A register of all UIF&W Expenditures has been

developed by the MPAC - it forms part of the Post Audit Action Plan. The Supply Chain management unit is not given attention as the position of SCM Manager is not filled.

Municipality is still operating on the old system version of SEBATA FMS and in a process to migrate to EMS. Municipality having internal capacity challenges to effectively implement mSCOA.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R3 500 000)
- 2016-17 (R3 200 000)
- 2017-18 (R2 900 000)

This clearly shows that UIF&W expenditures are not investigated and recovered as per the requirements of MFMA section 32. Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality in the past seven financial years has received 6 disclaimers and 1 qualified audit opinions. The UIF&W expenditure stands at R360 893 730 in 2018/19 financial year. The municipality has received 3 consecutive disclaimer audit opinion from financial year 2016/17 to 2018/19. The result is indicative that there is no consequence management.

c) Service Delivery & Infrastructure Development

The municipality is not collecting refuse as expected, as a result the communities have to dispose of their own refuse. This led to residents waging violent protests.

There is generally incidents of non-compliance with service delivery commitments as the access roads are not maintained. The internal roads have totally deteriorated to appoint

wherein most of the tarred roads, have informally turned into gravel roads including the town of Lichtenburg.

Ditsobotla LM is one of the three municipalities that have spent 100% of their MIG allocation.

5.1.15. Mahikeng Local Municipality

Mahikeng Local Municipality is a B2 category municipality in Ngaka Modiri Molema District Municipality, capital city of the North West Province. It is demarcated into 31 wards comprising of Executive Mayor, Mayoral Committee, Speaker and Council Committees. It is a medium capacity, semi-urban and predominantly rural municipality with a limited revenue base. It has no electricity license as revenue source with high consumer debt and poor Operations and Maintenance of infrastructure. The municipality has a population size of 291 527 with a total number of households estimated to 84 239 and this therefore means that the population has increased from 259 478 in 2001 to 291 527 in 2011.

a) Governance and Administration (Building Stable Institutions)

This is a municipality that was placed on intervention by the provincial government with the support of national government and the National Council of Provinces (NCOP). The administration started from 1 September 2018 being placed under 137 of the MFMA, on 5 December 2018 EXCO took a decision to escalate the intervention to Section 139 (1) (b) of the constitution.

The Intervention Team started effectively with its work during the month of March 2019 after numerous engagements with Council and Mayoral Committee in which the objective of the intervention was outlined, including the Terms of Reference for the Intervention Team. The delay was as a result of resistance and rejection of the Provincial Intervention. The intervention was later extended until the municipal end of financial year, i.e. 30 June 2020.

There is governance stability in the municipality since the provincial intervention, Council and its committees do meet as compared to previous years where the municipality was facing difficulties and service delivery protests. The municipality has resolved the appointment of Municipal Manager's position.

The municipality investments with the VBS and the repossession of the White and Yellow Fleet affected the financial position of the municipality adversely. The poor financial position of the municipality also affected payments of staff statutory deductions such as pension fund

b) Sound Financial Management

The municipality has adopted an unfunded budget for the 2020/21 financial year. The municipality is unable to implement credit control measures to recover outstanding debts from customers. As at the end of June 2020, the total outstanding debtors amount to R1.8 billion of which 93 percent or R1.7 billion is outstanding for over a year. Households constitutes most of the outstanding debt at R948 million, followed by government department at R717 million and commercial or business at R174 million. The outstanding creditors is standing at R112 million as at January 2020, the municipality is not reporting consistently on section 71 reports.

The UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. The results of lack oversight led to negative audit outcomes as follows, five disclaimer opinions, two qualified audit opinions for the past seven years. The municipality has received disclaimers for two consecutive years, i.e. 2017/18 and 2018/19 financial years. The UIF&W expenditure stands at R2 018 535 768 in 2018/19 financial year. The municipality is one of the top ten contributors to UIF&W in

the province. The MPAC has no capacity to address the UIF&W expenditures. There is no permanent support staff of MPAC office, only one official seconded from Speaker's office.

Poor audit outcomes with recurrent audit findings pertaining to UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management.

The municipality has spent 100% of MIG allocation as at the end of June 2020.

VBS Investment

Mahikeng Local Municipality invested R83, 4m in VBS Mutual Bank and lost the funds which were meant for the following critical investments:

a) Infrastructure Development,
b) Economic Development;
c) Job Creation,
d) Free Basic Services

Impact on Financial Health (Liquidity)

According to the report of the Auditor General for the financial year 2018/2019, at Mahikeng LM, the loss of R83, 4 million added further pressure on the municipality's ability to pay suppliers. The municipality had R7 million bank balance at year-end compared to payables in excess of R553 million.

Consequence Management

Auditor General in his 2018/2019 Financial Year Report emphasised that even though the Municipal Manager was suspended and released from his employment contract, no decisive action has been taken to effect consequence management against those responsible. Lack of implementing consequence management is a direct result of lack political oversight.

The VBS investment saga affected the stability of Council, there is no cohesion amongst TROIKA and this affected the functioning of Council. There has been attempts to remove the Executive Mayor, Speaker and Single whip of Council, the cause amongst others include VBS investment.

The lack of leadership was quite glaring since Council could not seat to conduct oversight over the Executive and the Administration thus the VBS and Kwane saga which saw millions of the Municipality's yellow and white fleet being lost leaving Mahikeng residents without machinery and equipment to deliver services. Non-payment of suppliers by Mahikeng resulted in the cancellation of a contract for vehicles leased for the waste and refuse removal. As a result all refuse removal services at the municipality came to a halt.

The matter relating to inconsistent appointment of personnel in political offices outside policy prescripts is still to be addressed. The political disruptions in council have affected the business of council negatively and will require constant intervention in order to restore public confidence in the Councillors.

Mafikeng Local Municipality presented the tabled19/20 MTREF budget in full compliance with Section 16(2) of the Municipal Finance Management Act (MFMA, Act No. 56 of 2003), the IDP consultation did not take place as scheduled due to meetings being disrupted by factions fighting within the Council. Therefore, the credibility of the budget could not be determined and also if the budget is funding the prioritised needs of the community as community consultation did not happen.

The municipality is reliant on government grants to fund its capital programmes and even more worrisome is the fact that the funding of capital expenditure from own generated revenue is not realistic. The tabled budget is not funded over the 2019/20 MTREF. The 19/20 MTREF budget is not sustainable, not funded and cannot meet the financial

commitments of the municipality. Operating surpluses over the medium term are not realistic and are based on overstated revenue and will not be able to address maintenance of ageing infrastructure and funding of capital projects.

5.1.16. RamotshereMoiloa Local Municipality

Ramotshere Moiloa Local Municipality (MLM) is a category B municipality (established in terms of the Municipal Structures Act, Act No. 6 of 2004) in the Ngaka Modiri Molema District. The municipality is licenced to provide electricity in town. Ngaka Modiri Molema District Municipality is a water authority and provides water to the remote villages. Ramotshere provides water in town only. Its estimated budget is R 476 million in the 2020/21 financial year. The municipality has been experiencing financial and service delivery challenges due to administrative instability and poor governance structures.

a) Governance & Administration (Building Stable Institutions)

The municipality has during the intervention, embraced and demonstrated commitment and support towards the realisation of the objective of the intervention. To date council, its Committees and EXCO meetings are convened as per the developed corporate calendar. Management meetings and action plan developed and managed including tracking of Council resolution implementation.

All senior management posts are filled except Chief Audit Executive and the LLF is functional. We have noted recently with serious concern signs of regression with respect to the functionality of EXCO.

MPAC is not functional because of lack of commitment by members, non-attendance of some members to the meetings (struggle to form a quorum). MPAC recommendations are not adopted in council, which renders it as ineffective. Management does not respond to request of information from the committee, the effectiveness of MPAC is also

hampered by non-implementation of the committee's recommendations. The oversight report for 2018/19 could not be adopted prior to the lockdown. The committee had 3 support staff, including a manager who has been placed under suspension. MPAC is reportedly not informed of the progress pertaining to the case. This creates a void in the MPAC office as the support staffs serve as an institutional memory of the committee.

The municipality received disclaimer audit opinion for 2 consecutive years, from 2017/18 to 2018/19. There is no evidence that the municipality is implementing audit remedial plans, and recommendation of the internal audit unit as well as the MFMA Sec 166 Audit Committee. Legislative frameworks to address the UIF&W expenditures are not implemented which leads to an annual increase in the UIF&W expenditures.

b) Sound Financial Management

The approved budget is not cash-backed, as a result, the municipality is not financially viable and fails to pay its creditors and fulfil other commitments. There are serious cash flow challenges hence its inability to meet its financial obligations.

This is evident due to the fact that most of its creditors are not paid within 30 days as prescribed by the MFMA. Recently the municipality experienced electricity disruptions as a result of non-payment of Eskom account. The municipality owes a total of R49 million to Eskom as at the July 2020. Furthermore, the municipality is unable to implement credit control measures to recover outstanding debts from customers.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R2 500 000)
- 2016-17 (R1 700 000)
- 2017-18 (R1 700 000)

c) Service Delivery & Infrastructure Development

The persistent drought has reversed all gains with regard to water provision by the municipality. Service delivery is adversely affected lack of operation and maintenance of water treatment plant and waste water treatment plants characterized by sewer spillages in the townships. There is lack of the waste management plan and poor maintenance of landfill sites including non-compliance of the landfill sites with applicable legislation.

The role of the District municipality as a Water Service Authority, undermines the constitutional rights to access basic services like water and sanitation.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 37 154 000.00, Expenditure R 19 534 522.79, % expenditure 53% and R 17 619 477.21 balance.

5.1.17. Ratlou Local Municipality

Ratlou LM is a category B municipality situated in the Ngaka Modiri Molema District Municipality in the NW Province. The municipality is predominantly rural in nature and is constituted by about 26 villages and commercial farms. The size of municipal area is 14, 618 km2, with a population density of 24.37 per square kilometre and is divided into 14 wards.

a) Governance & Administration (Building Stable Institutions)

The functionality of Council and its committees is restored. They convene as per schedule. There are instances where Council sitting is disrupted by members of the community,

Ratlou LM has a history unstable administrative leadership for the past four years where they were not able to appoint a substantive Municipal Manager and Chief Financial Officer. The municipality only managed appoint a substantive Municipal Manager and the Director Technical Services.

The positions of the CFO and other senior managers, namely Director Community Services, Director Corporate Services and Town Planning & Development are still vacant. The instability in senior administrative leadership has an impact on the performance of the municipality, hence the qualified audit opinions over the past three years (2015/2016 to 2017/2018), and regression in 2018/19 financial year to a disclaimer audit outcome.

The MPAC has reported that it is not receiving sufficient support from both administration and council. MPAC is partially functional and performing its minimum statutory functions.

b) Sound Financial Management

The municipality has adopted an unfunded budget as the total expenditure exceeds anticipated revenue projections to be collected. The UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. The recorded Irregular, fruitless and wasteful expenditure amount to R121 216 763 in 2018/19 financial year. No consequence management cases have been concluded.

Poor audit outcomes with recurrent audit findings pertaining to UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management. The municipality has been stagnant of qualified audit opinion for the past 3 consecutive financial years, and now regressed to a disclaimer in the 2018/19 financial year.

The following are the figures for the utilisation of Consultants by municipality:

a. 2015-16 (R2 3000)
b. 2016-17 (R 1900 000)
c. 2017-18 (R1 700 000)

Municipality had implementation challenges due to aged ICT infrastructure the municipality has since upgraded the server in order to improve mSCOA implementation. The Municipality is over reliant on the system service provider for implementation of mSCOA due to lack of capacity and training.

c) Service Delivery & Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. Shortage of water including unresolved issue of service provision by the District municipality on water and sanitation. No operations and maintenance plans for internal roads.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 29 400 000, Expenditure R6 902 041.04 % expenditure 23% and R 22 497 958.96 balance.

5.1.18. Tswaing Local Municipality

According to census 2011 Tswaing local municipality has a total population of 124 218 people with a population growth rate of 0.84%.The main economic sectors is agriculture and small scale mining provide and elaborate on efforts/plans by the municipality to address. The municipality still faces challenges of serious back logs in the provision of water, electricity, sanitation, roads and street lighting. The main reason for this is the increased population influx from the neighbouring farms and villages, partly due to the natural growth of the population. The unemployment rate as at 2011 was 28.7%, whilst the youth unemployment rate was 40.1% .the elderly (65+) constitute 6% of the population and individuals of working age (15-64) constitutes 58%.

a) Governance & Administration (Building Stable Institutions)

The municipality was placed under Administration on 2 May 2019 by the Executive Committee (EXCO) of the Province. The intervention commenced on the 17th of July 2019 and expires on 30 June 2020. The intervention team started effectively with its work during the month of July 2019 after numerous engagements with council in which the objective of the intervention was outlined, including the terms of reference for the intervention team. The intervention team spent a lot of time stabilizing the volatile situation within the municipality by engaging the different stakeholders and pressure groups across the municipality.

The intervention team has assisted in resuscitating the following governance structures: Portfolio committees resuscitated and functional. EXCO, Council are functional and resolution register is kept and regularly updated.
MPAC was not functional and has been resuscitated, to that end this committee has managed to sit and completed oversight reports for the past ten financial years (2008/09 to 2017/18). The MPAC oversight reports were tabled before council on 22 august 2019. The biggest challenge with MPAC to function effectively is the lack of complete staff complement. The municipality does not have Audit committee. Financial Disciplinary Board still to be appointed by Council.

Now recently the municipality is experiencing political instability, which resulted in the ousting of the Mayor and the suspension of the MM and the CFO??
Most of the ward committees are dysfunctional and no effective interaction with communities done. A disjuncture between committees and departments is a challenge.

The municipal council is in dysfunctional and as such cannot provide any oversight to the administration. The council committees are dysfunctional and the municipality is unable to discharge on its mandate as espoused in the Constitution and key pieces of legislation. Councillors are colluding with officials for service providers are paying kickbacks.

Councillors and officials are frustrating municipal processes in order to benefit themselves materially.

b) Sound Financial Management

The municipality has adopted an unfunded budget. There UIF&W is growing and is linked to transgression of supply chain management prescripts and lack of oversight. The results of lack oversight led to negative audit outcomes as follows, one disclaimer opinion and three qualified opinion. The municipality maintained a qualified audit opinion from 2015/16 to 2018/19.

The total outstanding Debtors as at June 2020 amounted to R 247million, of which R225 million is owed for over a year. Collection of some of these outstanding debtors is of a concern especially households debt. Households constitutes most of the outstanding debt at R219 million, followed by Commercials at R24 million and government R3.6 million

The total outstanding creditors as at end of June 2020 amounted to R165 millions of which R137 million is outstanding for more than a year. Total debt owed to Eskom as at July 2020 amount to R71 271 976 and 64 884 486 is overdue for more than 30 days period.

A number of cases are fraud remains unresolved. No consequence management cases have been concluded. Poor audit outcomes with recurrent audit findings pertaining to UIF&W and the municipality have not addressed them in accordance with section 32 of the MFMA owing to lack of oversight and consequence management. The results of lack oversight led to negative audit outcomes as follows, one disclaimer opinion and three qualified opinion which is a stagnant.

The following are the figures for the utilisation of Consultants by municipality:

a. 2015-16 (R2 500 000)
b. 2016-17 (R4 662902)
c. 2017-18 (R2 100 000)

The Municipality does not utilize all available modules on the system and opts to perform manual transactions. There is heavy reliance on the system service provider caused by lack of training and capacity.

c) Service delivery & Infrastructure Development

Lack of operating and maintenance for internal roads remains a problem, associated with lack of adequate operating plant and equipment. Shortage of water including unresolved issue of service provision by the District municipality on water and sanitation. No operations and maintenance plans for internal roads.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 29 274 000, Expenditure R 22 432 476.64, % expenditure 77% and R 6 841 523.36 balance.

5.1.19. Dr. Kenneth Kaunda District Municipality

Dr. Kenneth Kaunda District Municipality, which is one of the four category C (district) municipalities in the North West Province, with a total population of 742 822 people, in accordance to Stats SA Community Survey of 2016.

The population is unevenly distributed among the three (3) local municipalities and the average annual growth rate of the district is 1.07% which dropped from 1.16% between 2001 and 2011 (which can be attributed to death, migration etc.).

Dr. Kenneth Kaunda district is a category C municipality situated in the southern portion of the North West province. The district municipality has three local municipalities under its jurisdiction namely and has devolved all of its powers and functions allocated in terms of Section 84 of the Municipal Structures Act. The municipality retained powers and

functions that relates only to provision of Environmental Health Services, Disaster Management and Fire Services across the entire district area of jurisdiction. As a result, the District Municipality is highly dependent of government grants, as its primary source of income. The funding mix of Dr. Kenneth Kaunda District Municipality made up of 98% government grants as well as own revenue which contributes 2% of the total revenue base.

a) Governance & Administration (Building Stable Institutions)

Dr Kenneth Kaunda District municipality has fully functioning governance structures in place which are the Shared Audit and Risk Committee, Internal Audit, MPAC and Disciplinary Board to assist Council with discharging the powers and functions.

The vacancies at senior management positions are at Director: Community Services and Director LED and Planning. Recruitment process was halted by the Covid-19 lock down, but it is now activated. Other senior management positions including the Municipal Manager are substantively filled. MPAC is performing its minimum statutory functions, but does not have enough capacity to investigate the UIF&W expenditures.

b) Sound Financial Management

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R3 100 000)
- 2016-17 (R2 900 000)
- 2017-18 (R3 000 000)

Poor audit outcomes with recurrent audit findings pertaining to UIF&W expenditure and the municipality in the past seven financial years has received 3 unqualified and 4 qualified audit opinions. According to the audited AFS for 2018/19 financial year, the

Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIF&W expenditure) stands at R220 546 415. The municipality has been stagnant on qualified audit opinions since 2015/16 financial year to 2018/19 financial year. .

The mSCOA implementation is progressing well through the commitment of Municipal Leadership however not all modules offered by the system have been fully implemented. The Municipality is still highly dependent to the system vendor.

c) Service delivery & Infrastructure Development

The municipality is not a Water Services Authority and is not playing coordinating and /or supporting role to its local municipalities. Infrastructure development projects have not been implemented, resulting in local municipality playing the role of salaries with no developmental program.

5.1.20. Maquassi Hills Local Municipality

Maquassi Hills is a category B municipality (established in terms of the Municipal Structures Act, Act No. 6 of 2004) in the Dr Kenneth Kaunda District.It is bordered by Tswaing in the north, the Free State Province in the south, City of Matlosana and the Free State in the east, and Dr Ruth Segomotsi Mompati District in the west.

It is one of the three municipalities that make up the district, accounting for a third of its geographical area. The main Economic Sectors are Agriculture (49%), domestic (17%), community services (15%), and manufacturing (14%). The municipality has been under severe financial challenges in the form of cash flow problems and inability to raise sufficient revenue which impacted negatively on its financial sustainability and delivery of basic services.

The municipality lacks sound financial management; and good governance. There are many on-going risks associated with the instability of the municipality

The Municipality is spread over 4 678.4 square kilometres and has 11 wards with a population of 82 013 and 24 077 households (based on the Community Survey of 2016). The Municipality is required by the Water Services Act to provide the right of access to basic water supply & sanitation, hence 22 247 (92.4%) households have access to water supply and 21 717 (90.2%) households have access to sanitation out of 24 077 total households.

a) Governance & Administration (Building Stable Institutions)

This is a municipality that was placed on intervention by the provincial government with the support of national government and the National Council of Provinces (NCOP). The municipality has during the intervention, demonstrated total disregard for the authority of the Provincial and National government, including Parliament.

The former administrator Mr. T. Mokhatla was rejected from the onset by the municipal council to the point where he had to be replaced by Ms. D. Tlhoaele and the team. Similarly her team also experienced resistance from councillors in the municipality, which resulted in three months of the intervention period being lost. Councillors were involved in violent activities to challenge the intervention.

There is instability of Council characterized by infighting that led to political instability and weak oversight. Furthermore, this has also led to non-functionality of Council and its Committees and in particular the MPAC.

MPAC is not fully resourced with permanent support staff and tools of trade. The institution has a back-log of oversight reports from 2008/09 to current. Lack of stability in council and non-commitment of majority of members has rendered the MPAC dysfunctional.

The recruitment and appointment of senior managers was conducted without the involvement of the Administrator. This act borders on non-compliance to the Terms of Reference of the Intervention. The MEC issued a directive to the Mayor for the attention of Council, directing that they should not appoint any senior manager without consulting the Administrator since the municipality is under Section 139(1) (b) of the constitution.

The Council disregarded the directive of the MEC and continued with the appointments. Only two Councillors disassociated themselves from the whole council process of perpetual defiance. Section 106 of the Municipal Systems Act was invoked and the report was submitted to the office of the Mayor for tabling in Council, but to date it's still pending to be tabled in Council.

The report resulted in some of the senior officials and the Mayor being implicated in wrong doing, especially with regard to misuse of municipal vehicles. Public participation at Ward level has completely collapsed, and this is a recipe for violent public protests.

b) <u>Sound Financial Administration</u>

The municipality is considered one of the top 10 contributors to UIF&W expenditures in the province. The municipality regressed from a qualified audit opinion in 2016/17 to a disclaimer in 2017/18, and maintained a disclaimer in the 2018/19 financial year.

The municipality has approved the budget that is not funded, this mainly of the fact that the municipality has projected to have a positive net cash from operating activities without factoring in all arrangements in place with creditors. The approved budget is not cash-backed, as a result, the municipality is not financially viable and fails to pay its creditors and fulfil other commitments. The total outstanding creditors as at end of June 2020 amounted to R242 million, of which R201 million or 76% were outstanding for more than 90 days. Eskom debt as at July 2020 amounted to R 38 524 785 of which R29 336 967 is overdue for more than 30 days period.

The total outstanding Debtors as at June 2020 amounted to R 1.5billion, of which R1.4 billion or 95% is over 90 days. Households constitutes most of the outstanding debt at R1.4 billion, followed by commercial /business R60 million, government R11 million

The municipality is experiencing low revenue collection due to poor revenue management.

The UIF&W expenditure stands at R1 089 367 513 for 2018/19 which makes the municipality to be considered one of the top 10 contributors to UIF&W in the province. With regard to mSCOA compliance – there are serious leadership challenges to oversee mSCOA implementation.
In the past seven financial years the municipality received 4 disclaimers and 3 qualified audit opinions, for 2018/19 financial year, the municipality maintained a disclaimer audit outcome.

c) Service delivery & Infrastructure Development

The communities of the municipality could go for a long period of up to three weeks without water. The water crisis was reported as early as May 2019 and to date the situation is still to be addressed in totality. Service delivery is adversely affected by lack of operation and maintenance of water treatment plant and waste water treatment plant characterized by sewer spillages in the townships.

There is lack of plan for waste management and poor maintenance of landfill sites. There is also poor water conservation and water demand management strategies.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 28 209 000.00, Expenditure R 27 164 239, % expenditure 96% and R 1 044 761 balance.

5.1.21. City of Matlosana Local Municipality

City of Matlosana is a category B municipality (established in terms of the Municipal Structures Act, Act 6 of 2006) in the DR Kenneth Kaunda District Municipality, in the North West Province. The main economic activity in the municipal area is gold mining with Anglo Gold Ashanti being the biggest player in the market. The gold mining sector in the country has been decreasing due to supply and demand as well as the pricing of the commodity.

This has negatively affected the economy of the municipality resulting in some areas being as distressed mining towns. The job losses have increased poverty and ability of households and businesses to pay for municipal services. The municipality in current state remains financial not viable due to low collection rates and increasing debt book which has a direct impact on service delivery

a) Governance & Administration (Building Stable Institutions)

The City of Matlosana have been having challenges dating as far as 2017. The Mayoral Committee is divided and is not coherent, including TROIKA. Some Councillors are a grouping of the Speaker and others are a grouping of the Executive Mayor.

This anomaly is impacting negatively on governance and oversight of council, thus creating an enabling environment for the collapse of service delivery and violent service delivery protests. Meetings of Committees of Council are not convened and/or poorly attended. All senior management positions are filled. MPAC is partially functional with only one permanent support staff. It does not have sufficient capacity to address the increasing UIF&W expenditures.

The municipality continues to experience great instability in that there's been a huge involvement of criminal elements which threaten both the functionality of the municipality

and the council proceedings. A number of councilors have reported on many occasions how they are under threat and are not able to exercise oversight or even interrogate council matters without being intimidated.

After the concerted effort by the MEC to strengthen Council, the following occurrences took place in the municipality; it was reported that council sat to discuss the performance report of the Accounting officer, of which a number of thugs were bussed into that meeting and the council sitting was disrupted with councillors being poured with water while in council chambers.

There was a council meeting that took place in which the MPAC tabled its oversight report, upon deliberations by council on the report the council resolved to put the Municipal Manager on precautionary suspension given the financial misconduct allegations.

The Executive Mayor was ssubsequently instructed by Council to inform the Municipal Manager of its decision and further resolved that the Executive Mayor should write to the Municipal Manager within seven days informing him of the decision. It is alleged that the Executive Mayor did not oblige to that council resolution and instead a council meeting was convened by the Speaker at a later stage and reversed the decision arising from the minutes.

As a result of the above there was a removal of some members of the Mayoral Committee by the Executive Mayor. Council is currently kept in the dark about the precautionary suspension of the Municipal Manager as the Executive Mayor elected not to implement the Council resolutions, and is working in cahoots with the Speaker to undermine the authority of Council.

b) <u>Sound Financial Management</u>

The approved budget is not cash-backed, the budgeted expenditure exceeds anticipated revenue to be collected. The total outstanding creditors as at end of June 2020 amounted to R1.3 billion, of which R1 billion or 76% were outstanding for more than 90 days period. Eskom debt as at 31 July 2020 amounted to R524 516 492, of which R417 901 942 is overdue for more than 30 days period. The municipality is not financially viable and fails to pay its creditors within 30 days period.

The municipality is unable to implement credit control measures to recover outstanding debts from consumers. This is justifiable by a total of outstanding Debtors as at June 2020 amounting to R 4.4billion, of which R4 billion is over 90 days. Collection of some of these outstanding debtors is of a concern especially households debt. Households constitutes most of the outstanding debt at R3.9 billion, followed by commercial /business at R398 million and government at R111 million

The UIF&W expenditure stands at R5 316 108 187 which makes the municipality to be considered one of the top 10 contributors to UIF&W in the province.

The following are the figures for the utilisation of Consultants by municipality:

- 2015-16 (R4 800 000)
- 2016-17 (R4 300 000)
- 2017-18 (R4 500 000)

Improved audit outcomes is indicative that the municipality is in the right direction with regard to oversight and consequence management. The municipality in the past seven financial years has received 1 disclaimer and 4 qualified audit opinions. It has regressed from unqualified audit opinion in 2017/18, to qualified audit opinion in 2018/19. The Municipal Manager is currently is currently facing criminal charges and Council has not been able to process this matter in line with the spirit of the relevant legislation.

c) Service delivery & Infrastructure Development

The municipality is characterized by ageing infrastructure. There is frequency of sewerage spillages. Road infrastructure is dominated by potholes but the municipality is currently attending to the problem. Poor contract management resulting in several blocked projects. This is directly denying communities of their expected services, and there is no action taken against both responsible officials and service providers.

The following is a reflection of the MIG allocation during the 2019/20 financial year, allocation for was R 87 489 000, Expenditure R 52 721 954.28, % expenditure 60% and R 34 767 045.72 balance.

5.1.22. JB Marks Local Municipality

JB Marks Local Municipality is a Category B municipality situated within the Dr Kenneth Kaunda District in the North West Province. It is the largest municipality of three in the district, making up almost half its geographical area.

It was established by the amalgamation of the former Ventersdorp and Tlokwe City Council Local Municipalities in August 2016. It combines the following areas from the Tlokwe Region: Ikageng and its extensions, Potchefstroom town, Mohadin, Promosa, Matlwang, Leliespan/Baitshoki, Haaskraal, Turfvlei, Vyfhoek, Mooibank, Machavie, Buffeldoorn, Miederpark, Kopjeskraal, Wilgeboom, Lindequesdrift. (Agricultural Holdings) Rooipoortjie, Venterskroon, Buffelshoek. (Rural) Vredefort Dome. (World Heritage Site) Vaal River. (Tourism attraction) and the rural hinterland.

Ventersdorp Region consists of a vast rural / commercial farming area as well as the urban area of Ventersdorp, Tshing and Toevlug and has six (6) villages namely Goedgevonden, Welgevonden, Tsetse, Ga-Magopa, Boikhutso and Boikhutsong.

a) Governance and Administration (Building Stable Institutions)

The Municipal Council rejected the NW EXCO resolution to invoke Section 139(1) (b) and accordingly approached Mmabatho High Court on an urgent basis to review and set aside this decision. The MEC of COGHSTA opposed this court application and was successful in his argument that the matter was not urgent since the decision had been made and communicated to the municipality a couple of months preceding the urgent court application challenging it. In other words, the NW EXCO decision to place the municipality under administration through S139(1)(b) remained in force until set aside successfully by the municipality through the normal court application in which process the merits of the matter would be considered. In effect, the invocation of S139 (1) (b) remained in force.

Accordingly, the MEC COGHSTA, instructed the Administrator to resume his duties as per the Terms of Reference and submit monthly progress report on the terms of reference. The Administrator obliged and resumed his duties as there was legal certainty and clarity. The municipal council, however, defied the court ruling and resolved to not accept being placed under administration.

Since the application by JB Marks Council to set aside Provincial EXCO resolution on urgency was dismissed, the application was enrolled again for hearing in the ordinary course which was initially set down in the court roll of 28 February 2020. The matter was removed from the roll by the Municipality without consulting with the Provincial Government. The matter is again enrolled on the court roll and is set for hearing on the 31st July 2020.

Due to continued resistance of the Provincial Intervention by the municipality which affected the effective implementation of the Intervention, thus undermining the authority of the provincial government, the National Council of Provinces, and the Minister responsible for local government; the Ministry of COGTA came down to Klerksdorp in an attempt at inter-governmental dispute resolution. Even though terms were agreed upon, the municipality again reneged on the agreement on invocation of S139 (1) (b).

Present at this meeting with the Deputy Minister COGTA were MEC COGHSTA, Executive Mayor and Municipal Manager of JB Marks LM and the Administrator. It becomes fundamentally important to observe that, the municipality have been constantly defiant to the authority of the Provincial Government with respect to the implementation of the Provincial Intervention.

The MEC of COGHSTA made efforts again during the month of April 2020 to engage with Municipal Leadership to reconsider their stance with regard to Provincial Intervention. A meeting was coordinated for 3 and 6 April 2020 with Members of Troika, Members of Mayoral Committee and Municipal Manager. Both meetings couldn't materialise, the Municipal Leadership requested a postponement to a later date due to COVID-19.

The department has therefore agreed to the postponement. Finally the meeting took place on 5 May 2020 in which the MEC and the Deputy Minister emphasised that the Municipality is still under administration until the Provincial EXCO resolve otherwise, but should be noted that the Mayoral Committee is not in support of the Intervention and requested that only Council can rescind its decision to reject the intervention.

The department sought a legal opinion from the Senior Counsel representing EXCO in the matter between provincial governments V/S JB Marks LM regarding implementation of Section 139 (1) (b). The legal opinion suggest that in an instance that the effective date of intervention is postponed, and such decision is challenged in the High Court, the municipality has prospects of success.

Allegations of Maladministration of the Trust Fund Account

It becomes fundamentally important to observe that, the municipality have been constantly defiant to the authority of the MEC of COGHSTA. This is evident in the municipality's practice of intransigent behaviour towards a letter of enquiry by the MEC on matters related to malfeasance, which are also a subject of investigations by the Hawks.

The municipality continue to give no cooperation to the Hawks and the MEC in spite the fact that, there is empirical evidence of financial impropriety against some Councillors and officials involving royalties paid towards the municipality by one mining house into a Trust fund Account that is allegedly being held at Willem Coetzee Attorneys. For example, there were local and national media reports about an alleged Durban July Trip that took place at great financial cost to the municipality.

Apparently officials who are not as per their job description part of the Sub-Directorate: Local Economic Development were part of the expensive trip, monies from the Trust Fund were allegedly paid into the personal bank account of officials and it ended up as a trip not being value for money.

In addition, there is an amount of R 200 000.00 which was withdrawn through the Executive Mayor purporting to assist the Non-Governmental Organisations. It is on record that the Executive Mayor made a promise to the attorneys who are the administrators of that the money shall be returned to the **trust account later, but in vain.**

Financial Governance

Council not sitting regularly as Scheduled, this is evident by the approval of the 2020/21 Budget and IDP after the legislated time frame.

MPAC is not functional because of non-attendance of some members to the meetings (struggle to form a quorum). MPAC recommendations are not adopted in council, which renders it as ineffective.

Although the municipality has improved audit opinion for 2017/18 financial year from disclaimer to Qualified audit opinion, it remained stagnant with a qualified audit opinion for the 2018/19 financial year. The municipality was identified as one of the top 10 contributors to a high UIF&W expenditure in the country during the 2017/18 financial

year with UIF&W expenditure of R 3 084 446 315 for the 2018/19 financial year and R2 889 876 047 for the previous financial year.

Legislative frameworks to address the UIF&W expenditures are not implemented which leads to an annual increase in the UIF&W expenditures

b) Sound Financial Management

Total outstanding Debtors as at June 2020 amounted to R 636 million, of which R478 million is owed for over a year. Collection of some of these outstanding debtors is of a concern especially households debt. Households constitutes most of the outstanding debt at 244 million, followed by government at 65 million, businesses R45million and R281million is classified under "other".

Total outstanding creditors as at end of June 2020 amounted to R31 million. R138 598 135 is owed to Eskom and R58 034 057 is overdue debt

6. OBSERVATIONS AND CONCLUSION

As indicated above the greatest challenge facing the municipalities is the **trust deficit** which can be directly attributed to the conduct of the municipality's political leadership since their election in 2016. As a result of this trust deficit, majority of the municipal councils has no relationship with communities and this makes it difficult to convince communities to play their part in service delivery by paying for services rendered.

There is therefore a need to focus on winning the trust of the community by strengthening council's capacity to play an **oversight role** and improving the image of the municipalities as a **caring, responsive and corruption free institutions**.

The inability of several municipalities to **collect revenue** from the provision of basic services results in low revenue collection rate and ultimately the **inability to meet**

financial obligations. Continuous failure to collect revenue has a negative impact on the maintenance of revenue generating assets and ultimate loss of revenue. Low revenue collection, **threatens municipal sustainability**.

Underspending on capital projects (MIG) results in municipalities losing out on funding through stopping of grant funding and roll-over processes thereby affecting service delivery which is the cornerstone of existence of municipalities. Incapacity challenges, especially in Finance and Technical services, characterised by poor project management planning, results in many municipalities in the province not spending their capital budget as expected, **undue delays in supply chain management** and high vacancy rate in senior positions.

There is **notable liquidity risks** at municipalities that are highly indebted to ESKOM, Water Boards, Auditor General and other key creditors. Despite the hands-on-support by the Provincial Treasury on revenue management and implementation of credit control policies, municipalities remain stagnant. This is so because, there is **political inertia and lack of oversight** by Councils, characterised by **lack of accountability** to both the higher authorities of national and provincial government and the electorate in general.

Leadership in all municipal councils, did not provide adequate political oversight and monitoring of the control environment, financial performance, implementation of consequence management, **over recurring Supply Chain Management transgressions** and lack of implementation of post audit action plan. One of the key elements that characterise the desperate governance situation is the **anecdotal evidence of disregard for the local government applicable legislation, unethical leadership, disregard of democratic centralism, and a culture of non-accountability.**

We have a responsibility as a collective-Municipalities, National and Provincial Government and all oversight bodies to improve the state of municipalities in line with our legislative mandate to achieve a developmental local government as articulated on the White Paper for Local Government.

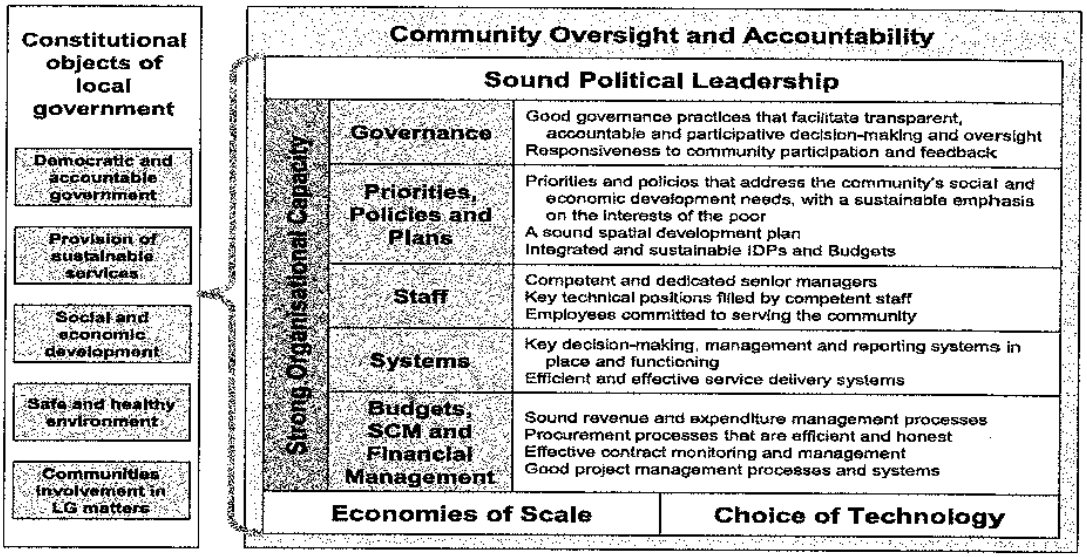
The ideal municipality we want must:

- Provide democratic and accountable government for local communities
- Be responsive to the needs of the local community
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organisations in the matters of local government
- Facilitate a culture of public service and accountability amongst its staff
- Assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms.

We should all strive for a:

- **Functional, Well-Performing Municipality**
- **Sustainable Municipality**
- **Accountability**

Key elements of a functional, well-performing municipality



ACCOUNTABILTY

"Institutionalized practices of giving account of how assigned responsibilities are carried out and public resources are used"

FINANCIAL

Demonstrate that delegated power and authority has been used properly;
Show that the mission and priorities of the MUNICIPALITY are being achieved;
Report regularly on MUNICIPALITY'S and individual performance;
Demonstrate that MUNICIPALITY'S resources are being used both efficiently and effectively;
Ensure the quality of the MUNICIPALITY' programs and services;

POLITICAL

The extent to which the executive arm of the municipality is willing and able to justify its decisions and actions to the municipal council.
Effective Political Accountability means:
Good quality legislative oversight over the Council admin & exec;
Councillors adhere to relevant regulations regarding their functioning;
Council executive is enabling the Council to operate properly;
Roles and functions of the legislative & executive arms are clear and [illegible]

SOCIAL

The extent to which the executive is willing and able to justify and explain their actions to the citizens in the municipality
Effective Social Accountability means:
Politicians account adequately to their electorate;
The Council justifies and explains to its citizens its performance and the use of public funds;
The Municipal Council responds adequately to expressions of dissatisfaction by its citizens;
Citizens are informed about local government processes and play an

ADMINISTRATIVE

The extent to which the internal controls of the municipality are in place and effective to guarantee that funds are used as planned
Effective Administrative Accountability means:
Financial and asset management of the Municipal Council is good and controls are in place and effective;
Independent financial audits are of good quality and adequately followed up by management;
Audit committees are functional with both [illegible]

Departmental officials will be assigned to implement the Municipal Recovery Programme in the context of District Development Model.

8. FINANCIAL IMPLICATIONS

Use the budget allocated for 2020/21 Financial Year to fund the Municipal Recovery Programme.

9. CONSULTATION IMPLICATIONS

The MEC for COGTA and PT to engage with the both political and administrative leadership of the affected municipalities for the implementation of Municipal Recovery Programme.

10. POLITICAL IMPLICATIONS

The MEC for COGTA and PT to engage with the both political and administrative leadership of the affected municipalities for the implementation of Municipal Recovery Programme.

11. RECOMMENDATION

It is recommended that the Provincial Executive Council mandate the MEC of COGTA working with MEC of PT to develop a Municipal Recovery Programme focusing on Kgetleng; Moretele; Maqquasi Hills; Ditsobotla; Mahikeng; Lekwa-Teemane; Ratlou; Mamusa; Naledi; Dr RSM and Bojanala DM.

HON. B. MOILOA
MEC: COGHTSA
DATE: 24/08/2020

X4

BACKGROUND TO THE THREE ASPECTS WE AUDIT

- FINANCIAL STATEMENTS
- REPORTING ON PREDETERMINED OBJECTIVES
- COMPLIANCE WITH LEGISLATION

THE AUDIT OF FINANCIAL STATEMENTS

The Municipal Finance Management Act requires municipalities and municipal entities to compile and submit annual financial statements for auditing by 31 August (or 30 September in the case of consolidated financial statements) of each year.

The financial statements submitted for auditing must be free from material misstatements. *Misstatements* refer to incorrect or omitted information in the financial statements. Examples include the incorrect or incomplete classification of transactions, or incorrect values placed on assets, liabilities or financial obligations and commitments.

The objective of an audit of financial statements is to express an audit opinion on whether the financial statements fairly present the financial position of auditees at financial year-end and the results of their operations for that financial year.

We can express one of the following audit opinions:

CLEAN AUDIT OUTCOME:

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on

predetermined objectives or non-compliance with legislation, or both these aspects.

QUALIFIED AUDIT OPINION:

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

ADVERSE AUDIT OPINION:

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

DISCLAIMER OF AUDIT OPINION:

The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

Apart from auditing the financial statements, our ***other reporting responsibilities*** include auditing auditees' reporting on their predetermined objectives and auditing auditees' compliance with legislation.

THE AUDIT OF REPORTING ON PREDETERMINED OBJECTIVES

Legislation requires auditees to report against their predetermined objectives and to submit such annual performance reports for auditing. The objective of our audit of predetermined objectives is to determine whether the reported performance against auditees' predetermined objectives in the annual performance report is useful and reliable in all material respects, based on predetermined criteria. This means that the reported performance information must be valid, accurate and complete.

Since the 2005-06 financial year, we have been phasing in the auditing of predetermined objectives and explaining to leaders within all spheres of government the importance of lending credibility to published service delivery information through the auditing thereof. Since the 2009-10 financial year, we have included a separate audit conclusion, based on the results of the audit on predetermined objectives, in management reports. However, these conclusions have not yet been elevated to the level of the audit report.

THE AUDIT OF COMPLIANCE WITH LEGISLATION

Legislation sets out the activities that auditees are charged with in serving the citizens and stipulate any limits or restrictions on such activities, the overall objectives to be achieved, and how due process rights of individual citizens are to be protected. Auditees are subject to legislation such as the Municipal Finance Management Act and the Municipal Systems Act, of which the objectives are proper financial management and performance management, transparency, accountability, stewardship and good governance.

The Public Audit Act requires us to audit compliance with legislation applicable to financial matters, financial management and other related matters each year.

Material instances of non-compliance are reported in the audit report.

To enhance accountability, auditees must identify and fully disclose any unauthorised, irregular as well as fruitless and wasteful expenditure incurred. In most part, such expenditure is incurred as a result of non-compliance with legislation.

X5

Ditsobotla Local Municipality
Annual Financial Statements
for the year ended 30 June 2018

Ditsobotla Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Category B municipality in terms of Section 1 of Local Government's Municipal Structures Act, 1998 (Act 117of 1998) read with section Section 15 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The primary function of the municipality is to provide basic services i.e. water, electricity, sewerage, water and sanitaion to the Lichtenburg Jurisdiction.
Mayoral committee	
Executive Mayor	Hon. Cllr.D.T Buthelezi
Councillors	Cllr. Mmota ME (Speaker) Cllr. Modisane BM (Chief Whip) Cllr. Njakanjaka Cllr. Van Der Linde WG Cllr. Morutse MW Cllr. Matlholoa RB Cllr. Schnepel AR Cllr. Botswe MM Cllr. Motlhako K Cllr. Diale GS Cllr. M. Mmota Cllr. English MJ Cllr. Itlhopeng KL Cllr. Joe TJ Cllr. Matshane SA Cllr. Matshogo MP Cllr. Mofokeng MER Cllr. Mogatwe PM Cllr. Mokhuane TB Cllr. Mokoneng IJ Cllr. Mokoso MH Cllr. Molawa TE Cllr. Motoko VJ Cllr. Mongale LG Cllr. Moreo MP Cllr. Mtlhambe JL Cllr. Mvundisi TS Cllr. Nkashe IT Cllr. Setlhare OS Cllr. Sonakile T Cllr. Thebeyagae ML Cllr. Feurie JPG Cllr. Moheta BJ Cllr. Engelbrecht R Cllr. Melamu TK Cllr. Moeketsane SE Cllr. Seribe KM Cllr. Daemane KH Cllr. Gutube MM
Grading of local authority	Grade B

General Information

Chief Finance Officer (CFO)	Mr MJ Moipolai
Accounting Officer	Mr L Ralekgetho
Registered office	Civic Centre Cnr Nelson Mandela and Transvaal Street Lichtenburg North West 2740
Postal address	P.O. Box 7 Lichtenburg 2740
Auditors	Auditor General of South Africa

Ditsobotla Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10
Accounting Policies	11 - 31
Notes to the Annual Financial Statements	31 - 58

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 58, which have been prepared on the going concern basis, were approved by the on 30 November 2018 and were signed on its behalf by:

Accounting Officer
Designation

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. **Incorporation**

2. **Review of activities**

Main business and operations

Ditsobotla Local Municipality is a low capacity local municiplaity and delivers basic services such as water, electricity and refuse removal services to the Litchenburg region. The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. **Going concern**

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

4. **Subsequent events**

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

5. **Accounting policies**

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

6. **Bankers**

The municipality banks primarily with ABSA Bank.

7. **Auditors**

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

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Inventories	8	1 509 338	1 821 869
Receivables from exchange transactions	9	1 026	1 026
Receivables from non-exchange transactions	10	11 060 586	7 016 043
VAT receivable	11	42 061 467	27 265 624
Consumer debtors	12	348 936 971	152 224 803
Cash and cash equivalents	13	43 168 235	66 650 284
		446 737 623	254 979 649
Non-Current Assets			
Investment property	3	104 569 063	104 569 063
Property, plant and equipment	4	869 673 552	879 683 999
Intangible assets	5	193 870	193 870
Heritage assets	6	506 794	506 794
		974 943 279	984 953 726
Total Assets		1 421 680 902	1 239 933 375
Liabilities			
Current Liabilities			
Payables from exchange transactions	17	493 488 099	430 293 416
Consumer deposits	18	2 839 593	3 553 098
Employee benefit obligation	7	-	1 336 000
Unspent conditional grants and receipts	15	3 324 740	3 323 290
Provisions	16	20 060 946	20 944 706
		519 713 378	459 450 510
Non-Current Liabilities			
Employee benefit obligation	7	17 820 000	16 484 000
Provisions	16	9 212 000	9 212 000
		27 032 000	25 696 000
Total Liabilities		546 745 378	485 146 510
Net Assets		874 935 524	754 786 865
Accumulated surplus	14	874 935 524	754 786 865

Dikgobotla Local Municipality
Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Service charges	20	329 799 777	235 481 620
Rental of facilities and equipment	21	464 459	(3 531 713)
Interest received (trading)		41 415 396	29 641 200
Agency services		1 994 897	2 228 939
Licences and permits		189 920	374 892
Other income	23	(4 066 419)	5 772 829
Actuarial gains		-	3 227 000
Total revenue from exchange transactions		**369 798 030**	**273 194 767**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	56 084 797	49 089 879
Transfer revenue			
Government grants & subsidies	25	138 779 427	151 228 079
Fines, Penalties and Forfeits		144 839	203 385
Total revenue from non-exchange transactions		**195 009 063**	**200 521 343**
Total revenue	19	**564 807 093**	**473 716 110**
Expenditure			
Employee related costs	26	(175 802 066)	(168 253 411)
Remuneration of councillors	27	(11 712 265)	(11 630 005)
Depreciation and amortisation	28	(40 951 003)	(54 690 992)
Impairment loss/ Reversal of impairments	29	-	(8 852 806)
Finance costs	30	(30 521 036)	(22 386 476)
Bulk purchases	31	(82 341 359)	(114 710 529)
Contracted services	32	(1 586 366)	(2 119 513)
General Expenses	33	(101 744 342)	(89 567 620)
Total expenditure		**(444 658 437)**	**(472 211 352)**
Surplus for the year		**120 148 656**	**1 504 758**

Ditsobotla Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	**753 282 107**	**753 282 107**
Changes in net assets		
Surplus for the year	1 504 758	1 504 758
Total changes	1 504 758	1 504 758
Balance at 01 July 2017	**754 786 865**	**754 786 865**
Changes in net assets		
Surplus for the year	120 148 656	120 148 656
Total changes	120 148 656	120 148 656
Balance at 30 June 2018	**874 935 524**	**874 935 524**

Note(s)

Ditsobotla Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Sale of goods and services		-	240 326 567
Grants		-	151 228 079
Interest received		-	29 641 200
Other receipts		-	49 293 260
		-	470 489 106
Payments			
Employee costs		-	(179 883 416)
Suppliers		-	(185 155 074)
Finance costs		(30 521 036)	(22 386 476)
Other cash item	37	-	1 687 238
		(30 521 036)	(385 737 728)
Unfinanced CAPEX not recognised in the cash flow (added from creditors note		37 978 541	
Net cash flows from operating activities	36	7 456 505	84 751 378
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(80 506 698)
Proceeds from sale of property, plant and equipment	4	-	1 626 746
Net cash flows from investing activities		-	(108 521 152)
Net increase/(decrease) in cash and cash equivalents		7 456 505	(23 769 774)
Cash and cash equivalents at the beginning of the year		66 650 284	64 032 349
Cash and cash equivalents at the end of the year	13	74 106 789	40 262 575

Ditsobotla Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	233 000 000	-	233 000 000	329 799 777	96 799 777	
Rental of facilities and equipment	3 500 000	-	3 500 000	464 459	(3 035 541)	
Interest received (trading)	5 500 000	-	5 500 000	41 415 396	35 915 396	
Agency services	4 000 000	-	4 000 000	1 994 897	(2 005 103)	
Licences and permits	300 000	-	300 000	189 920	(110 080)	
Other income - (rollup)	2 000 000	-	2 000 000	(4 066 419)	(6 066 419)	
Total revenue from exchange transactions	248 300 000	-	248 300 000	369 798 030	121 498 030	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	55 000 000	-	55 000 000	56 084 797	1 084 797	
Transfer revenue						
Government grants & subsidies	102 042 000	-	102 042 000	138 779 427	36 737 427	
Fines, Penalties and Forfeits	200 000	-	200 000	144 839	(55 161)	
Total revenue from non-exchange transactions	157 242 000	-	157 242 000	195 009 063	37 767 063	
Total revenue	405 542 000	-	405 542 000	564 807 093	159 265 093	
Expenditure						
Personnel	167 882 000	-	167 882 000	(175 802 066)	(343 684 066)	
Remuneration of councillors	14 700	-	14 700	(11 712 265)	(11 726 965)	
Depreciation and amortisation	31 764 000	-	31 764 000	(40 951 003)	(72 715 003)	
Finance costs	930 000	-	930 000	(30 521 036)	(31 451 036)	
Debt Impairment	20 500 000	-	20 500 000	-	(20 500 000)	
Bulk purchases	96 244 000	-	96 244 000	(82 341 359)	(178 585 359)	
Contracted Services	19 500 000	-	19 500 000	(1 586 366)	(21 086 366)	
Transfers and Subsidies	11 000 000	-	11 000 000	-	(11 000 000)	
Other materials	18 000 000	-	18 000 000	(101 744 342)	(119 744 342)	
Other (taken out of General expenses)	19 700 000	-	19 700 000	-	(19 700 000)	
Total expenditure	385 534 700	-	385 534 700	(444 658 437)	(830 193 137)	
Surplus before taxation	791 076 700	-	791 076 700	120 148 656	(670 928 044)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	791 076 700	-	791 076 700	120 148 656	(670 928 044)	
Reconciliation						

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Investment property

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

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

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

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

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

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

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

Accounting Policies

1.3 Investment property (continued)

Fair value

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

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

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

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

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

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

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

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

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

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

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Land	N/A	Indefinite
Buildings	Straight line	30 years
Plant and machinery	Straight line	1 - 7 years
Furniture and fixtures	Straight line	1 - 7 years
Motor vehicles	Straight line	2 - 4 years
IT equipment	Straight line	1 - 4 years
Investment property	Straight line	30 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	1 - 5 years

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

1.6 Heritage assets

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

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

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

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

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

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

Accounting Policies

1.6 Heritage assets (continued)

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

1.7 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- it is settled at a future date.

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

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

A financial asset is:

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

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

A financial liability is any liability that is a contractual obligation to:

Accounting Policies

1.6 Heritage assets (continued)

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

1.7 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

A financial liability is any liability that is a contractual obligation to:

Accounting Policies

1.7 Financial instruments (continued)

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.7 Financial instruments (continued)

Classification

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

Class	Category
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value
Investments	Financial asset measured at fair value

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

Class	Category
Long-term liabilities	Financial liability measured at amortised cost
Payables from exchange and non-exchange transactions	Financial liability measured at fair value

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

Accounting Policies

1.7 Financial instruments (continued)

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8 Tax

1.9 Leases

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

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

Operating lease - lessee

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

1.10 Inventories

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

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

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

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

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

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

1.10 Inventories (continued)

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

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

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

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

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Accounting Policies

1.13 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

Accounting Policies

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Accounting Policies

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Accounting Policies

1.21 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Budget Information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2010/04/01 to 2011/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Accounting Policies

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	01 April 2099	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	01 April 2099	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	01 April 2099	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	01 April 2099	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	01 April 2099	Unlikely there will be a material impact
Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2099	Unlikely there will be a material impact
GRAP 110: Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	Unlikely there will be a material impact
GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Unlikely there will be a material impact
GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Unlikely there will be a material impact
GRAP 107: Mergers	01 April 2019	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Unlikely there will be a material impact
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact
GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures In Rand	2018	2017

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	104 569 063	-	104 569 063	104 569 063	-	104 569 063

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	104 569 063	104 569 063

Reconciliation of investment property - 2017

	Opening balance	Transfers	Total
Investment property	111 717 524	(7 148 461)	104 569 063

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

3. Investment property (continued)
   - if possible, the range of estimates within which fair value is highly likely to lie, and
   - on disposal of investment property not carried at fair value:
     - the fact that the entity has disposed of investment property not carried at fair value,
     - the carrying amount of that investment property at the time of sale, and
     - the amount of gain or loss recognised.

4. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	462 175 001	(201 645 529)	260 529 472	458 232 868	(203 825 999)	254 596 869
Plant and machinery	79 333 306	-	79 333 306	55 552 685	-	55 552 685
Infrastructure	1 076 955 248	(553 952 625)	525 002 623	1 077 983 110	(513 256 817)	564 726 293
Other property, plant and equipment	22 196 896	(17 388 745)	4 808 151	22 196 896	(17 388 745)	4 808 151
Total	**1 642 660 451**	**(772 986 899)**	**869 673 552**	**1 613 965 559**	**(734 271 561)**	**879 683 998**

Reconciliation of property, plant and equipment - 2018

	Opening balance	[illegible]	Total
Land	254 596 869	[illegible]	260 529 472
Work in progress (WIP)	55 552 685	[illegible]	79 333 306
Infrastructure	564 726 293	[illegible]	525 002 623
Other property, plant and equipment	4 808 151		4 808 151
	879 683 998	**(10 010 446)**	**869 673 552**

Reconciliation of property, plant and equipment - 2017

	Opening balance	[illegible]	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	275 935 959	[illegible]	-	-	-	(13 984 309)	(2 063 171)	254 596 869
Work in progress (WIP)	21 724 422		57 167 481	-	(23 339 217)	-	-	55 552 686
Infrastructure	572 461 341	[illegible]	23 339 217	(1 626 746)		(36 292 010)	-	564 726 293
Other property, plant and equipment	4 708 608	[illegible]	-	-	-	-	-	4 808 151
	874 830 330	**3 632 424**	**80 506 698**	**(1 626 746)**	**(23 339 217)**	**(52 256 319)**	**(2 063 171)**	**879 683 999**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

4. Property, plant and equipment (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets 1	1 092 513	(898 643)	193 870	1 092 513	(898 643)	193 870

Reconciliation of intangible assets - 2018

	Opening balance	Total
Intangible assets 1	193 870	193 870

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Intangible assets 1	819 870	(626 000)	193 870

6. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	506 794	-	506 794	506 794	-	506 794

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical monuments	506 794	506 794

Reconciliation of heritage assets 2017

	Opening balance	Total
Historical monuments	506 794	506 794

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

7. Employee benefit obligations

Defined benefit plan

Post retirement benefit plan

The municipality provides certain post-retirement benefit health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member who is on the (Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2017 by Mr Niel Fourie, Fellow of Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	-	(17 820 000)
Net liability (asset)	(17 820 000)	
	(17 820 000)	**(17 820 000)**
Non-current liabilities	(17 820 000)	(16 484 000)
Current liabilities	-	(1 336 000)
	(17 820 000)	**(17 820 000)**

Net expense recognised in the statement of financial performance

Current service cost	-	323 000
Interest cost	-	2 041 000
Actuarial (gains) losses	-	(4 351 000)
Settlement	-	(1 240 000)
	-	**(3 227 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	- %	7.75 %
Expected rate of return on assets	- %	5.25 %
Expected rate of return on reimbursement rights	- %	6.27 %
Actual return on reimbursement rights	- %	4.41 %

The basis used to determine the overall expected rate of return on assets is as follow: [provide details]

The effect of the major categories of plan assets is as follow: [state effect]

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases: [provide details]

The basis on which the discount rate has been determined is as follow: [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
8. Inventories		
Consumable stores	1 438 295	1 750 826
Water	71 043	71 043
	1 509 338	1 821 869
9. Receivables from exchange transactions		
Trade debtors	1 026	1 026
10. Receivables from non-exchange transactions		
Other receivables from non-exchange revenue	11 060 586	7 016 043
11. VAT receivable		
VAT	42 061 467	27 265 624
12. Consumer debtors		
Gross balances		
Rates	95 705 590	72 802 391
Electricity	124 416 488	50 066 821
Water	206 560 781	146 693 645
Sewerage	79 978 070	53 009 846
Refuse	48 460 988	35 837 046
	555 121 917	358 409 749
Less: Allowance for impairment		
Accumulated impairments	(206 184 946)	(206 184 946)
Net balance		
Rates	95 705 590	72 802 391
Electricity	124 416 488	50 066 821
Water	206 560 781	146 693 645
Sewerage	79 978 070	53 009 846
Refuse	48 460 988	35 837 046
Other (specify)	(206 184 946)	(206 184 946)
	348 936 971	152 224 803
Rates		
Current (0 -30 days)	-	4 059 660
31 - 60 days	-	2 234 101
61 - 90 days	-	27 291 656
91 - 120 days	-	1 662 578
121 - 365 days	-	1 603 314
> 365 days	-	35 950 580
Unallocated Credits	95 705 590	
	95 705 590	72 802 391

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

12. Consumer debtors (continued)

Electricity		
Current (0 -30 days)	-	15 696 577
31 - 60 days	-	2 017 164
61 - 90 days	-	2 278 676
91 - 120 days	-	1 109 651
121 - 365 days	-	1 460 259
> 365 days	-	27 504 492
Unidentified Deposits	[illegible]	
	124 416 488	**50 066 821**
Water		
Current (0 -30 days)	-	23 306 685
31 - 60 days	-	5 416 009
61 - 90 days	-	3 454 631
91 - 120 days	-	2 143 916
121 - 365 days	-	2 283 177
> 365 days	-	110 089 227
Unidentified Differences	[illegible]	
	206 560 781	**145 693 845**
Sewerage		
Current (0 -30 days)	-	8 125 222
31 - 60 days	-	2 413 390
61 - 90 days	-	1 886 412
91 - 120 days		1 723 062
121 - 365 days	-	1 828 513
> 365 days	-	37 033 247
Unidentified Differences	[illegible]	
	76 978 070	**53 909 846**
Refuse		
Current (0 -30 days)	-	1 972 094
31 - 60 days	-	1 042 059
61 - 90 days	-	996 344
91 - 120 days	-	896 771
121 - 365 days	-	954 006
> 365 days	-	29 975 772
Unidentified Differences	[illegible]	
	48 460 988	**35 837 046**
Other (specify)		
Current (0 -30 days)	-	216 694
31 - 60 days	-	154 025
61 - 90 days	-	137 357
91 - 120 days	-	131 971
121 - 365 days	-	136 441
> 365 days	-	(206 961 434)
Unidentified Differences	[illegible]	-
	(206 184 946)	**(206 184 946)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
12. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	-	(194 862 915)
Contributions to allowance	-	(11 322 031)
Reclassified Debtors w.o.	[illegible]	
	(208 184 946)	(206 184 946)
13. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 084 084	1 421 865
Short-term deposits	1 933 505	837 513
Other cash and cash equivalents	40 150 646	64 390 906
	43 168 235	66 650 284
14. Accumulated surplus		
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Library grant	1 086 289	1 084 839
MIG grant	1 966 018	1 966 018
Financial Management Grant	272 433	272 433
	3 324 740	3 323 290

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

16. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	20 944 706	(883 760)	20 060 946
Legal proceedings	9 212 000	-	9 212 000
	30 156 706	**(883 760)**	**29 272 946**

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	20 060 946	883 760		20 944 706
Long service awards	8 573 000	1 525 000	(886 000)	9 212 000
	28 633 946	**2 408 760**	**(886 000)**	**30 156 706**

Non-current liabilities	9 212 000	9 212 000
Current liabilities	20 060 946	20 944 706
	29 272 946	**30 156 706**

Environmental rehabilitation provision

In terms of the licencingof the landfill refuse site, the municipality will incur licensing and rehabilitation costs of R19 272 926 to restore the site at the end of its useful life, estimated to be between 2015 to 2022 for Lichtenburg Townlands landfill site. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

Long service awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuariall valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2017 by Mr N Fourie, Fellow of the Acturial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method.

The principal assumptions used for the purposes of the acturial valuations were as follows for the year ended 30 June 2017:
Discount rate - 8.68%
General salary inflation - 7.28%
Net discount rate - 1.26%

The basis on which discount rate has been determined is as follow:
GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is noit significant, the market yields on government bonds consistent with the estimated term of the postemployment liabilitiues should be used.

The principal assumptions used for the purposes of the actuarial valuations

Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
	126	**126**

Movement in the present value of the Defined Benefit Obligation were as

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

16. Provisions (continued)

Balance at the beginning of the year		8 573 000
Current service cost		898 000
Interest costs		830 000
Benfits paid		(886 000)
Actuarial losses / (gains)		(203 000)
		9,212,000

The amount recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations		9 212 000

The amount recognised in the Staement of Financial Performance are as follows:

Current service cost		898 000
Interest cost		830 000
Actuarial losses / (gains)		(203 000)
Total Benefit included in Employee		**1 525 000**

17. Payables from exchange transactions

Trade payables	393 782 762	326 454 291
Other payables 1	9 599 345	20 429 028
Accrued leave pay	18 082 164	13 167 013
Accrued bonus	5 676 401	5 676 401
Deposits received	63 938 137	59 443 118
Other payables	2 409 290	2 343 547
Other creditors #1	-	2 780 018
	493 483 099	**430 293 416**

18. Consumer deposits

Services	2 839 593	3 553 098

19. Revenue

Service charges	329 799 777	235 481 621
Rental of facilities and equipment	464 459	(3 531 713)
Interest received (trading)	41 415 396	29 641 201
Agency services	1 994 897	2 228 939
Licences and permits	189 920	374 892
Other income - (rollup)	(4 066 419)	5 772 831
Property rates	56 064 797	49 089 879
Government grants & subsidies	138 779 427	151 228 080
Fines, Penalties and Forfeits	144 839	203 385
	564 807 093	**470 489 115**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	329 799 777	235 481 621
Rental of facilities and equipment	464 459	(3 531 713)
Interest received (trading)	41 415 396	29 641 201
Agency services	1 994 897	2 228 939
Licences and permits	189 920	374 892
Other income - (rollup)	(4 066 419)	5 772 831
	369 798 030	**269 967 771**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

19. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	56 084 797	49 089 879
Transfer revenue		
Government grants & subsidies	138 779 427	151 228 080
Fines, Penalties and Forfeits	144 839	203 385
	195 009 063	**200 521 344**

20. Service charges

Sale of electricity	216 263 467	124 725 862
Sale of water	64 799 674	61 231 442
Sewerage and sanitation charges	33 945 015	34 407 419
Refuse removal	14 791 621	15 116 897
	329 799 777	**235 481 620**

21. Rental of facilities and equipment

Premises		
Housing	-	(3 592 482)
Community hall	45 586	58 523
	45 586	**(3 533 959)**
Facilities and equipment		
Rental of facilities	418 873	2 246
	464 459	**(3 531 713)**

22. Other revenue

Other income - (rollup)	(4 066 419)	5 772 831

23. Other income

Other income 1	(4 066 419)	5 772 831

24. Property rates

Rates received

Residential	36 304 058	34 581 915
Commercial	25 694 033	20 207 493
State	6 097 404	3 120 058
Less: Income forgone	(12 010 698)	(8 819 587)
	56 084 797	**49 089 879**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

25. Government grants and subsidies

Operating grants		
Equitable share	97 931 627	89 929 662
Capital grants		
MIG grant	19 133 000	52 908 982
FMG grant	2 100 000	1 537 567
MSIG grant	361 800	444 987
LG SETA grant	-	368 882
EPWP grant	1 208 000	1 038 000
INEP grant	18 045 000	5 000 000
	40 847 800	**61 298 418**
	138 779 427	**151 228 080**

EPWP

Current-year receipts	1 208 000	-
Conditions met - transferred to revenue	(1 918 924)	-
Undefined Difference	710 924	-
	-	-

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Library grant

Balance unspent at beginning of year	1 084 839	303 721
Current-year receipts	1 450	1 150 000
Conditions met - transferred to revenue	-	(368 882)
	1 086 289	**1 084 839**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

MIG

Balance unspent at beginning of year	1 966 018	-
Current-year receipts	19 133 000	54 875 000
Conditions met - transferred to revenue	(19 133 000)	(52 908 982)
	1 966 018	**1 966 018**

Conditions still to be met - remain liabilities (see note 15).

The MIG expenditure for 2017/18 includes R16.6 relating to Projects that were on the implementation plan. The remaining R2.4m will be rolled over to 2018/19 subject to approval by Treasury..

Financial Management Grant

Balance unspent at beginning of year	272 433	-
Current-year receipts	2 145 000	1 810 000
Conditions met - transferred to revenue	(2 145 000)	(1 537 567)
	272 433	**272 433**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

25. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 15.

INEP Grant

Current-year receipts	18 000 000	-
Conditions met - transferred to revenue	(5 681 586)	-
Undefined Difference	(12 318 414)	-
	-	-

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
26. Employee related costs		
Basic	102 842 884	101 745 134
Bonus	8 117 766	6 627 525
Medical aid - company contributions	8 076 624	7 567 946
UIF	958 339	978 152
SDL	1 962 640	1 926 154
Other payroll levies	20 314 578	19 140 532
Travel, motor car, accommodation, subsistence and other allowances	13 782 875	13 075 986
Overtime payments	17 264 618	14 104 253
Long-service awards	2 481 742	3 087 729
	175 802 066	168 253 411
Remuneration of Municipal Manager: TG Ramagaga		
Annual Remuneration	294 095	410 127
Municipal manager was appointed from 1st June to 30 September 2017		
Remuneration of Chief Financial Officer: LJ Dintwe		
Annual Remuneration	719 377	1 199 017
Car Allowance	221 708	-
Contributions to UIF, Medical and Pension Funds	-	167 260
	941 085	1 366 277
Chief Financial Officer was appointed and started on 1st June 2017 to January 31st 2018		
Remuneration of Acting Municipal Manager: TF Mopeloa		
Annual Remuneration	473 399	-
Acting Municipal Manager was appointed and started on 1st February to May 31st 2018		
Remuneration of Acting Municipal Manager: MJ Molpolai		
Annual Remuneration	386 980	-
Acting Municipal Manager was appointed and started on 1st June to June 30th 2018		
Remuneration of Corporate Services Director: AST Nxumalo		
Annual Remuneration	86 505	1 118 104
Contributions to UIF, Medical and Pension Funds	-	196 626
Selling of Long Service	199 304	-
	285 809	1 314 730
27. Remuneration of councillors		
Executive Major	706 964	765 932
Councillors	11 005 301	10 864 072
	11 712 265	11 630 004

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

28. Depreciation and amortisation

Property, plant and equipment	40 951 003	54 690 992

29. Impairment of assets

Impairments		
Investment property		8 652 806
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

30. Finance costs

Owners	30 521 036	22 386 476

Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the municipality.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R - (2017: R -).

31. Bulk purchases

Electricity	78 306 652	110 809 065
Water	4 034 707	3 901 464
	82 341 359	114 710 529

32. Contracted services

Other Contractors	1 586 366	2 119 513

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
33. General expenses		
Advertising	926 580	1 142 270
Auditors remuneration	1 058 221	8 654 188
Bank charges	445 822	(333)
Consulting and professional fees	18 143 900	20 088 988
Consumables	199 650	674 377
Insurance	2 173 652	1 439 094
Medical expenses	-	19 188
Packaging	-	1 767 522
Fuel and oil	3 265 283	3 349 474
Postage and courier	1 637 408	1 891 319
Protective clothing	658 781	239 830
Repairs and maintenance	18 905 456	8 354 802
Security (Guarding of municipal property)	8 082 411	8 116 744
Subscriptions and membership fees	8 719	21 637
Telephone and fax	179 912	1 787
Training	-	54 967
Travel - local	450 004	258 931
Refuse	88 785	416 964
Expense 3	2 339 435	1 828 963
Expense 8	6 608 251	6 800 343
Expense 10	2 916 620	2 658 711
Chemicals	110 251	44 428
Hostel charges	608 737	16 176 954
Other expenses	32 936 464	5 571 480
	101 744 342	**89 567 628**
34. Fair value adjustments		
35. Auditors' remuneration		
Fees	1 058 221	8 654 188
36. Cash generated from operations		
Surplus	120 148 656	26 508 531
Adjustments for:		
Depreciation and amortisation	40 951 003	52 253 319
Movements in retirement benefit assets and liabilities	-	(3 227 000)
Movements in provisions	(883 760)	1 552 760
Other non-cash items	-	1 687 238
Transfers	-	30 487 678
Amortisation	-	626 000
Changes in working capital:		
Inventories	312 531	85 894
Consumer debtors	(196 712 168)	(112 847 210)
Other receivables from non-exchange transactions	(4 044 543)	-
Payables from exchange transactions	63 194 684	102 814 912
VAT	(14 795 843)	(18 167 306)
Unspent conditional grants and receipts	1 450	3 019 569
Consumer deposits	(713 505)	(43 007)
	7 458 505	**84 751 378**
37. Other cash item 1		
38. Financial instruments disclosure		
Categories of financial instruments		

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

38. Financial instruments disclosure (continued)

2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1 026	1 026
Other receivables from non-exchange transactions	11 060 586	11 060 586
Consumer debtors	348 962 531	348 962 531
Cash and cash equivalents	5 205 464	5 205 464
	365 229 607	**365 229 607**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	430 293 417	430 293 417

2017

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1 026	1 026
Other receivables from non-exchange transactions	-	7 016 043	7 016 043
Consumer debtors	-	152 224 803	152 224 803
Cash and cash equivalents	66 650 284	-	66 650 284
	66 650 284	**159 241 872**	**225 892 156**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	430 293 417	430 293 417

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	-	16 384 328
Total capital commitments		
Already contracted for but not provided for	-	16 384 328
Total commitments		
Total commitments		
Authorised capital expenditure	-	16 384 328

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, existing cash resources, MIG allocations during the year and funds internally generated.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

40. Contingencies

The municipality has the following contingent liabilities and contingent assets:

Sixbar Trading 648// Ditsobotla LM (June 2013)

The Plaintiff was appointed on risk to do Credit Control on behalf of Council. He terminated his services due to lack of cooperation from our staff. He claims the amount for collection services on the 30-120 day and more Debtors Book from the Defendant. The claim amount is R3 080 537.

Erroneous Payment (November 2011

The municipality has instituted legal action for payments made to previous employees and councillors amounting to R167 226)

Malebilo Trading Cc//Ditsobotla LM. (June 2011

Contract was terminated for web design, development and maintanance amounting to R60 000

Balemi Civils//Ditsobotla LM. (July 2012)

Termination of contract due to non-performance. The matter was handled by Edward Nathan Sonneberg Attorneys and due to their high fees the Administrator Mr. Dikoko directed that it be dealt with locally. The claim amount is R3 800 000.

TlotloTlhago Plant Hire//Ditsobotla LM (October 2012) 10 Dec 2010

The Plaintiff tendered for the upgrading of the Itsoseng Internal Roads & Stormwater system. The claim amount is R2 565 486

Ditsobotla Local Municipality//Annemie Goncalves (July 2013)

Appointed to sell Electricity to Municipality. The municipality has instituted a claim against Annemie Goncalves to the amount of R2 163 124.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

40. Contingencies (continued)

EL Masigo (January 2014)

Struck by spike at the park Cases No. DI242. The claim amount is R2 100 000

Tshikaleti T7691 Consulting Cc(Feb 2009)

Payment for Service rendered on meter readings: DI0196. The claim amount is R15 600 000.

Phakisa Civils (Edms) Bpk (June 2007)

DL0066. The claim amount is R189 668.

Willem Smit//Ditsobotla LM (Jan 2014)

Plaintiff's car damaged by pothole on the 31st August 2011 on Deelpan Road. The claim amount is R62 390.

Brawell Construction//Ditsobotla Local Municipality (2001)

Termination of contract for non performance in RDP construction project. The claim amount is R435 560.

Abravo//Ditsobotla Local Municipality (February 2014)

Failure to pay services rendered. The claim amount is R1 500 000.

Mabase Construction//Ditsobotla Local Municipality
2015

Challenging the termination of Contract R7 000 000.

Mosimanegape Matlapa//DLM (June 2014)

Damages Claim. The claim amount is R500 000.

G.L Pretorius//Ditsobotla Local Municipality (1998) Water Supply in Coligny.

They claim for supplying water without proper readings. The claim amount is is R593 000)

Quill and Associates//Ditsoboda Local Municipality

Failure to pay for services rendered to the Municipality. The claim amount is R10 260 000.

Francious B arend Van Der Merwe//Distobotla Local Municipality

Failure to maintain roads that led to an accident. The claim amount is R2 200 000

Lucas Fouche'//Ditsobotla Local Municipality

Failure to maintain roads that led to damage of vehicle. The claim amount R190 000. Combined summons between MokganediMorwe//Ditsobotla Local Municipality (April 2015) Failure to provide electricity contrary to the contract sale of land. The claim amount R550 00.

Bula Mosebetsi//Ditsobotla Local Municipality (April 2017)

Failure to pay for services rendered and claims on loss of income (Onsite Billing and credit control) R27 000 000.

Zandile Management Services//Ditsobotla Local Municipality (May 2017)
Failure to pay for services rendered and claims on loss of income (Debt Collections) R44 000 000.

Western Transvaal Security Services//Ditsobotla Local Municipality (2016/2017)

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

40. Contingencies (continued)

Failure to pay from services rendered (Security Services) R1 500 000.

41. Related parties

Relationships

Accounting Officer	Refer to accounting officer's report note

The Municipality has various processes in place to identify and note any related party transactions with regards to this matter. The range from this disclosure by bidders on bid documents (MBD) to maintenance of a conflict of interest register. For Councillors, this is kept in the Office of the Speaker whilst for the other Senior Managers it is kept by the Corporate Services.

Related party transactions

Equitable Share	97 931 626	89 929 661
Municipal Infrastructure Grant (MIG)	19 133 000	52 908 982
Financial Management Grant (FMG)	-	1 537 567
LG SETA grant	361 800	444 987
Library Grant	-	368 882
EPWP Grant	1 208 000	1 038 000
INEP Grant	20 145 000	5 000 000
Remuneration of councillors		
Executive mayor	706 964	570 871
Councillors	11 005 301	8 679 463

The compensation of key management personnel is set out in 25 to Annual Financial Statements.

42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

1. Consumer debtors & Service charges
There was a decrease in consumers debtors due to correction of various consumer accounts billed incorrectly.

2. Unauthorised expenditure
There was an adjustment made to the unauthorised expenditure amounting to R167 765 702. The unauthorised expenditure incurred is still under investigation.

3. Irregular expenditure
Management has reviewed all transctions from 2011/12 financial year that relates to transactions where a procurement process should have been under taken. Procurement contracts, originating from the prior year, which was classified as irregular, resulted in the increase of irregular expenditure in the current year as these payments will be deemed irregular for the entire contract period until the contract is approved as not irregular or write-off. The irregular expenditure relating to 2015/16 was adjusted with an amount of R61 665057.

Statement of financial position

2016

	Note	As previously reported	Correction of error	Restated
Consumer debtors		42 941 453	(1 871 562)	41 069 891

2017

Statement of financial performance

X6

Auditing to build public confidence

AUDITOR-GENERAL SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature and the council on the Ditsobotla Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Ditsobotla Local Municipality set out on pages xx to xx, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to differences between the financial statements and the accounting records. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments to property, plant and equipment of R869 673 552 disclosed in note 4 and depreciation expense of R40 951 003 disclosed in note 28 to the financial statements, were necessary.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to differences between the financial statements and the accounting records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustment to payables from exhange transactions of R493 488 099 disclosed in note 17 to the financial statements, was necessary.

Consumer debtors

5. The municipality did not have adequate processes and systems in place to correctly account for impairment on consumer debtors as required by GRAP 104, *Financial instruments* as an impairment assessment of outstanding consumer debts was not performed. I was unable to quantify the resultant misstatement as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for consumer debtors due to differences between

the financial statements and the accounting records. I was unable to confirm these debtors by alternative means. Consequently, I was unable to determine whether any further adjustment to consumer debtors of R348 936 971 (2017: R152 224 803) disclosed in note 12 to the financial statements was necessary.

Investment property

6. I was unable to obtain sufficient appropriate audit evidence for investment property as the municipality did not maintain a register for investment property. I was unable to confirm the investment property by alternative means. Furthermore, during 2017 the municipality incorrectly included sold properties in the investment property register contrary to the requirements of GRAP 16, *Investment properties*, which resulted in investment property being overstated by R48 583 657. This misstatement was still not corrected in the current year. Consequently, I was unable to determine whether any further adjustment to investment property of R104 569 063 (2017: R104 569 063) disclosed in note 3 to the financial statements was necessary.

Cash and cash equivalents

7. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to differences between the financial statements and the accounting records. I was unable to confirm these cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustment relating to cash and cash equivalents of R43 168 235 (2017: R66 650 284) disclosed in note 13 to the financial statements was necessary.

Receivables from non-exchange transactions

8. During 2017 the municipality did not have adequate systems to maintain records for receivables from non-exchange transactions. This resulted in receivables from non-exchange transactions being overstated by R7 016 043 and payables from exchange transactions also being overstated by the same amount. This misstatement was still not corrected in the current year.

9. In addition, the municipality incorrectly recognised outstanding debts on property rates as consumer debtors. This resulted in consumer debtors being overstated and receivables from non-exchange transactions being understated by R95 705 590 (2017: 72 802 391).

10. Furthermore, I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions due to the status of the accounting records and non-submission of information in support of these receivables. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions of R11 060 586 disclosed in note 10 to the financial statements.

VAT receivable

11. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to differences between the financial statements and the accounting records. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment relating to VAT receivable of R42 061 467 disclosed in note 11 to the financial statements was necessary.

Employee benefit obligation

12. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the employee benefit obligation, due to the status of the accounting records and the non-submission of information in support of the employee benefit obligation. I was unable to confirm the employee benefit obligation by alternative means. Consequently, I was unable to determine whether any adjustment to the employee benefit obligation of R17 820 000 disclosed in note 7 to the financial statements, was necessary.

Provisions

13. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for provisions, due to the status of the accounting records and non-submission of information in support of these provisions. I was unable to confirm these provisions by alternative means. Consequently, I was unable to determine whether any adjustment to provisions of R29 272 946 disclosed in note 16 to the financial statements was necessary.

Accumulated surplus

14. I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to differences between the financial statements and the accounting records. I was unable to confirm this account balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to the accumulated surplus of R874 935 524 disclosed in note 14 to the financial statements was necessary.

Service charges

15. I was unable to obtain sufficient appropriate audit evidence that revenue from service charges had been properly accounted for, due to the status of the accounting records and non-submission of information in support of this revenue. I was unable to confirm revenue from service charges by alternative means. Consequently, I was unable to determine whether any adjustment to service charges of R329 799 777 disclosed in note 20 to the financial statements, was necessary.

16. Furthermore, I was unable to obtain sufficient appropriate audit evidence that revenue, expenditure and receivables relating to the provision of retail water services have been correctly accounted for by the municipality as the service delivery agreement entered into between the Ngaka Modiri Molema District Municipality as water service authority and the municipality as water service provider had expired. In terms of section 22 of the Water Services Act, 1997 (Act No. 108 of 1997), no person may operate as a water service provider without the approval of the water service authority. I was unable to confirm, by alternative means, that the local municipality was authorised to operate as the water service provider. Consequently, I was unable to determine whether any adjustments relating to revenue from sale of water of R64 799 674 included in the service charges disclosed note 20 to the financial statements or any other related receivable, expenditure relating to the provision of retail water services by the municipality, were necessary.

Interest received (trading)

17. I was unable to obtain sufficient appropriate audit evidence that interest received had been properly accounted for, due to the status of the accounting records and non-submission of information in support of this revenue. I was unable to confirm revenue from interest by alternative means. Consequently, I was unable to determine whether any adjustment to interest received of R41 415 396 disclosed in the Statement of Financial Performance, was necessary.

Property rates

18. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property rates, due to the status of the accounting records and non-submission of information in support of this revenue. I was unable to confirm the revenue from property rates by alternative means. Consequently, I was unable to determine whether any adjustment to property rates of R56 084 797 disclosed in note 24 to the financial statements, was necessary.

Other income

19. During 2017, I was unable to obtain sufficient appropriate audit evidence for other income as the municipality did not have an adequate system of internal control to account for other income and did not keep proper records. I was unable to determine whether any adjustment to

the other income of R5 772 829 disclosed in note 22 and 23 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. I was still unable to confirm this other income by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

General expenses

20. I was unable to obtain sufficient appropriate audit evidence for general expenses due to differences between the financial statements and the accounting records and for an adjustment to the corresponding figure due to non-submission of information in support of this adjustment. I was unable to confirm these expenses by alternative means. Consequently, I was unable to determine whether any adjustments relating to general expenses of R101 744 342 (2017:R89 567 620) disclosed in note 33 to the financial statements, were necessary.

Impairment loss

21. During 2017, I was unable to obtain sufficient appropriate audit evidence for impairment of assets as the municipality did not have an adequate system of internal control to account for impairment losses and did not keep proper records. I was unable to determine whether any adjustment to the impairment loss of R8 852 806 disclosed in note 29 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. I was still unable to confirm this impairment loss by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Contingencies

22. The municipality did not have an adequate system to account for its contingent liabilities as required by GRAP 19, *Provisions, contingent liabilities and contingent assets*. This resulted in certain contingencies being understated by R9 585 490. In addition, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all contingencies due to the status of accounting records and the non-submission of information in support of these contingencies. I was unable to confirm this disclosure by alternative means. Consequently, I was unable to determine whether any further adjustment to contingencies of an undisclosed amount in note 40 to the financial statements, were necessary.

Commitments

23. I was unable to obtain sufficient appropriate audit evidence that management had properly disclosed contractual commitments for the acquisition of property, plant and equipment as required by GRAP 17, *Property, plant and equipment* for the current and prior period, due to the municipality not having an adequate system to maintain records of commitments. I was unable to confirm these commitments by alternative means. In addition, in the previous year commitments were understated by R31 892 498. Consequently, I was unable to determine whether any further adjustment to commitments of R0 (2017: R16 384 328) disclosed in note 39 to the financial statements, was necessary.

Prior-year adjustments

24. The municipality did not correctly disclose prior period errors in note 42 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors* as the nature and the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the earliest prior period, were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the prior-year adjustments disclosed as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any further adjustment to

the the disclosure of prior-year adjustments in note 42 to the financial statements, was necessary.

Cash flow statement

25. I was unable to obtain sufficient appropriate audit evidence for the calculation of net cash flows from operating activities as well as investing activities in the cash flow statement, as the municipality did not appropriately account for cash and non-cash items as required by GRAP 2 *Cash flow statements*. The municipality's system did not allow for the performance of alternative procedures to determine the extent of this misstatement. Consequently, I was unable to determine whether any adjustment to the net cash flows from operating activities and investing activities in the cash flow statement and the note thereto, was necessary.

Unauthorised expenditure

26. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorised expenditure incurred. The municipality incurred unauthorised expenditure of R38 186 563 during the current year, (previous years: R255 408 303) due to overspending of individual votes within the budget, however no unauthorised expenditure was disclosed. As the municipality did not quantify the full extent of the unauthorised expenditure, it was impracticable to determine the total unauthorised expenditure that should have been disclosed.

Irregular expenditure

27. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R8 476 149 during the current year, (previous years: R80 301 548) in contravention with the supply chain management requirements, however no irregular expenditure was disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the total irregular expenditure that should have been disclosed.

Fruitless and wasteful expenditure

28. Section 125 of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. The municipality made payments of R53 620 717 during the current year, (previous years: R50 959 266) that were regarded as fruitless and wasteful expenditure, however no fruitless and wastful expenditure was disclosed. As the municipality did not quantify the full extent of the fruitless and wasteful expenditure, it was impracticable to determine the total fruitless and wasteful expenditure that should have been disclosed.

Material losses and MFMA disclosures

29. The municipality did not disclose water and electricity distribution losses as required by section 125(2)(d)(i) of the MFMA. As the municipality did not have adequate control measures in place to accurately determine the nature and extent of these losses, I was unable to quantify the resulting understatement as it was impracticable to do so. In addition, the municipality did not include the other compulsory MFMA disclosures as required by section 125(1)(b) and (c) of the MFMA, in the financial statements, I was unable to quantify the omitted disclosure as it was impracticable to do so.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

32. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and the 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.

33. 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 appropriate governance structure either intends to liquidate the or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

34. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

35. I am independent of the 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 of the financial statements. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Performance information reporting

36. I am unable to audit and report on the usefulness and reliability of the performance information as the annual performance report of the municipality was not prepared as required by section 46 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and section 121(3)(c) of the MFMA.

Report on audit of compliance with legislation

Introduction and scope

37. 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 compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

38. The material findings on compliance with specific matters in key legislation are as follows:

Annual report and annual financial statements

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion. Similar non-compliance was also reported in the prior year.

40. The 2016-17 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA. Similar non-compliance was also reported in the prior year.

41. The council failed to adopt an oversight report, containing the council's comments on the annual report, within the prescribed timelines as required by section 129(1) of the MFMA. Similar non-compliance was also reported in the prior year.

Revenue management

42. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA. Similar non-compliance was also reported in the prior year.

43. I was unable to obtain sufficient appropriate audit evidence that accounts for service charges were prepared on an accrual basis, as required by section 64(2)(c) of the MFMA.

44. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Assets management

45. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Expenditure management

46. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. Similar non-compliance was also reported in the prior year.

47. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

48. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. Similar non-compliance was also reported in the prior year.

49. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. Similar non-compliance was also reported in the prior year.

50. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. Similar non-compliance was also reported in the prior year.

Consequence management

51. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

52. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

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

54. Allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

Strategic planning and performance management

55. A performance management system was not established, as required by section 38(a) of the MSA. Similar non-compliance was also reported in the prior year.

Conditional grants

56. Performance in respect of programmes funded by the Municipal Infrastructure grant (MIG) and Integrated National Electrification Programme grant (INEP) was not evaluated, as required by section 12(5) of the DoRA. Similar non-compliance was also reported in the prior year.

57. The INEP grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the DoRA.

Procurement and contract management

58. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded in accordance with the legislative requirements as no record management system was in place. Similar non-compliance was also reported in the prior year.

59. Sufficient appropriate audit evidence could not be obtained that some goods and services with a transaction value of below R200 000 were procured by obtaining the required price quotations as required by SCM regulation 17(a) & (c). Similar non-compliance was also reported in the prior year.

60. Sufficient appropriate audit evidence could not be obtained for some of quotations accepted from prospective providers, that these providers were on the list of accredited prospective providers or meet the listing requirements prescribed by the SCM policy, as required by SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the prior year.

61. Sufficient appropriate audit evidence could not be obtained that awards and contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

62. Sufficient appropriate audit evidence could not be obtained that quotations and contracts were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the prior year.

63. Sufficient appropriate audit evidence could not be obtained that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.

64. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM regulation 27(2)(a). Similar non-compliance was also reported in the prior year.

65. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2). Similar non-compliance was also reported in the prior year.

66. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.

67. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act. Similar non-compliance was also reported in the prior year.

68. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.

69. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

70. Awards were made to providers who are in the service of other state institutions, in contravention of MFMA section 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

71. 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 SCM regulation 46(2)(e). Similar non-compliance was also reported in the prior year.

Internal control deficiencies

72. 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 basis for disclaimer of opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

- Leadership did not ensure that there is appropriately skilled staff in key positions within the finance, performance and compliance units. Furthermore, leadership's in-year monitoring and oversight was inadequate to prevent material limitations in the financial statements, non-compliance with laws and regulations and the absence of a system to support the collection, processing and reporting of performance against pre-determined objectives.
- Lack of sufficiently skilled staff negatively impact on the implementation of proper systems to collate, process and report financial and performance information. This has led to excessive reliance on consultants to compile financial information and statements. Lack of internal controls and oversight contributed to inaccurate and unreliable financial reports and records. Furthermore, there are no systems in place to enforce compliance with laws and regulations and no actions are taken against staff that is responsible for these transgressions.
- There were no appropriate governance structures at the municipality, as an audit committee and internal audit unit were not appointed for the year under review.

AUDITOR GENERAL

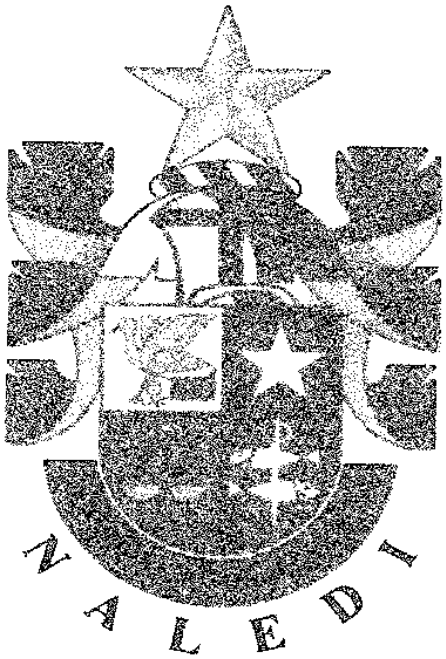
Rustenburg

30 November 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

X7



Naledi Local Municipality
Trading as Naledi Local Municipality
Annual Financial Statements
for the year ended June 30, 2018
Auditor General of South Africa
Registered Auditors

Naledi Local Municipality

(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	•Provision of a democratic and accountable local government; •Ensuring the provision of sustainable municipal services; •Promotion of social and economic development; •Promotion of a safe and healthy environment; and •Encourage the involvement of communities and organisations in the matters of local government in the Vryburg City area, Huhudi and Stella area.
Members of the Council	
Mayor	Cllr N.W. Skalk
	Cllr C.J. Groep (Speaker))
	Cllr K.L. Bosantsi (Executive))
	Cllr L. Ekkelton (Executive)
	Cllr H.L. Pretorious (Executive)
Councillors	Cllr G. Gama (Member)
	Cllr J.A. Adonis (Member)
	Cllr A.N. Bareng (Member)
	Cllr E.P. Renoster (Member)
	Cllr K.L. Modise (Member)
	Cllr M.E. Lebona (Member)
	Cllr G.C. Pulane (Member)
	Cllr H.L. Philander (Member)
	Cllr K.L. Bome (Member)
	Cllr K.B. Tauwe (Member)
	Cllr B.J. Moholo (Member)
	Cllr M.E. Ncobo (Member)
	Cllr O.K. Nyamane (Member)
	Cllr S.M. Mustafa (Member)
	Cllr J.G. Brand (Member)
Accounting Officer	TM Boom
Chief Finance Officer (CFO)	MK Kgokotli
Registered office	Civic Centre 19A Market Street Vryburg 8601
Business address	Civic Centre 19A Market Street Vryburg 8601
Postal address	P.O. Box 35 Vryburg 8600

General Information

Bankers	ABSA
Auditors	Auditor General of South Africa Registered Auditors

Naledi Local Municipality

(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10
Accounting Policies	11 - 25
Notes to the Annual Financial Statements	26 - 63

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 63, which have been prepared on the going concern basis, were approved by the council on August 30, 2018 and were signed on its behalf by:

TM Bloom
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2018.

1. Review of activities

Main business and operations

The municipality is engaged in local municipality and operates principally in South Africa.

The municipality is engaged in •provision of a democratic and accountable local government;
- ensuring the provision of sustainable municipal services;
- promotion of social and economic development;
- promotion of a safe and healthy environment; and
- encourage the involvement of communities and organisations in the matters of local government.

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 31 382 413 (30 June 2017: surplus R 10 009 340).

2. Financial sustainability

The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial period, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditorst

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality incurred interest due to late payment of creditor accounts. The interest incurred in this respect was unavoidable and has been disclosed in 52.

Naledi Local Municipality
(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Position as at June 30, 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Inventories	7	2,253,677	2,899,951
Receivables from non-exchange transactions	8	14,508,079	10,393,205
VAT receivable	9	17,613,925	32,670,327
Consumer debtors	10	74,550,113	18,592,982
Cash and cash equivalents	11	2,591,295	18,626,259
		111,517,089	**83,184,724**
Non-Current Assets			
Property, plant and equipment	4	1,207,679,905	1,222,683,185
Heritage assets	5	709,286	709,286
		1,208,389,191	**1,223,392,471**
Total Assets		**1,319,906,280**	**1,306,577,195**
Liabilities			
Current Liabilities			
Other financial liabilities	16	12,058,547	12,058,547
Payables from exchange transactions	18	513,534,015	437,892,809
Consumer deposits	19	6,406,172	6,490,924
Unspent conditional grants and receipts	15	2,925,619	26,571,287
Provisions	17	5,950,164	8,379,440
		540,874,517	**491,393,007**
Non-Current Liabilities			
Other financial liabilities	16	8,055,895	12,913,730
Provisions	17	69,665,168	67,235,892
		77,721,063	**80,149,622**
Total Liabilities		**618,595,580**	**571,542,629**
Net Assets		**701,310,700**	**735,034,566**
Reserves			
Revaluation reserve	12	2,470,085	2,470,085
Accumulated surplus	13	700,920,867	732,564,481
Total Net Assets		**703,390,952**	**735,034,566**

Naledi Local Municipality
(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Service charges	21	148,416,969	148,583,189
Rental of facilities and equipment	22	2,776,594	1,003,611
Licences and permits		5,221,107	6,390,006
Other income	24	4,456,415	30,881,795
Interest received	25	23,861,165	21,123,736
Total revenue from exchange transactions		**184,732,250**	**207,982,337**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	46,057,550	76,825,604
Transfer revenue			
Government grants & subsidies	28	103,005,574	105,750,077
Fines		4,311,914	1,811,750
Total revenue from non-exchange transactions		**153,375,038**	**184,387,431**
Total revenue	20	**338,107,288**	**392,369,768**
Expenditure			
Employee related costs	29	(161,555,358)	(162,319,272)
Remuneration of councillors	30	(7,712,670)	(6,980,076)
Depreciation and amortisation	31	(43,477,451)	(35,892,345)
Impairment loss/ Reversal of impairments	32	(15,488,214)	(33,595,819)
Finance costs	33	(32,225,902)	(39,597,326)
Repairs and maintenance		(2,055,560)	(2,510,401)
Bulk purchases	34	(78,311,879)	(76,304,580)
Contracted services	35	(11,184,185)	(25,876,025)
Transfers and Subsidies	27	(20,214)	(144,093)
General Expenses	36	(17,966,478)	(26,276,661)
Total expenditure		**(369,997,911)**	**(409,496,598)**
Operating deficit		**(31,890,623)**	**(17,126,830)**
Loss on disposal of PPE		508,210	(2,276,139)
Actuarial gains/losses	6	-	10,090,685
Gain on natural movement of game / animals		-	(684,383)
Unwinding of discounting		-	(12,673)
		508,210	**7,117,490**
Deficit for the year		**(31,382,413)**	**(10,009,340)**

Naledi Local Municipality

(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at July 1, 2016	**2,164,229**	**741,640,193**	**743,804,422**
Changes in net assets			
Revaluation of game animals	1,239,484	-	1,239,484
Offsetting of depreciation	(933,628)	-	(933,628)
Realisation of revaluation reserve	-	933,628	933,628
Net income (losses) recognised directly in net assets	305,856	933,628	1,239,484
Deficit for the year	-	(10,009,340)	(10,009,340)
Total recognised income and expenses for the year	305,856	(9,075,712)	(8,769,856)
Total changes	305,856	(9,075,712)	(8,769,856)
Balance at July 1, 2017	**2,470,085**	**732,303,280**	**734,773,365**
Changes in net assets			
Surplus for the year	-	(31,382,413)	(31,382,413)
Total changes	-	(31,382,413)	(31,382,413)
Balance at June 30, 2018	**2,470,085**	**700,920,867**	**703,390,952**
Note(s)	12		

Naledi Local Municipality

(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Taxation		-	67,260,355
Sale of goods and services		160,871,085	157,600,338
Grants		105,933,193	113,747,390
Interest income		23,861,165	21,123,736
		290,665,443	359,731,819
Payments			
Employee costs		(161,555,358)	(169,299,348)
Suppliers		(80,097,227)	(97,523,635)
Finance costs		(32,225,902)	(39,577,504)
		(273,878,487)	(306,400,487)
Net cash flows from operating activities	38	**16,786,956**	**53,331,332**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(28,474,295)	(49,684,430)
Proceeds from sale of property, plant and equipment	4	508,210	(9,999)
Proceeds from sale of heritage assets	5	-	10,000
Proceeds from sale of biological assets that form part of an agricultural activity	3	-	(684,383)
Movement in Landfill Site Asset		-	1,736,718
Net cash flows from investing activities		**(27,966,085)**	**(48,632,094)**
Cash flows from financing activities			
Repayment of other financial liabilities		(4,857,835)	(4,186,027)
Finance lease payments		-	(467,697)
Net cash flows from financing activities		**(4,857,835)**	**(4,653,724)**
Net increase/(decrease) in cash and cash equivalents		**(16,036,964)**	**45,514**
Cash and cash equivalents at the beginning of the year		18,628,259	18,582,745
Cash and cash equivalents at the end of the year	11	**2,591,295**	**18,628,259**

Naledi Local Municipality

(Registration number NW392 - (Grade 3))
Trading as Naledi Local Municipality
Annual Financial Statements for the year ended June 30, 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	211,227,000	307,000	**211,534,000**	148,416,969	**(63,117,031)**	
Other Own Revenue	25,718,000	639,000	**26,357,000**	5,221,107	**(21,135,893)**	
Other income	-	-	-	4,456,415	**4,456,415**	
Interest received - investment	358,000	-	**358,000**	23,861,165	**23,503,165**	
Total revenue from exchange transactions	**237,303,000**	**946,000**	**238,249,000**	**181,955,656**	**(56,293,344)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	47,231,000	3,318,000	**50,549,000**	46,057,550	**(4,491,450)**	
Transfer revenue						
Government grants & subsidies	48,911,000	1,334,000	**50,245,000**	103,005,574	**52,760,574**	
Fines, Penalties and Forfeits	1,097,000	6,500,000	**7,597,000**	4,311,914	**(3,285,086)**	
Total revenue from non-exchange transactions	**97,239,000**	**11,152,000**	**108,391,000**	**153,375,038**	**44,984,038**	
Total revenue	**334,542,000**	**12,098,000**	**346,640,000**	**335,330,694**	**(11,309,306)**	
Expenditure						
Personnel	(168,980,000)	10,986,000	**(157,992,000)**	(161,555,358)	**(3,563,358)**	
Remuneration of councilfors	(7,635,000)	112,000	**(7,523,000)**	(7,712,670)	**(189,670)**	
Depreciation and amortisation	(44,370,000)	-	**(44,370,000)**	(43,477,451)	**892,549**	
Impairment loss/ Reversal of impairments	(16,650,000)	-	**(16,650,000)**	(15,488,214)	**1,161,786**	
Finance costs	(15,772,000)	(8,423,000)	**(24,195,000)**	(32,225,902)	**(8,030,902)**	
Repairs and maintenance	-	-	-	(2,055,560)	**(2,055,560)**	
Bulk purchases	(97,973,000)	-	**(97,973,000)**	(78,311,879)	**19,661,121**	
Contracted Services	(14,618,000)	(5,912,000)	**(20,530,000)**	(11,184,185)	**9,345,815**	
Transfers and Subsidies	37,960,000	2,825,000	**40,785,000**	(20,214)	**(40,805,214)**	
Other expenditure	(39,150,000)	17,749,000	**(21,401,000)**	-	**21,401,000**	
Total expenditure	**(367,188,000)**	**17,339,000**	**(349,849,000)**	**(352,031,433)**	**(2,182,433)**	
Operating deficit	**(32,646,000)**	**29,437,000**	**(3,209,000)**	**(16,700,739)**	**(13,491,739)**	
Gain on disposal of assets and liabilities	10,000,000	-	**10,000,000**	508,210	**(9,491,790)**	
Surplus	**(22,646,000)**	**29,437,000**	**6,791,000**	**(16,192,529)**	**(22,983,529)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(22,646,000)**	**29,437,000**	**6,791,000**	**(16,192,529)**	**(22,983,529)**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Comparative information

Budget information in accordance with GRAP 1 and 24, has been provided as part of these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4 Investment property

Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a nonexchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of selfconstructed investment property is the cost at date of completion.

Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

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

Accounting Policies

1.4 Investment property (continued)

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

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

1.5 Property, plant and equipment

Item	Depreciation method	Average useful life
Infrastructure - Roads and Lights	Straight line	10-40
Infrastructure - Water Pipelines	Straight line	25-50
Infrastructure - Water Pumps, Purification and Reservoirs	Straight line	30-55
Infrastructure - Sewerage	Straight line	25-30
Infrastructure - Land	Straight line	Indefinite
Infrastructure - Landfill Site Perimeter Protection and structures	Straight line	10-55
Community - Buildings	Straight line	30
Community - Recreational Facilities	Straight line	30
Community - Cemeteries	Straight line	30
Community - Halls	Straight line	30
Community - Libraries	Straight line	30
Community - Civic Buildings	Straight line	30
Community - Other assets	Straight line	15-30
Other - Buildings	Straight line	30
Other - Office equipment	Straight line	7
Other - Furniture and fittings	Straight line	7
Other - Emergency equipment	Straight line	10
Other - Computer equipment	Straight line	5
Other - Machinery and Equipment	Straight line	5-10
Other - Official Vehicles	Straight line	7
Other - Other assets	Straight line	4-15
Other - Game / Animals	Straight line	4-21

1.6 Intangible assets

Initial recognition

An intangible asset is an identifiable nonmonetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Accounting Policies

1.6 Intangible assets (continued)

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a nonexchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Subsequent measurement

The cost model has been chosen for intangible assets.

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Item	Depreciation method	Average useful life

1.7 Heritage assets

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

Accounting Policies

1.7 Heritage assets (continued)

A heritage asset recognised is initially measured at its cost. The cost of a purchased heritage asset comprises of its purchase price, including any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where a heritage asset is acquired by the municipality for no or nominal consideration (i.e. a nonexchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent measurement Cost model

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

Depreciation and impairment

Heritage assets are not depreciated.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of the heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of the heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Accounting Policies

1.8 Financial instruments

Initial recognition

Financial instruments are initially recognized at fair value.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered commercial banks, are categorised as either held to maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Trade payables and borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Accounting Policies

1.9 Tax

Value added Taxation (VAT)

The municipality accounts for value added taxation on the accrual basis.

1.10 Leases

Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Accounting Policies

1.11 Inventories

Initial recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first in, first out method OR the weighted average method.

Accounting Policies

1.12 Impairment losses

Identification of cash generating assets from non cash generating assets

Primary objective of holding an asset is to generate a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flows from the asset similar to a profit orientated entity and therefore the cash flows (or return) generated should reflect the risk involved in holding the asset. In other words, in addition to the mere intention to hold assets to generate cash flows the intention should also be to generate market related cash flows from that asset. To the extent that the cash flows are not market related, those cash flows are not representative of the risk involved in holding the asset, therefore the asset will be non cash generating. An asset can be non cash generating, even if it generated a commercial return during a particular period.

Non cash generating assets are managed for service delivery purposes (no commercial return). In some situations, it may not be clear what the main objective of holding an asset is (i.e. whether it is to generate a commercial return or not). In these circumstances, it may be necessary to evaluate the significance of the cash flow generated from such an asset.

Impairment of cash generating assets

Cash generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Identification

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

Value in use

Value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash generating unit). If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length

Accounting Policies

1.12 Impairment losses (continued)
transactions in estimating: the future cash inflows used to determine the asset's or cash generating unit's value in use; and the

future cash outflows used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing. Cash generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified. The carrying amount of a cash generating unit is determined on a basis consistent with the way the recoverable amount of the cash generating unit is determined. An impairment loss is recognised for a cash generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets. In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of: its fair value less costs to sell (if determinable); its value in use (if determinable); and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash generating assets of the unit. Where a non cash generating asset contributes to a cash generating unit, a proportion of the carrying amount of that noncash generating asset is allocated to the carrying amount of the cash generating unit prior to estimation of the recoverable amount of the cash generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset. An impairment loss recognised in prior periods for a cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss for a cash generating asset is recognised immediately in surplus or deficit. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. A reversal of an impairment loss for a cash generating unit is allocated to the cash generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non cash generating asset contributing service potential to a cash generating unit. In allocating a reversal of an impairment loss for a cash generating unit, the carrying amount of an asset is not increased above the lower of: its recoverable amount (if determinable); and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods. The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Impairment of non cash generating assets

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

Identification

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

Value in use

Value in use of non cash generating assets is the present value of the non cash generating assets remaining service potential. The present value of the remaining service potential of a non cash generating asset is determined using the following approach:

Depreciated replacement cost approach

Accounting Policies

1.12 Impairment losses (continued)
The present value of the remaining service potential of a non cash generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This

cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality will not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the non cash generating asset is adjusted in future periods to allocate the non cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non cash generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for a non cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss for a non cash generating asset is recognised immediately in surplus or deficit. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non cash generating asset is adjusted in future periods to allocate the non cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Accounting Policies

1.14 Employee benefits

Defined contribution plans

Defined contribution plans
The municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.

Other post retirement obligations
Defined contribution plans are post employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post employment benefit plans other than defined contribution plans.

Post Retirement Medical Obligations

The Municipality provides post retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding
requirements. Payments made by the Municipality are set off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Long Service Awards

Long service awards are provided to employees who achieve certain pre determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Accounting Policies

1.15 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non current provisions are discounted to their present value using a pre tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:
the business or part of a business concerned;
the principal locations affected;
the location, function, and approximate number of employees who will be compensated for terminating their services;
the expenditures that will be undertaken; and
when the plan will be implemented
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.16 Commitments

Capital Commitments disclosed are the estimated amounts of capital contracts remaining to be executed after year end.

1.17 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue from non exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when received.

Fines

Revenue from fines are recognized at the initial transaction date taking into account the full amount of fines. Impairment is based on the probability of collections.

1.19 Expenditure

Expenditure is recognised once there is a decrease in economic benefits or service potential during the financial period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Accounting Policies

1.21 Impairments of assets

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

Irrespective of whether there is any indication of impairment, the municipality also:
tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.t

1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

1.25 Revaluation reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17. All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance. All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset

1.26 Segment information

The surplus arising from the revaluation of property, plant and equipment is credited to a non distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.
A segment is an activity of an entity:

that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.27 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.28 Non-current assets held for sale

Initial recognition

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Subsequent measurement

Non current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related parties	01 April 2018	Full disclosure of the nature and effect all related party transactions of management, their close family members
GRAP 32: Service Consession Arrangement: Grantor	01 April 2018	Disclosure and presentation of each transaction relating to service concession arrangements
GRAP: 108 Statutory Receivables	01 April 2018	Full disclosure and presentation of each class of statutory receivables as prescribed by legisslation

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
°		Full disclosure and presentation of each transaction that relates to a principal and agent agreements, provided for on behalf of the principal and acting as the agent
°		

Notes to the Annual Financial Statements

Figures in Rand

3. Biological assets that form part of an agricultural activity

0258

Notes to the Annual Financial Statements

Figures in Rand

	2018	2017

4. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	146,849,849	(12,781,643)	134,068,206	146,850,170	(12,781,964)	134,068,206
Buildings	119,902,703	(39,989,451)	79,913,252	110,062,047	(26,152,039)	83,910,008
Infrastructure	1,195,788,539	(349,763,119)	846,025,420	1,040,641,800	(159,659,224)	880,982,576
Community	141,258,636	(45,261,430)	95,997,206	131,028,970	(30,508,101)	100,520,869
Other property, plant and equipment	96,315,680	(49,135,602)	47,180,078	44,885,269	(26,179,486)	18,705,783
Game / animals	6,249,433	(1,753,690)	4,495,743	5,565,050	(1,069,307)	4,495,743
Total	**1,706,364,840**	**(498,684,936)**	**1,207,679,905**	**1,479,033,306**	**(256,350,121)**	**1,222,683,185**

Notes to the Annual Financial Statements

Figures in Rand

	2018	2017

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Land	134,068,206	-	-	134,068,206
Buildings	83,910,008	-	(3,996,756)	79,913,252
Infrastructure	880,982,576	-	(34,957,156)	846,025,420
Community	100,520,869	-	(4,523,663)	95,997,206
Other property, plant and equipment	18,705,783	28,474,295	-	47,180,078
Game / animals	4,495,743	-	-	4,495,743
	1,222,683,185	**28,474,295**	**(43,477,575)**	**1,207,679,905**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers received	Revaluations	Restatement Adjustment	Depreciation
Land	135,863,828	-	(321)	-	-	(1,052,335)	
Buildings	30,467,005	5,968,936	-	11,546,400	-	38,878,096	(2,950,42
Infrastructure	528,078,597	8,754,125	(2,262,910)	19,269,464	-	349,890,479	(22,747,17
Community	45,309,431	-	-	611,914	-	58,580,757	(3,981,23
Other property, plant and equipment	19,576,333	3,533,591	(2,909)	-	-	-	(4,401,23
Game / animals	5,009,950	-	-	-	1,239,483	(684,383)	(1,069,30
	764,305,144	**18,256,652**	**(2,266,140)**	**31,427,778**	**1,239,483**	**445,612,614**	**(35,149,38**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

4. Property, plant and equipment (continued)

Depreciation rates

Assessed residual value

In terms of GRAP 17 management assessed the residual value and useful life of all property, plant and equipment. For the period under review the residual values of all property, plant and equipment (except for official vehicles and machinery and equipment) were assessed at zero, as the economic life of these assets are greater than the useful life.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Methods and assumptions used in determining the fair value

Game / animals

The fair value assessment was determined by SA Auctioneers, an independent expert / valuer on the market values of game, taking into account the relevant market values of the respective breeding / family groups. The effective date of the valuation was 30 June 2018. SA Auctioneers are independent and are not connected to the municipality or any of it's councillors or officials.

Game / animals are revalued independently every year.

Land and buildings

Land and buildings were revalued to fair value by using market values. Market values were determined utilising recent market transactions on arm's length terms.

Other information

5. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	709,286	-	709,286	709,286	-	709,286

Reconciliation of heritage assets 2018

	Opening balance	Total
Conservation areas	709,286	709,286

Reconciliation of heritage assets 2017

	Opening balance	Disposals	Total
Conservation areas	719,286	(10,000)	709,286

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

6. Employee benefit obligations

7. Inventories

Maintenance materials	1,906,770	2,460,830
Water	83,795	76,017
Consumables stores	263,112	363,104
	2,253,677	**2,899,951**

Inventory valuation

The First in First out (FIFO) costing method is applied on inventories. The same method is used as the inventories have a similar nature and use to the entity. Inventory is measured at the lower of cost and net realisable value

8. Receivables from non-exchange transactions

Fines	2,772,585	-
Other debtors	13,973,409	12,497,027
Prepayments	-	134,093
Less: Provision for doubtful debts	(2,237,915)	(2,237,915)
	14,508,079	**10,393,205**

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	2,237,915	1,382,160
Other	-	855,755
	2,237,915	**2,237,915**

9. VAT receivable

VAT	17,613,925	32,670,327

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10. Consumer debtors

Gross balances		
Rates (Non - Exchange Transactions)	71,116,049	56,545,001
Electricity	71,655,207	52,849,327
Water	115,704,737	94,523,860
Sewerage and sanitation	46,551,745	38,667,967
Refuse	43,936,467	42,215,859
Other charges	12,769,954	11,191,011
	361,734,159	**295,993,025**
Less: Allowance for impairment		
Rates (Non - Exchange Transactions)	(53,070,735)	(50,674,300)
Electricity	(45,861,795)	(45,861,795)
Water	(92,172,954)	(92,497,637)
Sewerage and sanitation	(42,749,975)	(36,738,196)
Refuse	(46,162,842)	(40,558,633)
Other charges	(12,769,594)	(11,069,482)
	(292,787,895)	**(277,400,043)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
10. Consumer debtors (continued)		
Net balance		
Rates (Non - Exchange Transactions)	18,045,314	5,870,701
Electricity	25,793,412	6,987,532
Water	23,531,783	2,026,223
Sewerage and sanitasion	3,801,770	1,929,771
Refuse	3,377,834	1,657,226
Other charges	-	121,529
	74,550,113	**18,592,982**
Included in above is receivables from exchange transactions		
Electricity	71,655,207	52,849,327
Water	115,704,737	94,523,860
Sewerage and sanitation	46,551,745	38,667,967
Refuse	43,936,467	42,215,859
Other charges	12,769,954	11,191,011
Less: Allowance for impairment	(239,717,519)	(226,725,743)
	50,900,591	**12,722,281**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	71,116,049	56,545,001
Less: Allowance for impairment	(53,070,736)	(50,674,300)
	18,045,313	**5,870,701**
Net balance	**68,945,904**	**18,592,982**
Rates (Non-Exchange Transactions)		
Current (0 -30 days)	3,433,470	3,066,289
31 - 60 days	1,939,112	2,096,714
61 - 90 days	1,760,747	1,997,145
+91	13,308,420	49,384,853
	20,441,749	**56,545,001**
Electricity		
Current (0 -30 days)	3,801,125	3,984,663
31 - 60 days	1,587,350	1,748,056
61 - 90 days	1,353,886	1,291,677
+91	64,912,846	45,824,931
	71,655,207	**52,849,327**
Water		
Current (0 -30 days)	4,971,140	3,042,175
31 - 60 days	11,261,931	1,072,912
61 - 90 days	1,018,859	742,812
+91	-	89,665,961
	17,261,930	**94,523,860**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
10. Consumer debtors (continued)		
Sewerage		
Current (0 -30 days)	1,553,081	1,421,890
31 - 60 days	1,098,746	980,702
61 - 90 days	982,442	844,637
+91	6,179,280	35,420,738
	9,813,549	**38,667,967**
Refuse		
Current (0 -30 days)	1,399,976	1,264,046
31 - 60 days	970,406	829,828
61 - 90 days	869,768	746,905
91 - 120 days	46,500,889	39,375,080
	49,741,039	**42,215,859**
Other Charges		
Current (0 -30 days)	111,404	110,092
31 - 60 days	100,179	73,950
61 - 90 days	77,121	62,338
+91	2,481,250	10,944,631
	2,769,954	**11,191,011**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

10. Consumer debtors (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	15,270,196	10,777,953
31 - 60 days	16,957,724	4,877,618
61 - 90 days	6,062,825	3,214,522
91 - 120 days	238,861,328	260,807,921
	277,152,073	279,678,014
Less: Allowance for impairment	(247,066,764)	(266,851,270)
	30,085,309	**12,826,744**
National and provincial government		
Current (0 -30 days)	2,430,550	2,111,201
31 - 60 days	1,813,312	1,924,544
61 - 90 days	1,631,900	2,470,992
91 - 120 days	3,699,457	9,808,274
121 - 365 days	20,139,701	-
	29,714,930	16,315,011
Less: Allowance for impairment	(23,839,157)	(10,548,773)
	5,875,773	**5,766,238**
Total		
Current (0 -30 days)	15,270,196	12,889,155
31 - 60 days	16,957,724	6,802,162
61 - 90 days	6,062,823	5,685,514
+91	305,716,205	270,616,194
	344,006,948	295,993,025
Less: Allowance for impairment	(325,574,501)	(277,400,043)
	18,432,447	**18,592,982**
Less: Allowance for impairment		
Current (0 -30 days)	-	(6,745,962)
31 - 60 days	(5,607,250)	(4,213,147)
61 - 90 days	(7,789,115)	(3,698,719)
+91	(314,162,679)	(262,742,215)
	(327,559,044)	**(277,400,043)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(277,400,043)	(244,733,883)
Contributions to allowance	(50,159,001)	(37,013,422)
Debt impairment written off against allowance	-	4,347,262
	(327,559,044)	**(277,400,043)**

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

11. Cash and cash equivalents (continued)

Cash on hand	4,869	7,165
Bank balances	1,805,069	8,964,037
Call deposits	781,357	9,657,057
	2,591,295	**18,628,259**

On 1 March 2018, the municipality changed it's Primary bank account from ABSA account no 4070282707 to FNB account no 54160030382..

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2018	June 30, 2017	June 30, 2016
FNB- (Primary bank account)-current account-54160030382	202,773	8,838,986	1,847,782	202,773	8,838,986	1,847,782
ABSA- current account 407282707	820,938	125,050	214,911	820,938	125,050	214,911
FNB-(General) Fixed deposit-70416038010	-	8,000	8,000	-	8,000	8,000
FNB- (General) Fixed deposit-70416052060	7,900	7,900	7,900	7,900	7,900	7,900
FNB (FMG) call account-62401119856	-	5,536	5,289	-	5,536	5,289
FNB-(MIG) call account - 62401121364	-	9,615,952	16,381,593	-	9,615,952	16,381,593
FNB- (EPWP) call account - 62401123344	-	1,808	1,704	-	1,808	1,704
FNB-(Library funds) call account-62401123625	-	1,944	1,832	-	1,944	1,832
Call Account - FNB-62401122255-MSIG	-	1,061	6,558	-	1,061	6,558
Call Account -FNB-62401122908-INEP	-	1,139	1,898	-	1,139	1,898
FNB(Equitable share) Call account-62041123964	-	3,281	1,174	-	3,281	1,174
FNB-(LGSETA) Call Account-62401124235	-	2,167	1,068	-	2,167	1,068
FNB-(New landfill site) Call account-62401124805	-	2,168	1,069	-	2,168	1,069
FNB-(PPE) Call Account 62401125142	-	2,177	1,077	-	2,177	1,077
FNB-(District Grant) Call account-624214435951	-	1,024	1,076	-	1,024	1,076
FNB-(Smart Meter project) call account-62420925549	-	1,811	81,713	-	1,811	81,713
FNB-(Prodiba) Call account 62435389342	-	1,089	4,287	-	1,089	4,287
ABSA-Call account (LGSETA Grant)-4094020761	1,976	-	-	1,976	-	-
ABSA-Call Account- (Equitable Share)-4094021000	200	-	-	200	-	-
ABSA-Call account (Library grant) 4094021220	1,754	-	-	1,754	-	-
ABSA- Call account (MSIG) 4094021686	1,845	-	-	1,845	-	-
ABSA- Call account (District conditional grant) 4094021872	1,740	-	-	1,740	-	-
ABSA-Call account (MIG) 4094022315	4,758	-	-	4,758	-	-
ABSA-Call (Smart meter project) 4094022446	1,519	-	-	1,519	-	-
ABSA-Call account (Industrial deleopment corporation grant) 4094022488	485,848	-	-	485,848	-	-

Notes to the Annual Financial Statements

Figures in Rand					2018	2017
11. Cash and cash equivalents (continued)						
ABSA- Call (Energy efficiency and demand side management) 4094022535	273,617	-	-	273,617	-	-
ABSA-Call (INEP grant) 4094021589	200	-	-	200	-	-
Total	**1,805,068**	**18,621,093**	**18,568,931**	**1,805,068**	**18,621,093**	**18,568,931**

12. Revaluation reserve

Opening balance	2,470,085	2,470,085

13. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2018

Ring-fenced internal funds and reserves within accumulated surplus - 2017

14. Finance lease obligation

Minimum lease payments due		
- within one year	-	467,696
- in second to fifth year inclusive	-	-
	-	467,696
less: future finance charges	-	(19,822)
Present value of minimum lease payments	-	447,874
Present value of minimum lease payments due		
- within one year	-	447,875
- in second to fifth year inclusive	-	-
	-	447,875

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	739,680	25,000,027
Finance Management Grant (FMG)	-	-
Municipal Systems Improvement Grant (MSIG)	-	-
INEP Grant	-	-
Expanded Public Works Programme Grant (EPWP)	14,107,678	-
Department of Sports, Arts and Culture Grant (DSAC)	214,653	214,653
Fire Grant	-	-
Dr Ruth S Mompati District Municipality Grant	-	-
LG Seta Grant	1,850,834	1,356,607
Department of Energy Grant (SANEDI)	-	-
EEDSM	120,452	-
	17,033,297	**26,571,287**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

16. Unspent conditional grants and receipts (continued)

See note for reconciliation of grants from Provincial Government.

Based on the allocations set out in the Devision of Revenue Act, significant increases in the level of Government Grant funding are expected over the forth coming three financial years .

16. Other financial liabilities

At amortised cost		
DBSA loans	20,114,442	24,972,277
Non-current liabilities		
DBSA loans at amortised cost	8,055,895	12,913,730
Current liabilities		
DBSA loans at amortised cost	12,058,547	12,058,547

Financial liabilities at amortised cost

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

17. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	10,921,189	(4,971,025)	5,950,164
Legal proceedings	807,242	(807,242)	-
Long-service awards	10,851,832	-	10,851,832
Continued medical aid	53,035,069	-	53,035,069
	75,615,332	**(5,778,267)**	**69,837,065**

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Rehabilitation of landfill sites	11,960,849	(1,052,334)	-	-	12,674	10,921,189
Legal proceedings	24,807,242	-	-	(24,000,000)	-	807,242
Long-service awards	10,658,607	2,030,165	(1,511,575)	-	(325,365)	10,851,832
Continued medical aid	55,069,226	8,748,108	(1,016,945)	-	(9,765,320)	53,035,069
	102,495,924	**9,725,939**	**(2,528,520)**	**(24,000,000)**	**(10,078,011)**	**75,615,332**

Non-current liabilities	69,665,168	67,235,892
Current liabilities	5,950,164	8,379,440
	75,615,332	**75,615,332**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

17. Provisions (continued)

Additional disclosure required:

Long service awards: In 2014 the opening balance of Long service awards were R7 281 917, contributions to provisions amounted to R1 376 105, the increase due to the actuarial valuation was R65 419 and expenditure amounted to R780 907, resulting in a closing balance of R7 942 534.

Long service awards: In 2015 the opening balance of Long service awards were R7 942 534, contributions to provisions amounted to R1 571 127, the increase due to the actuarial valuation was R395 868 and expenditure amounted to R921 229, resulting in a closing balance of R8 988 300.

Continued medical aid: In 2014 the opening balance of Continued medical aid were R33 850 805, contributions to provisions amounted to R4 938 737, the decrease due to the actuarial valuation was R438 290 and expenditure amounted to R962 981, resulting in a closing balance of R37 388 271.

Continued medical aid: In 2015 the opening balance of Continued medical aid were R37 388 271, contributions to provisions amounted to R5 766 976, the increase due to the actuarial valuation was R7 350 713 and expenditure amounted to R972 188, resulting in a closing balance of R49 533 772.
Environmental rehabilitation provision

The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

1) Environmental impact process for establishment of solid waste disposal site
2) Supply and operation of machinery to transfer refuse
3) Sloping and spreading of slopes and ground work, including manual hand labour

The provision has been estimated at the current estimated costs to rehabilitate the landfill sites. An average inflation rate of 6.05% as per MFMA Circular 81 and a discount rate of 9.45%/9.90% as per the R186 / R 213 Government Bond rate was used to calculate the obligation at year end.

The provision made for the rehabilitation is not backed by any assets.

The landfill sites in the area are known as the Vryburg old, Vryburg New and Stella landfill sites. The two Vryburg landfill sites have approvals or licenses in terms of the NWA, ECA, NEM:WA but the Stella site is unlicensed. Due to uncontrolled waste management practices the District Municipality and the Environmental Affairs has requested that the site be closed and rehabilitated once a new waste management plan has been devised for waste management practices in the area. Disposal at the sites has never been formally controlled thus waste has been heaped in a haphazard fashion, burnt and spread across the entire sites. There is no infrastructure on the Old Vryburg and Stella landfill sites except the disposal areas (dump) on ground. The new Vryburg landfill site has been developed with all the necessary new infrastructure.

The two Vryburg landfill sites are licensed as a General Small non leachate producing landfill sites denoted as a GSB class. In terms of the new Gazetted regulations depict the lining of the site as a Class B. However, the capping has not been updated thus the capping will be a GSB in terms of the Minimum Requirements (MR) 1998. The Stella landfill site is licensed as a General Communal non leachate producing landfill sites denoted as a GCB class. In terms of the new Gazetted regulations depict the lining of the site as a Class B. However, the capping has been updated in the license thus the capping will include a 450mm clay layer which is similar to the GMB+ (excluding the LFG collection layer) in terms of the Minimum Requirements (MR) 1998.

A GSB and a GCB landfill site, in terms of the Minimum Requirements (MR 1998, Page A8 15) for waste disposal by landfill, will required the following for rehabilitation:
1. The waste must be shaped to allow for water to runoff with no ponding allowed on the site;
2. The waste layer must be capped with a layer of topsoil a minimum of 200mm thick;
3. The top soiled area must be grassed to minimize the effects of erosion either by wind or water;
4. All storm water on and off the site must be controlled to avoid erosion of the capping layers;
5. Access to the site must be controlled by means of a fence and monitored gate.

However, the approval of a site for closure may require a further layer to be installed above the waste and below the 200mm

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

17. Provisions (continued)
topsoil, as per the Stella landfill license. This layer will comprise of a natural clay which may not be available in the area, however, a synthetic clay layer may be used. The synthetic clay is known as a Geosynthetic Clay Liner (GCL) and will require a further confining layer of 450mm of inert soil materials placed on top of the GCL.

The rates used to determine the construction amount (cost) are based on current or recent contracts undertaken in similar circumstances in the local area.

The total cost to repair the landfill sites is estimated at R11 503 812.

Vryburg New Landfill the remaining life of the site is estimated as approx. 54 years

Stella Landfill the remaining life of the site is estimated as apprrox. 31 years

Environmental rehabilitation provision

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Legal proceedings provisions

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Long-service awards

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

The long service award is a definded benefit plan of which the following emoployees are eligible:

In-Service (Employee) Members (Total)	-	451

The liability in respect of past service has been estimated to be as follows:

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

17. Provisions (continued)

Figures in Rand	2018	2017
In-Service (Employee) Members (Total)	-	10,851,835

Actuarial adjustements were calculated as follows:

Change in bases	-	(692,359)
Experience	-	366,994
Actuarial (Gain) / Loss	-	(325,365)
	-	-

Future service and interest cost estimation

Continued medical aid

18. Payables from exchange transactions

Trade payables	399,397,296	381,738,692
Retentions and guarantees	9,784,785	5,372,668
Staff leave accrual	17,662,251	8,359,284
Bonus accrual	2,781,565	2,717,307
Other payables	83,908,118	39,704,858
	513,534,015	**437,892,809**

The movement in staff leave and bonus accrual above are reconciled as follows:

Balance at the biggining of year	11,076,591	11,547,387
Contribution to provision	17,015,637	7,384,182
Expenditure incurred	-	(7,854,978)
	28,092,228	**11,076,591**

19. Consumer deposits

Water and electricity	6,406,172	6,490,924

20. Revenue

Service charges	148,416,969	148,583,189
Rental of facilities and equipment	2,776,594	1,003,611
Licences and permits	5,221,107	6,390,006
Other income	4,456,415	30,881,795
Interest received	23,861,165	21,123,736
Property rates	46,057,550	76,825,604
Government grants & subsidies	103,005,574	105,750,077
Fines, Penalties and Forfeits	4,311,914	1,811,750
	338,107,288	**392,369,768**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
20. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	148,416,969	148,583,189
Rental of facilities and equipment	2,776,594	1,003,611
Licences and permits	5,221,107	6,390,006
Other income - (rollup)	4,456,415	30,881,795
Interest received - investment	23,861,165	21,123,736
	184,732,250	**207,982,337**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	46,057,550	76,825,604
Transfer revenue		
Government grants & subsidies	103,005,574	105,750,077
Fines, Penalties and Forfeits	4,311,914	1,811,750
	153,375,038	**184,387,431**
21. Service charges		
Sale of electricity	110,404,414	100,360,927
Sale of water	6,148,363	15,119,072
Sewerage and sanitation charges	16,841,305	17,194,461
Refuse removal	15,022,887	15,908,729
	148,416,969	**148,583,189**
22. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	2,776,594	986,767
Rental of equipment	-	16,844
	2,776,594	**1,003,611**
23. Other revenue		
Other income	4,456,415	30,881,795

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
24. Other income		
Advertisement fees	-	39,607
Commission on sales	-	1,305,931
Valuation certificates	-	17,328
Sundry income	-	20,433,153
Sub-division fees	2,781,918	1,568,575
Sale of plans	-	25,381
PPE transfer received	-	7,089,000
Photocopy charges	-	1,822
Salary deductions commission	-	244,473
Bid document fees	-	44,657
Roadworthy certificates	-	33,741
Reversal of impairment of other receivables	-	(855,755)
Availability fees	1,674,497	229,433
Re-connection fees	-	21,510
Business registration fees	-	13,835
Building plan fees	-	195,007
Cemetry fees	-	333,755
Entrance fees	-	140,342
	4,456,415	**30,881,795**
25. Investment revenue		
Interest revenue		
External investments	329,382	528,837
Outstanding receivables	23,531,783	20,594,899
	23,861,165	**21,123,736**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

26. Property rates

Rates received

Residential	10,507,372	10,434,094
Commercial	21,818,981	17,993,035
State	13,731,197	48,398,475
	46,057,550	**76,825,604**

Valuations

Residential	2,342,789,479	2,146,290,359
Businesses	1,071,657,035	977,128,035
Industrial	131,828,069	128,243,000
Agricultural	8,528,633,400	4,224,113,150
Government	245,514,000	432,069,000
	12,320,421,983	**7,907,863,544**

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being Thursday, September 30, 2010 (Wednesday, September 30, 2009). Interest at prime plus 1% per annum on long outstanding debtors.

The new general valuation was implemented on 01 July 2007.

27. Grants and subsidies paid

Other subsidies		
Community bursaries	20,214	3,450
Disaster relief aid	-	21,117
District Municipality Asset Grant	-	106,720
Refuse bags	-	12,806
	20,214	**144,093**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

28. Government grants and subsidies

Operating grants		
Equitable share	37,135,000	41,201,000
Municipal Infrastructure Grant (MIG)	34,984,688	34,777,947
Finance Management Grant (FMG)	1,700,000	1,700,000
INEP Grant	18,000,000	19,725,000
Expanded Public Works Programme Grant (EPWP)	2,224,000	1,884,000
Department of Sports, Arts and Culture Grant (DSAC)	-	1,235,347
Dr Ruth S Mompati District Municipality Grant	-	4,369,364
LG Seta Grant	1,906,798	857,419
IDT	1,780,861	-
EEDSM grant	2,879,548	-
Library grant	1,480,000	-
Fire grant	834,047	-
	102,924,942	**105,750,077**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	32,499,473	64,549,077
Unconditional grants received	-	41,201,000
	32,499,473	**105,750,077**

Equitable Share

This grant is utilised to fund the operations of the municipality with the approved MTREF budget.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	25,000,027	18,573,974
Current-year receipts	17,205,000	41,204,000
Conditions met - transferred to revenue	(35,065,320)	(34,777,947)
Set-off as per roll-over	(6,400,027)	-
	739,680	**25,000,027**

Conditions still to be met - remain liabilites (see note 14)

This grant is utilised to prevent specifi capital funding for basic municpal infrasturcture backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Finance Management Grant (FMG)

Balance unspent at beginning of year	-	-
Current-year receipts	1,700,000	1,700,000
Conditions met - transferred to revenue	(1,700,000)	(1,700,000)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	-

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

28. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

INEP Grant

Balance unspent at beginning of year	-	-
Current-year receipts	18,000,000	19,725,000
Conditions met - transferred to revenue	(18,000,000)	(19,725,000)
	-	-

The purpose of this grant is to grant is to address the electrification backlog of permanently occupied residential dwellings.

Expanded Public Works Programme Grant (EPWP)

Balance unspent at beginning of year	-	-
Current-year receipts	2,224,000	1,884,000
Conditions met - transferred to revenue	(2,224,000)	(1,884,000)
	-	-

The purpose of the grant is to fund labour based capital programs..

Department of Sports, Arts and Culture Grant (DSAC)

Balance unspent at beginning of year	214,653	-
Current-year receipts	-	1,450,000
Conditions met - transferred to revenue	-	(1,235,347)
	214,653	**214,653**

Conditions still to be met - remain liabilities (see Note 14

The purpose of this grant is to facilitate mass participation within communities and schools.

Dr Ruth S Mompati District Municipality Grant

	-	4,369,364
Current-year receipts	-	(4,369,364)
Conditions met - transferred to revenue	-	-

Conditions still to be met - remain liabilities (see note 15).

This grant is from the district municipality to assist the local municipality when in need.

LG Seta Grant

	1,356,607	-
Balance unspent at beginning of year	494,227	2,374,026
Current-year receipts	-	(1,017,419)
Conditions met - transferred to revenue	**1,850,834**	**1,356,607**

Conditions still to be met - remain liabilities (see note 15).

The purpose of this grant is to fund the training of community members.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

29. Government grants and subsidies (continued)

IDT

Current-year receipts	3,020,000	-
Conditions met - transferred to revenue	(1,906,798)	-
	1,113,202	-

Conditions still to be met - remain liabilities (see note 15).

The prurpose of this grant .

EEDSM

Current-year receipts	3,000,000	-
Conditions met - transferred to revenue	(2,879,548)	-
	120,452	-

Conditions still to be met - remain liabilities (see note 15).

Library Grant

Current-year receipts	1,480,000	-

Fire Grant

Current-year receipts	834,047	-
Conditions met - transferred to revenue	(834,047)	-
	-	-

Provide explanations of conditions still to be met and other relevant information.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
29. Employee related costs		
Employee related costs - Salaries and wages	104,045,352	48,505,975
Performance and other bonuses	7,003,572	6,783,741
Employee related costs - Contributions to UIF, pensions and medical	23,705,234	24,576,288
Leave pay provision charge	9,367,225	-
Other employee related costs	4,519,875	(739,770)
Continued medical aid contributions	1,449,768	3,276,864
Travel and motor car allowances	3,589,692	12,117,482
Overtime payments	4,245,239	6,401,733
Long-service awards	1,129,084	1,100,500
Housing benefits and allowances	2,500,317	1,485,921
	161,556,368	**103,508,734**
Remuneration of municipal manager		
Annual Remuneration	663,661	685,634
Car Allowance	296,810	93,192
Performance Bonuses	-	74,554
Contributions to UIF, Medical and Pension Funds	1,785	95,737
	962,256	**949,117**
Remuneration of chief finance officer		
Annual Remuneration	99,796	1,242,058
Car Allowance	-	527,001
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	-	24,774
	99,796	**1,793,833**

Chief Financial Officer (Ms Morofo Moloto) was seconded from Treasury and the contracted ended in August 2017

The current Chief Financial Officer (Mr MK Kgokolli) was seconded from Treasury

Remuneration of technical services director		
Annual Remuneration	-	910,170
Car Allowance	-	135,305
Performance Bonuses	-	84,565
Contributions to UIF, Medical and Pension Funds	-	109,571
	-	**1,239,611**

The position is vacant.

Remuneration of corporate services director		
Annual Remuneration	860,943	981,662
Car Allowance	182,833	182,833
Performance Bonuses	71,745	67,652
Contributions to UIF, Medical and Pension Funds	187,827	198,313
Other	55,721	-
	1,359,069	**1,430,460**
Remuneration of community services director		

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

29. Employee related costs (continued)

Annual Remuneration	-	937,313
Car Allowance	-	171,190
Performance Bonuses	-	60,230
Contributions to UIF, Medical and Pension Funds	-	170,231
	-	**1,338,964**

The position is vacant.

30. Remuneration of councillors

Mayor	882,333	761,926
Speaker	665,028	606,853
Executive committee members	1,866,982	1,397,996
Councillors	4,189,224	3,719,683
Councillors' pension, medical aid and SDL contributions	144,602	493,621
	7,748,169	**6,980,079**

31. Depreciation and amortisation

Property, plant and equipment	43,477,451	35,892,345

32. Impairment of assets

Impairments		
Trade and other receivables	12,258,234	24,411,453
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
Other receivables from non-exchange revenue	3,229,980	9,184,366
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
	15,488,214	**33,595,819**

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed.The main classes of assets affected by impairment losses are:

Customer debtors

33. Finance costs

Borrowings	-	31,813
Trade creditors	32,225,902	33,144,780
Finance lease liability	-	19,822
Actuarial valuations	-	6,400,911
	32,225,902	**39,597,326**

Total interest expense, calculated using the effective interest rate of prime rate plus 1%.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

34. Bulk purchases

Electricity	78,311,879	76,280,207
Water	-	24,373
	78,311,879	76,304,580

35. Contracted services

Professional Services	11,184,185	25,876,025

Figures in Rand	2018	2017
Security	2,522,418	4,880,698
Accounting and auditing services	3,028	5,485,031
Administration and support staff	164,084	-
Valuation services	-	21,000
Meter reading services	-	761,493
Catering services	1,800	-
Legal advise and litigation services	213,165	-
Human resources services	71,359	-
Smart meter management services	5,373,081	-
Business and financial management services	659,198	-
Refuse removal services	1,070,759	1,780,465
Maintenance of equipment	386,070	-
Maintanance of buildings and facilities	4,595	-
Professional Services	-	1,983,230
Sewerage and removal services	-	3,355,541
Contracted services	-	76,622
Contracted workers	-	7,218,393
OHS Services	-	313,552
Maintenance of unspecified assets	714,628	-
Subtotal	11,184,185	25,876,025
	11,184,185	25,876,025

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
36. General expenses		
Advertising	24,753	268,936
Audit fee	4,618,279	2,770,142
Bank charges	401,082	362,456
Cleaning materials and consumables	395	63,712
Employee sports program	3,373,525	375,850
Computer expenses	1,046,911	354,841
Legal expenses	-	1,557,324
SARS penalties	336,739	263
Insurance	1,611,797	1,524,247
Community development and training	-	32,250
Congresses and conferences	-	28,500
IT expenses	-	300
Promotion and marketing	-	216,600
Motor vehicle expenses	-	45,196
Packaging	-	50,450
Fuel and oil	1,891,473	1,912,584
Placement fees	-	90,791
Postage stamps and telegraphs	-	638,409
Printing and stationery	-	1,120,903
Promotions	-	359,223
Uniforms and protective clothing	4,460	1,763,828
Software expenses	-	350,998
Staff welfare	-	84,612
Telephone and fax	-	2,452,701
Training and courses	-	1,299,720
Travel - local	-	239,407
Title deed search fees	332,636	5,093
Assets expensed	1,723,132	79,619
Electricity	-	1,656,528
Tourism development	-	38,227
Travelling and subsistance	103,165	1,249,868
Vehicle lisences	138,068	238,943
Membership fees : Society	-	2,961,605
Ward committee stipends	-	873,650
Rental equipment	2,007,214	988,794
Travel and subsistence : Interviews	-	3,484
Chemicals	-	69,747
Special projects	-	20,200
Sundry expenses	352,850	126,660
	17,966,479	**26,276,661**
37. Auditors' remuneration		
Fees	2,478,936	2,770,142

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

38. Cash generated from operations

Deficit	(31,382,413)	(10,009,340)
Adjustments for:		
Depreciation and amortisation	43,477,451	35,892,345
(Loss) gain on sale of assets and liabilities	(508,210)	2,960,522
Finance costs - Finance leases	-	19,822
Impairment deficit	15,488,214	33,595,619
Movements in provisions	-	(16,802,582)
Acturial gain / losses	-	(10,090,685)
Unwinding of discounting	-	12,673
Changes in working capital:		
Inventories	646,274	95,359
Receivables from exchange transactions	-	(24,411,453)
Consumer debtors	(55,957,491)	1,337,783
Other receivables from non-exchange transactions	(19,603,088)	(9,565,249)
Payables from exchange transactions	75,641,206	50,476,573
VAT	15,056,402	(7,996,343)
Unspent conditional grants and receipts	(23,645,668)	7,997,313
Consumer deposits	(84,752)	(181,225)
	19,127,925	**53,331,332**

39. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	74,550,113	-	74,550,113
Other receivables from non-exchange transactions	2,828,236	-	2,828,236
Cash and cash equivalents	-	2,591,295	2,591,295
	77,378,349	**2,591,295**	**79,969,644**

Financial liabilities

	At cost	Total
Other financial liabilities	22,542,277	22,542,277
Trade and other payables from exchange transactions	509,422,895	509,422,895
	531,965,172	**531,965,172**

2017

Financial assets

	At amortised cost	At cost	Total
Other receivables from non-exchange transactions	10,393,205	-	10,393,205
Consumer debtors	18,592,982	-	18,592,982
Cash and cash equivalents	-	18,628,259	18,628,259
	28,986,187	**18,628,259**	**47,614,446**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

39. Financial instruments disclosure (continued)

	At amortised cost	At cost	Total
Other financial liabilities	27,102,913	-	27,102,913
Trade and other payables from exchange transactions	-	435,762,172	435,762,172
	27,102,913	**435,762,172**	**462,865,085**

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	40,354,724	65,780,354
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	-	18,537,988
Total capital commitments		
Already contracted for but not provided for	40,354,724	65,780,354
Not yet contracted for and authorised by accounting officer	-	18,537,988
	40,354,724	**84,318,342**

Authorised operational expenditure

Already contracted for but not provided for		
• Operating expenditure	27,782,610	46,544,743
Not yet contracted for and authorised by accounting officer		
• Operating expenditure	-	-
Total operational commitments		
Already contracted for but not provided for	27,782,610	46,544,743

Total commitments

Total commitments		
Authorised capital expenditure	40,354,724	84,318,342
Authorised operational expenditure	27,782,610	46,544,743
	68,137,334	**130,863,086**

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

41. Contingencies

Litigation is in the process against the municipality relating to a dispute with a competitor who alleges that the municipality has infringed patents and is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims. The total cover extended by the current policy amounts to -.

The municipality has offered termination benefits to all of its employees to encourage early retirement. The municipality has finalised and agreed, with the trade unions, the terms and conditions of the plan. The plan has been implements and will continue for the next nine months. Management are uncertain about the number of employees who will accept the offer. If all employees take the offer the potential financial effect would approximately be -.

There is no reimbursement from any third parties for potential obligations of the municipality.

An associate is been sued for violation of copyrights. The municipality's share of the potential claim amounts to -. The associates lawyers and management are of the opinion that the law suit will be successful but are unable to reliably determine the amount of penalties and damages payable.

The municipality is severally liable for the liabilities of its associate. The associate is profitable and in currently able to meet all of it present obligations.

Litigation is in the process against the a competitor relating to a dispute whereby the competitor has infringed patents and the municipality is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.

	2018
Claim by Cape Joint Pension Fund.Claim against the municipality for failure to pay funds over the Pension fund. GN5143	615,623

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 47, civil proceedings have commenced against the employees concerned to recover an amount of -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

42. Related parties

Relationships		
Accounting Officer	Refer to accounting officer's report note	
Members of key management	Name	
	Name	

Related party balances and transactions

Loan accounts - Owing (to) by related parties

	-	-
	-	-
	-	-

Amounts included in Trade receivable (Trade Payable) regarding related parties

Dr Ruth S Mompati District Municipality	-	6,648,025

Notes to the Annual Financial Statements

Figures in Rand

42. Related parties (continued)

Remuneration of management

Members of the executive committee

2016

	Annual remuneration	Travel allowance	Housing allowance	Telephone allowance	Contributions to UIF, medical and pension funds	Total
Name	558,779	218,970	22,100	40,800	41,684	882,333
Mayor	371,426	40,717	204,797	20,868	27,220	665,028
Speaker	348,213	52,921	148,020	20,868	52,232	622,254
Chairperson : Finance/ Budget, treasury office and corporate service portfolio committee	348,213	86,272	135,689	20,868	26,262	619,304
Chairperson : Infrastructure and town planning	348,213	94,392	135,689	20,868	26,262	625,424
Chairperson : Community service and local economic development	2,400,785	449,517	687,495	309,542	286,487	4,333,826
Other councillors	**4,375,629**	**944,789**	**1,333,790**	**433,814**	**460,147**	**7,748,169**

2017

	Annual remuneration	Travel allowance	Housing allowance	Telephone allowance	Contribution to UIF, medical and pension funds	Total
Name	484,181	133,922	101,998	41,820	46,876	808,797
Mayor	372,153	33,832	179,544	21,325	33,874	640,728
Speaker	341,559	44,713	131,525	20,868	56,166	594,831
Chairperson: Finance and Economic Development	28,426	2,720	10,687	1,739	5,972	49,544
Chairperson: Human Resources, Skills Development and Training	341,115	81,337	119,286	20,868	33,969	596,575
Chairperson: Infrastructure, Basic Services and Social Development	170,875	42,364	19,046	20,868	55,827	308,980
Chairperson: Municipal Public Accounts Committee	2,168,756	478,012	774,725	298,190	260,937	3,980,620
Other Councillors						

Notes to the Annual Financial Statements

Figures in Rand

42. Related parties (continued)

3,907,065	918,900	1,336,811	426,878	493,621	6,980,075

43. Prior period error

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

44. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

0289

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

44. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Current Account (Primary Bank Account)- FNB Acc No 54160030382	-	8,838,986
Current Account (Other Account)- ABSA Acc No: 4070282707	-	125,050
Other short-term investments	-	9,657,057
Trade and other receivables	-	28,986,187

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified a available-for-sale.

45. Going concern

We draw attention to the fact that at June 30, 2018, the municipality had accumulated deficits of 700,920,867 and that the municipality's total liabilities exceed its assets by 703,390,952.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
46. Unauthorised expenditure		
Balance brought forward	88,386,085	60,158,320
Unauthorised expenditure current year	61,958,614	28,227,765
	150,344,699	**88,386,085**
47. Fruitless and wasteful expenditure		
Balance Brought Forward	96,959,818	61,832,324
Fruitless and wasteful expenditure current year	29,716,991	35,127,494
	-	-
	126,676,809	**96,959,818**
48. Irregular expenditure		
Opening balance	177,698,837	156,898,310
Add: Irregular Expenditure - current year	49,124,202	20,800,527
	226,823,039	**177,698,837**
Analysis of expenditure awaiting condonation per age classification		
Current year	49,124,202	20,800,527
Prior years	177,698,837	156,898,310
	226,823,039	**177,698,837**
49. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government: SALGA NW		
Opening balance	4,857,767	2,196,162
Current year subscription / fee	1,724,189	2,961,605
Amount paid - previous years	-	(300,000)
	6,581,956	**4,857,767**
Audit fees		
Opening balance	5,448,164	3,001,835
Current year subscription / fee	-	2,769,402
Amount paid - current year	(2,818,941)	(323,073)
	2,629,223	**5,448,164**
PAYE and UIF		
Opening balance	1,705,774	1,582,080
Current year subscription / fee	22,189,605	21,376,978
Amount paid - current year	(19,023,425)	(19,701,164)
Amount paid - previous years	(1,667,298)	(1,552,120)
	3,204,656	**1,705,774**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	5,829,587	4,433,475
Current year subscription / fee	22,406,406	34,246,111
Amount paid - current year	-	(28,416,524)
Amount paid - previous years	(5,829,587)	(4,433,475)
	22,406,406	**5,829,587**

VAT

VAT receivable	17,613,925	32,670,327

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2018:

June 30, 2018	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr N.W. Skalk	-	10	10
Cllr H.L Pretorius	-	454	454
Cllr J.A. Adonis	196	-	196
Cllr A.N. Bareng	703	2,895	3,598
Cllr E.P. Renoster	475	2,943	3,418
Cllr O.R. Modise	-	-	-
Cllr K.L. Bosantsi	-	-	-
Cllr L. Ekkelton	-	-	-
Cllr H.L. Philander	503	76,366	76,869
Cllr K.L Bome	-	-	-
Cllr O.K. Nyamane	-	-	-
Cllr K.B. Tauwe	-	-	-
Cllr B.J. Moholo	-	-	-
Cllr M.E. Ncobo	-	-	-
Cllr S.M. Mustafa	612	3,507	4,119
CllrJ.G. Brand	-	(131)	(131)
Cllr G.C. Pulane	-	-	-
Cllr M.E. Lobona	-	-	-
Cllr C.J.Groep	671	-	671
	3,160	**86,044**	**89,204**

June 30, 2017	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr J.A. Adonis	371	-	371
Cllr B.P. Bareng	647	-	647
Cllr J.G. Brand	2,329	-	2,329
Cllr L Coetzee	4,044	94	4,138
Cllr A. Diedericks	5,708	-	5,708
Cllr C.J. Groep	642	-	642
Cllr O.A. Ketela	1,708	59,130	60,838
Cllr M.J. Mathiba	1,133	1,980	3,113
Cllr J. Mathiba	2,729	2,585	5,314
Cllr M.A. Mccarthy	1,981	2,138	4,119
Cllr S.T. Modise	1,852	2,882	4,734
Cllr D.T. Mogale	1,708	7,463	9,171
Cllr P.K. Moloi	1,708	2,220	3,928
Cllr E.K. Moroka	1,708	4,465	6,173
Cllr D. Matobo	1,708	39,957	41,665
Cllr M. Mustafa	2,092	800	2,892
Cllr M.A. Nchochoba	1,708	42,272	43,980
Cllr H/K.L. Philander	1,708	75,900	77,608
Cllr M.C. Pretorius	1,292	1,683	2,975
Cllr E.G. Ramorogadi	1,708	-	1,708
Cllr M.L. Thekisho	1,999	3,651	5,650
	40,483	**247,220**	**287,703**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

50. Distribution losses

Assets that have been recognised, but which are subject to restrictions, the amount of restriction are as follows:

Electricity sold (MWh)	(82,524)	(81,237)
Electricity Purchased (MWh)	63,209	75,270
Total Losses incurred (MWH)	(18,104)	(5,966)
Average cost per MWh (R)	1,000	1,000
Totsl loss (R)	(18,104,000)	(5,966,346)
Water purchases and pumped (KL)	3,240,020	3,175,770
Water purchased loss	2,014,563	1,968,389
Water purchased loss	2,014,563	3,240,020
Total loss incurred (KL)	3,240,020	3,936,778
Average Cost per KL purchased (R)	3	3
Average cost per KL pumped (R)	1	1
Total loss (R)	7,985,623	7,934,847

51. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.

X8

Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature and the council on the Naledi Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Naledi Local Municipality set out on pages xx to xx, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the municipality did not have an adequate system of internal control to account for these property, plant and equipment and did not keep proper records. I was unable to confirm these property, plant and equipment by alternative means. Consequently, I was unable to determine whether any further adjustments relating to property, plant and equipment of R1 207 679 905 (2017: R1 222 683 185) as disclosed in note 4 or repairs and maintenance of R2 055 560 as disclosed in the statement of financial performance and to depreciation and amortisation expense of R43 447 451 (2017: R35 892 345) as disclosed in note 31 to the financial statements were necessary.

Inventories

4. During 2017, I was unable to obtain sufficient appropriate audit evidence for inventory and to confirm the inventory by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to inventories stated at R2 899 951. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the inventories for the current period.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions as the municipality did not have an adequate system of internal control to account for these receivables and did not keep proper records. I was unable to confirm these

receivables by alternative means. In addition, the municipality did not record revenue from traffic fines in accordance with iGRAP 1, *Applying the probability test on Initial recognition of revenue* by not recording all outstanding fines. I was unable to determine the full extent of the misstatement on receivables from non-exchange transactions or fines revenue as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments relating to receivables from non-exchange transactions of R14 508 079 (2017:R10 393 205) as disclosed in note 8 to the financial statements or revenue from traffic fines of R4 311 914 (2017: R1 811 750) as presented in the statement of financial performance were necessary.

VAT receivable

6. I was unable to obtain sufficient appropriate audit evidence for VAT receivable as the municipality did not have an adequate system of internal control to account for the VAT receivable and did not keep proper records. I was unable to confirm the VAT receivable by alternative means. Consequentiy, I was unable to determine whether any further adjustment relating to the VAT receivable of R17 613 925 (2017: R32 670 327) as disclosed in note 9 to the financial statements was necessary.

Consumer debtors

7. I was unable to obtain sufficient appropriate audit evidence for consumer debtors as the municipality did not have an adequate system of internal control to account for these consumer debtors and did not keep proper records. I was unable to confirm these consumer debtors by alternative means. In addition, the municipality incorrectly included receivables relating to property rates in consumer debtors, resulting in consumer debtors being overstated and receivables from non-exchange transactions being understated by R18 045 314 (2017: R5 870 701). Consequently, I was unable to determine whether any further adjustments relating to consumer debtors of R74 550 113 (2017: R18 592 982) as disclosed in note 10 or the related impairment expense of R15 488 214 (2017: R33 595 819) as disclosed in note 32 and the financial instrument disclosures in note 39 to the financial statements were necessary.

Other financial liabilities

8. The municipality did not have adequate systems to maintain records of other financial liabilities due to classification misstatements. This resulted in other financial liabilities being overstated by R6 546 101 and payables from exchange transactions understated by the same amount. In addition, the municipality incorrectly calculated the short term portion of other financial liabilities due in the next financial year as current assets in accordance with GRAP 1, *Presentation of financial statements*. Consequently, current other financial liabilities were overstated by R8 103 936, and the non-current current portion of other financial liabilities was understated by R1 557 835.

Payables from exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions as the municipality did not have an adequate system of internal control to account for these payables and did not keep proper records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustments relating to payables from exchange transactions of R513 534 015 (2017: R437 892 809) as disclosed in note 18 and the financial instrument disclosures in note 39 to the financial statements was necessary

Provisions

10. The municipality has environmental rehabilitation, continued medical aid and long-service provisions that are subject to assumptions, judgements and estimates. The municipality did not have adequate systems and processes to accurately account for these provisions in accordance with the actuarial valuations performed. This resulted in provisions being

overstated by R6 396 901. Furthermore, contrary to the requirements of GRAP 25, *Employee benefits*, and GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*, management did not include the required disclosures and current year movements in these provisions in note 17 to the financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Accumulated surplus

11. I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to differences between the financial statements and the accounting records. I was unable to confirm this balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to the accumulated surplus of R700 920 867 (2017: R732 564 481) as presented in the statement of financial position and the statement of changes in net assets.

Service charges

12. I was unable to obtain sufficient appropriate audit evidence for revenue from service charges relating to electricity and water as the municipality did not have an adequate system of internal control to account for these services charges and did not keep proper records. I was unable to confirm this revenue by alternative means. In addition, the municipality did not correctly levy consumers as incorrect tariffs were used for sewerage and sanitation charges and the municipality did not bill all properties for service charges. I was unable to determine the full extent of the misstatement on service charges as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment relating to service charges of R148 416 969 (2017: R148 583 189) as disclosed in note 21 to the financial statements was necessary.

Property rates

13. I was unable to obtain sufficient appropriate audit evidence for property rates as the municipality did not have an adequate system of internal control to account for these property rates and did not keep proper records. I was unable to confirm these transactions by alternative means. Consequently, I was unable to determine whether any adjustments relating to property rates of R46 057 550 disclosed in note 26 to the financial statements were necessary.

14. During 2017, the municipality did not correctly recognise revenue relating to property rates in accordance with GRAP 23, *Revenue from Non-exchange Transactions* due to various transactions being duplicated in the accounting records. Consequently, the corresponding figure for revenue from property rates was overstated by R33 432 231. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. As this misstatment was not correct, my opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures.

Licences and permits

15. I was unable to obtain sufficient appropriate audit evidence for licences and permits as the municipality did not have an adequate system of internal control to account for this revenue and did not keep proper records. I was unable to confirm this revenue by alternative means. Consequently, I was unable to determine whether any adjustment relating to licences and permits of R5 221 107 as presented in the statement of financial performance was necessary.

Other income

16. I was unable to obtain sufficient appropriate audit evidence for other income as the municipality did not have an adequate system of internal control to account for this other income and did not keep proper records. I was unable to confirm this other income by alternative means. Consequently, I was unable to determine whether any further adjustments relating to other income of R4 456 415 (2017: R30 881 795) disclosed in the statement of financial performance was necessary.

Interest received

17. I was unable to obtain sufficient appropriate audit evidence for interest received as the municipality did not have an adequate system of internal control to account for ths interest and did not keep proper records. I was unable to confirm the interest by alternative means. Consequently, I was unable to determine whether any further adjustments relating to interest received of R23 861 165 as disclosed in note 25 to the financial statements was necessary.

Employee cost

18. The municipality did not calculate overtime, bonusses, housing, pension and travel allowances paid to employees correctly. In addition the leave pay provision was incorrectly calculated. This resulted in employee cost being overstated by R4 232 625 and receivables from exchange transactions understated by the same amount.

Government grants and subsidies

19. I was unable to obtain sufficient appropriate audit evidence for government grants and subsidies as the municipality did not have an adequate system of internal control to account for these government grants and subsidies and did not keep proper records. I was unable to confirm this revenue by alternative means. In addition, the municipality did not correctly account for the equitable share resulting in government grants and subsidies being understated by R6 372 000. Consequently, I was unable to determine whether any further adjustments relating to government grants and subsidies of R103 005 574 as disclosed in note 28 to the financial statements were necessary.

Contracted services

20. I was unable to obtain sufficient appropriate audit evidence for contracted services as the municipality did not have an adequate system of internal control to account for contracted services and did not keep proper records. I was unable to confirm the contracted services by alternative means. Consequently, I was unable to determine whether any adjustment relating to contracted services of R11 184 185 as disclosed in note 35 to the financial statements was necessary.

Finance cost

21. I was unable to obtain sufficient appropriate audit evidence for finance cost as the municipality did not have an adequate system of internal control to account for the finance cost and did not keep proper records. I was unable to confirm the finance cost by alternative means. Consequently, I was unable to determine whether any further adjustments relating to finance cost of R32 225 902 as disclosed in note 33 to the financial statements was necessary

Bulk purchases

22. I was unable to obtain sufficient appropriate audit evidence for bulk purchase as the municipality did not have an adequate system of internal control to account for bulk purchases and did not keep proper records. I was unable to confirm these bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustment relating to bulk purchases of R78 311 879 as disclosed in note 34 to the financial statements was necessary.

General expenses

23. I was unable to obtain sufficient appropriate audit evidence for general expenses as the municipality did not have an adequate system of internal control to account for general expenses and did not keep proper records. I was unable to confirm these expenses by alternative means. Consequently, I was unable to determine whether any adjustment to general expenses of R17 966 478 disclosed in note 36 to the financial statements was necessary.

Contingencies

24. The municipality did not take all legal engagements into account for the disclosure of contingent assets and liabilities, as required by GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently, contingencies liabilities as disclosed in note 41 to the financial statements was understated by R6 741 010. Furthermore contingent assets identified of R8 004 939 were not disclosed in note 41 to the financial statements.

Related parties

25. The municipality did not disclose all relevant related party relationships and balances as required by GRAP 20, *Related parties.* I was unable to obtain sufficient appropriate audit evidence for movements in loans to related parties as the municipality did not have an adequate system of internal control to account for related party balances and relationships and did not keep proper records. As the municipality did not quantify the full extent of the related party disclosures, it was impracticable to determine the total related party balances and relationships that should have been disclosed. No related parties or balances were disclosed in note 42 to the financial statements.

Prior period error

26. The municipality did not correctly disclose prior period errors in note 43 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors* as the nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest prior period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the prior period errors disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the disclosure of prior period errors in note 43 to the financial statements.

Unauthorised expenditure

27. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as the municipality did not have an adequate system of internal control to account for unauthorised expenditure and did not keep proper records. I was unable to confirm these unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R150 344 699 as disclosed in note 46 to the financial statements was necessary.

Fruitless and wasteful expenditure

28. I was unable to obtain sufficient appropriate audit evidence that all fruitless and wasteful expenditure was disclosed as the municipality did not have an adequate system of internal control to account for fruitless and wasteful expenditure and did not keep proper records. I was unable to confirm these fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to fruitless and wasteful expenditure of R126 676 809 disclosed in note 47 to the financial statements was necessary.

Irregular expenditure

29. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to non-submission of information in support of this disclosure. I was unable to confirm the irregular expenditure by alternative means. In addition, the municipality made payments of R15 170 768 (2017: R26 516 839) in contravention with the supply chain management requirements which were not included in the irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the total irregular

expenditure that should have been disclosed. Consequently, I was unable to determine whether any further adjustment relating to the irregular expenditure of R226 823 039 (2017: R177 698 837) as disclosed in note 48 to the financial statements was necessary.

Commitments

30. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not provide supporting documentation for the expenditure incurred relating to these commitments. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any further adjustment relating to commitments of R68 137 334 (2017: R130 863 085) as disclosed in note 40 to the financial statements was necessary.

Distribution losses

31. I was unable to obtain sufficient appropriate audit evidence for distribution losses due the non-submission of information in support of this disclosure. I was unable to confirm these losses by alternative means. Consequently, I was unable to determine whether any adjustments to water distribution losses of R7 985 623 or electricity distribution losses of R18 104 000 as disclosed in note 50 to the financial statements were necessary.

Cash flow statement

32. I was unable to obtain sufficient appropriate audit evidence for the calculation of the net cash flows from operating activities, investing activities and financing activities in the cash flow statement, as the municipality did not appropriately account for cash and non-cash items as required by GRAP 2, *Cash flow statements*. I was unable to confirm these items by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the net cash flows from operating activities, investing activities and financing activities in the cash flow statement and the note thereto.

Statement of comparison of budget and actual amounts

33. Contrary to the requirements of GRAP 24, *Presentation of Budget Information in Financial Statements*, the municipality did not disclose reasons for variances between budget and actual expenditure. In addition, not all expenditure and revenue amounts disclosed in the statement of financial performance and budget amounts included in the approved budget are included in the statement of comparison of budget and actual amounts. I have not included the impact of the omitted information in this auditor's report as it was impracticable to do so.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

36. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (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.

37. 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 appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

38. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

39. 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 of the financial statements. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

40. 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 key performance area presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

41. 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.

42. 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 key performance area presented in the annual performance report of the municipality for the year ended 30 June 2018:

Key performance areas	Pages in the annual performance report
KPA 4: Basic services delivery and infrastructure investment	x – x

43. I performed procedures to determine whether the reported performance information was properly presented and 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.

44. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

KPA 4 – Basic services delivery and infrastructure investment

Various indicators

45. The reported achievements in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator	Reported achievement	Audited value
The number of households with access to basic level of water by 30 June 2018	8 766	9 090
The number of households with access to basic level of sanitation by 30 June 2018	8 766	10 065

Various indicators

46. The municipality did not have an adequate record keeping system to enable reliable reporting on the achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below:

Indicator	Reported achievement	Audited value
The number of households with access to basic level of electricity by 30 June 2018	4 320	5 600
The number of households with access to basic level of solid waste removal by 30 June 2018	12 284	13 649

Number of formalised households earning less than R2 300 per month with access to free basic services on a monthly basis

47. I was unable to obtain sufficient appropriate audit evidence for households earning less than R2 300 per month. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 4 972 as reported in the annual performance report.

Other matter

48. I draw attention to the matter below.

Achievement of planned targets

49. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report.

Introduction and scope

50. 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.

51. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

52. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a disclaimer audit opinion.

Strategic planning and performance management

53. A performance management system was only adopted by Council on 28 March 2018 and was therefore not adopted timeously with the 2017/22 integrated development plan (IDP) as required by section 38(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 8 of the Municipal Planning and Performance Management Regulations.

Revenue management

54. An adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.

55. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

56. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

57. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2)(a) of the MFMA.

58. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.

59. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance due to staff not adhering to SCM regulations. Similar non-compliance was also reported in the prior year.

60. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R29 716 991, as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties paid on overdue accounts. Similar non-compliance was also reported in the prior year.

61. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified

as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by spending that was not budgeted for and funds not used for intended purpose. Similar non-compliance was also reported in the prior year.

Asset management

62. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

63. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

64. Sufficient appropriate audit evidence could not be obtained to determine whether capital assets permanently disposed of were needed to provide the minimum level of basic municipal service and whether these capital assets were disposed of without the municipal council having had a meeting open to the public, and whether the council considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(1), 14(2)(a) and 14(2)(b) of the MFMA.

Liability management

65. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

66. An effective system of internal control for liabilities was not in place, as required by section 63(2)(c) of the MFMA.

Conditional grants

67. Performance in respect of programmes funded by the Municipal Infrastructure Grant as well as the EEDSM grant was not evaluated, as required by section 12(5) of the DoRA.

Procurement and contract management

68. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.

69. Some of the 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 SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

70. Some of the quotations and contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

71. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the NLM2017-013B-Construction of Roads in Broedersput and NLM2017-014B-Construction of Community Hall in Broedersput contruction projects.

72. Some of the competitive bids were not always evaluated by bid evaluation committees which were composed of at least one SCM practitioner of the municipality, as required by SCM regulation 28(2). Similar non-compliance was also reported in the prior year.

73. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the NLM2017-013B-Construction of Roads in Broedersput, NLM2017-014B-Construction of Community Hall in Broedersput and NLM2017-012B -Construction of Cemetery in Broedersput construction projects.

74. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b). This non-compliance was identified in the procurement processes for the NLM2017-014B-Construction of Community Hall in Broedersput construction project.

75. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the NLM2017-013B-Construction of Roads in Broedersput, NLM2017-014B-Construction of Community Hall in Broedersput. NLM2017-012B -Construction of Cemetery in Broedersput, NLM2017-003B - Paving Of Extensin 25 Taxi Route Phase I and NLM2016-003B-Construction Of Rekgaratlhile Community Hall - Stella construction projects.

76. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

Consequence management

77. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information

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

79. 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.

80. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

81. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

82. 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 disclaimer of opinion, the findings on

the annual performance report and the findings on compliance with legislation included in this report.

- The municipality's leadership did not exercise adequate oversight over financial and performance reporting, compliance monitoring and related internal controls. Policies and procedures did not adequately guide financial, performance and compliance activities and consequence management measures were not fully implemented
- Management's internal controls and processes over the preparation and presentation of financial statements, performance reports and compliance monitoring were not able to ensure that the reports were free from material misstatements and material deviations from legislation. Numerous financial registers and schedules submitted by management did not agree to amounts as per the annual financial statement, was not complete for all items recorded and management did not adequately ensure the collection, collation, verification, storing and reporting of actual performance information.
- The audit committee and internal audit fulfilled their functions, however, management did not adequately respond to the concerns raised by the audit committee, and did not implement all the recommendations made by internal audit resulting in the internal control environment over financial and performance information and compliance with laws and regulations being ineffective. These matters together with the ineffective implementation and monitoring of the audit action plans resulted in the audit committee and internal audit not having a positive impact on the audit outcome.

Auditor-General

Rustenburg

30 November 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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REPUBLIC OF SOUTH AFRICA

FORM A
REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY
(Section 18(1) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000))
[Regulation 6]

FOR DEPARTMENTAL USE

Reference number: .....

Request received by ..... (state rank, name and surname of information officer/deputy information officer) on ..... (date) at ..... (place).

Request fee (if any): R .....

Deposit (if any): R .....

Access fee: R .....

.....
SIGNATURE OF INFORMATION OFFICER/DEPUTY INFORMATION OFFICER

A. Particulars of public body

The Information Officer/Deputy Information Officer

Ditsobotla Local Municipality
Civil Centre
Cnr Nelson Mandela and Tranvaal Street
Lichtenburg, 2740

Information Officer & Municipal Manger
Mr Mogapane Abel Metswamere (Abbey)
Tel: 018 633 3880
Fax: 018 632 5247
Email: metswamere@ymail.com
PA's email: moiloag24@gmail.com

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

B. Particulars of person requesting access to the record

(a) The particulars of the person who requests access to the record must be given below.
(b) The address and/or fax number in the Republic to which the information is to be sent, must be given.
(c) Proof of the capacity in which the request is made, if applicable, must be attached.

Full names and surname: Péter Johannes Wassenaar

Identity number:

8	7	0	1	2	5	5	1	2	0	0	8	6

Postal address: 79 Rauch Avenue, Georgeville, Pretoria, 0184

Telephone number: (012) 803 4719 Fax number: (086) 596 8801

E-mail address: peter@kriekprok.co.za

Capacity in which request is made, when made on behalf of another person:

Attorney of record for Sakeliga NPC.

C. Particulars of person on whose behalf request is made

This section must be completed ONLY if a request for information is made on behalf of another person.

Full names and surname: Skakeliga NPC - 2012/043725/08

Identity number:

2	0	1	2	0	4	3	7	2	5	0	8	

D. Particulars of record

(a) Provide full particulars of the record to which access is requested, including the reference number if that is known to you, to enable the record to be located.
(b) If the provided space is inadequate, please continue on a separate folio and attach it to this form. The requester must sign all the additional folios.

1. Description of record or relevant part of the record:

Kindly refer to Annexture A attached hereto

2. Reference number, if available: .....

3. Any further particulars of record:

Kindly refer to Annexture A attached hereto

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E. Fees

(a) A request for access to a record, other than a record containing personal information about yourself, will be processed only after a request fee has been paid.
(b) You will be notified of the amount required to be paid as the request fee.
(c) The **fee payable for access** to a record depends on the form in which access is required and the reasonable time required to search for and prepare a record.
(d) If you qualify for exemption of the payment of any fee, please state the reason for exemption.

Reason for exemption from payment of fees:

-

.....

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.....

.....

F. Form of access to record

If you are prevented by a disability to read, view or listen to the record in the form of access provided for in 1 to 4 below, state your disability and indicate in which form the record is required.

Disability:

Form in which record is required:

Mark the appropriate box with an **X**.

NOTES:
(a) Compliance with your request for access in the specified form may depend on the form in which the record is available.
(b) Access in the form requested may be refused in certain circumstances. In such a case you will be informed if access will be granted in another form.
(c) The fee payable for access to the record, if any, will be determined partly by the form in which access is requested.

1. If the record is in written or printed form:					
x	copy of record*		inspection of record		
2. If record consists of visual images - (this includes photographs, slides, video recordings, computer-generated images, sketches, etc.):					
	view the images	x	copy of the images*		transcription of the images*

3. If record consists of recorded words or information which can be reproduced in sound:						
x	listen to the soundtrack (audio cassette)	x	transcription of soundtrack* (written or printed document)			
4. If record is held on computer or in an electronic or machine-readable form:						
	printed copy of record*		printed copy of information derived from the record*	x	copy in computer readable form* (stiffy or compact disc)	

*If you requested a copy or transcription of a record (above), do you wish the copy or transcription to be posted to you? Postage is payable.	YES	NO x
Note that if the record is not available in the language you prefer, access may be granted in the language in which the record is available.		
In which language would you prefer the record? English/Afrikaans		

G. Notice of decision regarding request for access

You will be notified in writing whether your request has been approved / denied. If you wish to be informed in another manner, please specify the manner and provide the necessary particulars to enable compliance with your request.

How would you prefer to be informed of the decision regarding your request for access to the record?

By email adressed to peter@kriekprok.co.za and rohann@kriekprok.co.za

Signed at PRETORIA this day 29 of JULY year 2020

.....

SIGNATURE OF REQUESTER / PERSON ON WHOSE BEHALF REQUEST IS MADE

ANNEXURE A

1. All audited financial statements for the Ditsobotla Local Municipality for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

2. All entity specific audit reports relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa in terms of the Public Finance Management Act (PFMA), Municipal Finance Management Act (MFMA) for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

3. All entity specific management reports that include findings, root causes and recommendations to senior management and the municipal manager relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

4. All entity specific annual performance reports (APRs) relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

5. All entity specific annual compliance reports / assessments relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

6. All entity specific non-compliance recommendations, directions, advisories, communications, memoranda, findings and/or reports relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

7. All opinions on the financial statements, material findings on the APRs and compliance with key legislations issued by the Auditor-General South Africa relating to the Ditsobotla Local Municipality for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

8. All reports, findings and/or recommendations regarding internal control measures received from the Auditor-General South Africa relating to the Ditsobotla Local Municipality for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

9. All entity specific reports, recommendations, audit outcome summaries, performance reports, performance recommendations, outcome reports, update reports, audit qualifications, discretionary audit reports, status reports, special audit reports, general reports and/or management recommendations / directions relating to the Ditsobotla Local Municipality received from the Auditor-General South Africa for the financial years ending 2015, 2016, 2017, 2018, 2019 and 2020;

SIGNED AT PRETORIA ON 29 July 2020

PETER WASSENAAR

KRIEK WASSENAAR & VENTER INC

PRETORIA

POWER OF ATTORNEY

I, the undersigned

Pieter Jacobus le Roux

ID: 8402105255087

In my capacity as duly authorised representative of

SAKELIGA NPC

REG: 2012/043725/08

do hereby appoint and nominate,

KRIEK WASSENAAR & VENTER INC

and /or their appointed agents / correspondents /nominees

with full power of substitution, to be my lawful attorney with full power and authority for me and in my name, and for my account and benefit in order to represent me in my claim against

DITSOBOTLA LOCAL MUNICIPALITY in terms of PAIA

My attorneys being able to:

1. **Receive and handle moneys:** To demand, sue for and recover, and give discharges for all moneys, securities for all sums of money, debts, stocks, shares and property now or hereafter belonging to me, whether solely or jointly with any other person or persons. Remembering that my attorney will accrue costs/disbursements on my behalf and that certain fees will become payable out of the work done on my behalf, I hereby give *in rem sum* authority to recover all capital, costs, disbursements, fees and all other sums of money due to me on my behalf, and that all amounts received must first be deducted or set off against all fees and disbursements made on my behalf before any payments are made to me. I give specific authority to sign any release or discharge for the amount for the settlement in order to receive and recover the said amount. My attorneys and/or their nominees are also authorised to make use of any capital payments received to make payment of all debts and/or expenses. They are also herby authorised to withhold as security for costs any portion of any capital received on my behalf as they in their sole discretion see fit, being allowed to debit any preliminary attorney and client fees at any stage;
2. **To institute legal proceedings or to defend:** To defend any civil action brought against me or to institute action in any High Court or Magistrates Court or Arbitration Institution;
3. **To negotiate, discuss consider and settle:** To negotiate a settlement with any party concerned, to discuss the facts, merits and quantum and to give me advice. To consider all facts and documentation and to make decisions on my behalf. To agree, propose and settle any point in dispute and to agree, propose and settle any figures of settlement and to advise me thereof.
4. **To settle accounts:** To settle, compromise or submit to arbitration all accounts, claims and disputes between me and any other person or persons;

5. **To act with other persons:** To investigate, negotiate, receive and give out any information, documentation or data of any form or sort on my behalf and to act and communicate with any person, attorney, advocate or third party on my behalf ;
6. **To draft, receive and sign documentation:** To be able to draft, receive, peruse, consider, sign and give out any documentation that he/she considers relevant or necessary;
7. **To appoint experts:** To approach, consult and appoint any expert witnesses, to acquire expert reports and testimony and to accrue costs and make payments in that regard;
8. **To institute alternative dispute resolution proceedings:** To institute, make use of or request any alternative dispute resolution proceeding including but not limited to arbitration and/or mediation proceedings;
9. **To appoint assessors and agents:** To appoint any assessors, agents and/or tracing agents to assist, do work and give advice on my behalf. I also give authority to pay and settle all accounts in this regard;
10. **To appoint advocates and legal advisors:** To appoint any advocate and/or legal advisor to assist, give opinion and handle matters on my behalf. I also give authority to pay and settle all accounts in this regard;
11. **General power to act:** To do all that is necessary to finalize any matter and to act on my behalf in any manner that he/she considers necessary and in doing so, I confirm this Power is irrevocable. To generally for effecting the purposes aforesaid, to do or cause to be done whatsoever shall be requisite, and fully and effectively, for all intents and purposes, as I might or could do if personally present and acting herein /hereby ratifying, allowing and confirming and promising and agreeing tot ratify, allow and confirm all and whatsoever my said Attorneys and Agents shall lawfully do, or cause to be done, by virtue of these presents.

AND

Ratification: I hereby ratify and agree to ratify everything which my Attorney or his/her substitute or substitutes or agent or agents appointed by the Attorney under this power of attorney shall do or purport to do by virtue of this power of attorney.

This done and signed at Pretoria on this 9th day of July 2020.

(signed)

As witnesses: 1) _____ 2) _____

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IN THE HIGH COURT OF SOUTH AFRICA
(NORTH WEST DIVISION, MAHIKENG)

CASE NO: M 27/2021

Held at MMABATHO on this the 25th day of FEBRUARY 2021
BEFORE the Honourable Mr Justice HENDRICKS DJP

In the matter between:

SAKELIGA NPC — Applicant

and

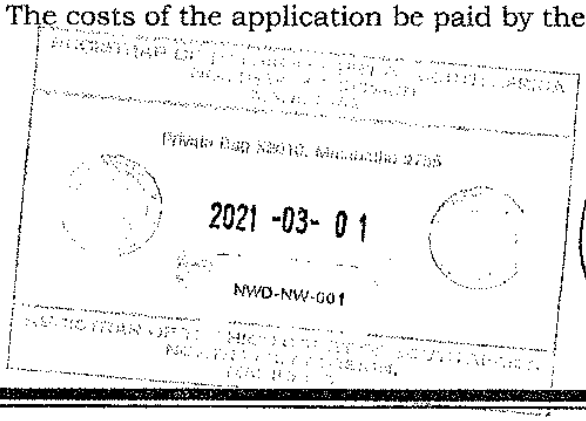
THE MUNICIPAL MANAGER
DITSOBOTLA LOCAL MUNICIPALITY — Respondent

HAVING HEARD MRS N NEETHLING on behalf of the Applicant and having read the Notice of Motion and other documents filed of record;

IT IS ORDERED

1. THAT: The Respondent is directed to provide the Applicant with all of the documents requested by the Applicant in its request for access to information dated the 06th of AUGUST 2020 (and attached to the founding affidavit, marked as annexure "B") within 60 days of service of the order.

2. THAT: The costs of the application be paid by the Respondent.



BY THE COURT

REGISTRAR OF HIGH COURT
NORTH WEST HIGH COURT
MAFIKENG

REGISTRAR

S S Inc

HOOGGEREGSHOF VAN SUID AFRIKA
NOORD WES AFDELING MAHIKENG
NOORD WES AFDELING MAHIKENG

X 11

BELASTINGFAKTUUR

Ons Verw: H2103/408
Saaknr: M27/2021

In die saak tussen:

SAKELIGA NPC en MUNISIPALE BESTUURDER DITSOBOTLA PLAASLIKE MUNISIPALITEIT	APPLIKANT RESPONDENT
Adres soos gespesifiseer: H/V NELSON MANDELA & TRANSVAAL STRAAT LICHTENBURG	
HOFBEVEL	

Op die 29ste dag van MAART 2021 om 15:15 en te die H/V Nelson Mandela & Transvaal straat, distrik Lichtenburg, Noordwes Provinsie, het ek die aangehegte Hofbevel op die RESPONDENT beteken deur `n afskrif daarvan te oorhandig aan Me G Mtshali/Klerk en `n persoon oënskynlik bo die ouderdom van 16 jaar en in beheer van die perseel, nadat ek die oorspronklike daarvan aan haar getoon het en die inhoud, aard en erns daarvan aan haar verduidelik het.

AFSTAND: 5KM

Post

(Geteken) ADJUNK BALJU:MNR P PRINS

Van: Balju
J.H. SCHREUDER
POSBUS/POSBUS 2925
LICHTENBURG, 2740

Tel: 018 632 1371
Faks: 086 682 1994
Epos: sheriffichtenburg@gmail.com

Inligting vir bank inbetalings/oordragte:
STANDARD BANK (KLERKSDORP (052638))
Naam: J.H. SCHREUDER (BALJU)
Nr. 030637791

Aan: NOORD WES AFDELING MAHIKENG
NOORD WES AFDELING MAHIKENG

KRIEK WASSENAAR & VENTER ING
POSTNET SUITE A7 PRIVAATSAK X592
SILVERTON
0127
U BTW Nr:
Rekening Nr: 2560
U verwysing: PJWASSENAAR/ES/QB0768

BESKRYWING VAN FOOIE	TARIEF
Registrasie	14.00
Relaas & Afskrif	38.50
Betekening	147.00
Reiskoste	30.00
Posgeld/Kleinuitgawe	33.00

Subtotaal Fooie		262.50
Plus BTW		39.38
TOTAAL VERSKULDIG	R	301.88

Faktuurnr: 217181 My BTW Nr: 4160181923
Faktuur uitgereik op 30-Mar-2021.
U mag vereis dat hierdie rekening getakseer en gestaaf word binne 90 dae vanaf datum van uitreiking.

Post

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Photo 1 - Lichtenburg - 2021/03/10

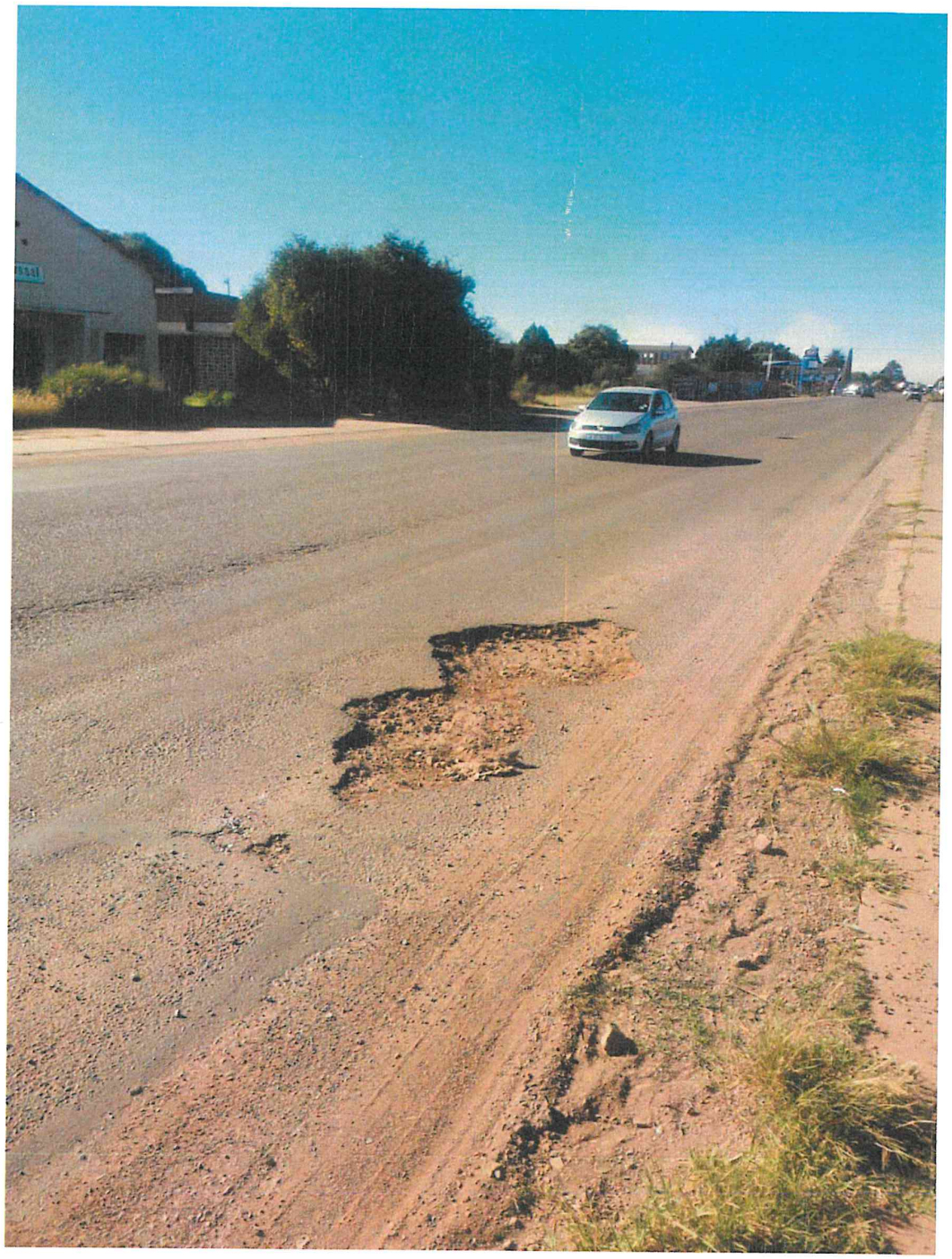


Photo 2 - Lichtenburg - 2021/03/10



Photo 3 - Lichtenburg - 2021/03/10



Photo 4 - Lichtenburg - 2021/03/10



Photo 5 - Lichtenburg - 2021/03/10



Photo 6 - Lichtenburg - 2021/03/10



Photo 7 - Lichtenburg - 2021/03/10

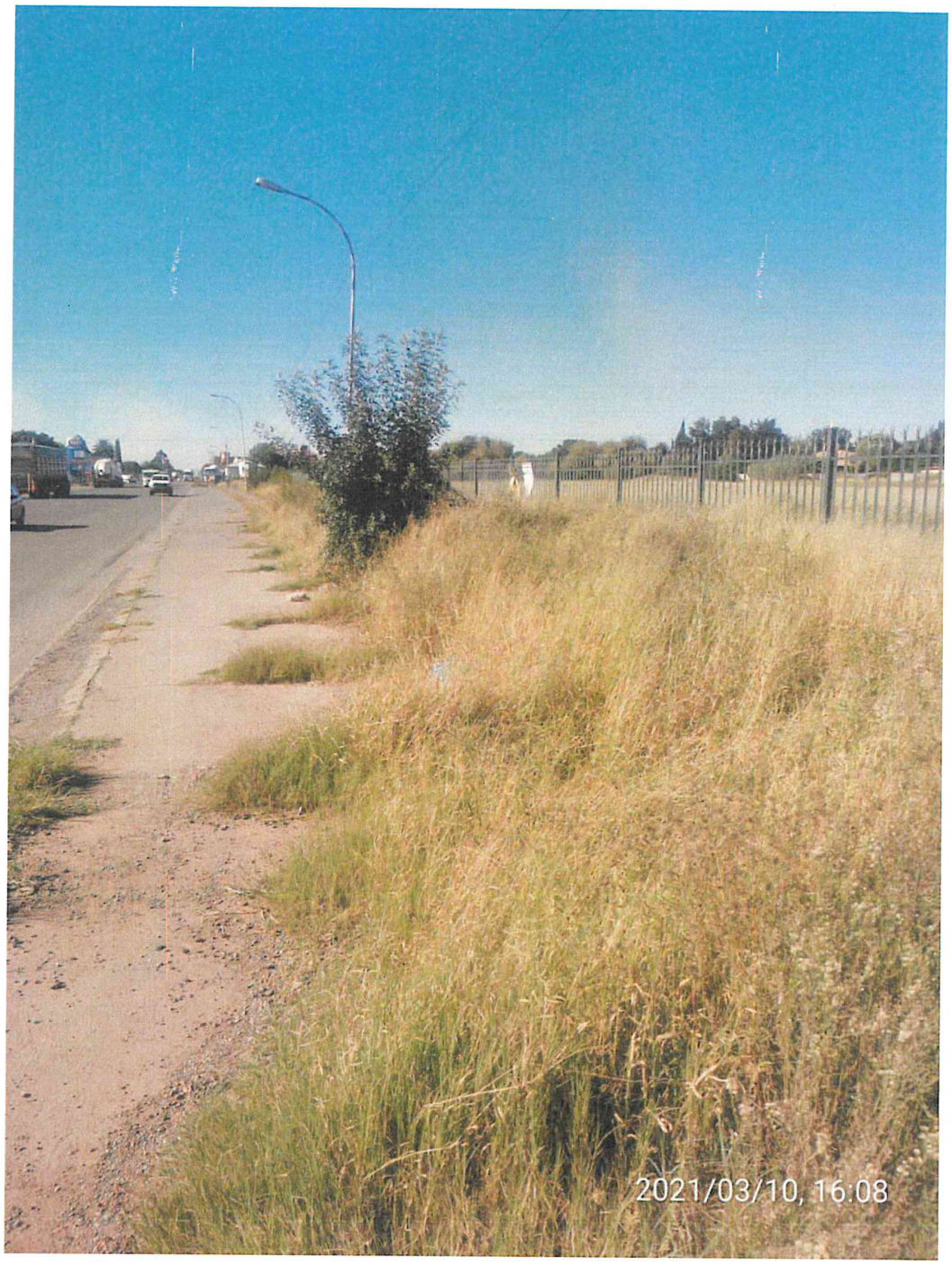


Photo 8 - Lichtenburg - 2021/03/10



Photo 9 - Lichtenburg - 2021/03/10



Photo 10 - Lichtenburg - 2021/03/10



Photo 11 - Lichtenburg – December 2020



Photo 12 - Lichtenburg - December 2020



Photo 13 - Lichtenburg - December 2020



Photo 14 - Lichtenburg - December 2020



Photo 15 - Lichtenburg - December 2020



Photo 16 - Lichtenburg - December 2020



Photo 17 - Lichtenburg - December 2020

X13

SCHOLTZSTRAAT 81 SCHOLTZ STREET
POSBUS / PO BOX 107 LICHTENBURG 2740
TEL +27 (0)18 633 1000
FAKS / FAX +27 (0)18 633 1900
www.nwk.co.za
NWK BEPERK • LIMITED 1998/007577/06

16 March 2021

To whom it may concern

Dear Sir/Madam,

ADVERSE EFFECT OF LACK OF SERVICE DELIVERY ON THE BUSINESS OF NWK LIMITED GROUP

The operations of the NWK Group are severely impacted. A short summary of the major issues are set out below.

Electricity supply

We experience interruption and/or disconnection of electricity supply in the Lichtenburg area as well as other towns in which we conduct business in the rural areas of the North West Province. This is due to a combination of load shedding implemented by Eskom and failing infrastructure of municipalities. Municipalities do no maintenance of the electricity distribution network.

As a result the Group has bought generators of more than R26 million. The diesel account to run these generators are astronomical. We have spent more than R2, 8 million on diesel for generators in the current financial year (10 months).

NWK obtained a court interdict in the Mahikeng High Court to prevent Eskom to implement electricity interruptions during office hours due to non-payment by the local municipality. As part of the interdict, the NWK Group as well as a few other organisations pay their electricity bill directly to Eskom. It is on record that the Ditsobotla Local Municipality is not complying with their own payment plan agreed with Eskom and that during some of the months the only payment received by Eskom is the direct deposits in terms of the interdict.

Epko (Sunflower crushing plant) lost 19 production days in the previous financial year amounting to more than R5 million as a result of both municipal infrastructure failure and load shedding.

DIREKTEURE/DIRECTORS: H KRÜGER (VOORSITTER/CHAIRMAN) L VERMOOTEN FH BADENHORST J MAHNE CF VAN NIEKERK JH SUURD JP DU PREEZ JJ DU PREEZ DA FOSTER
UITVOERENDE/EXECUTIVE: TE RABE (HUB/CEO) DPG KLEINGELD (HFB/CFO) TB MODISE (DIREKTEUR: TRANSFORMASIE/DIRECTOR: TRANSFORMATION)
SEKRETARIS/SECRETARY: L PIETERSE
NWK Beperk is 'n geregistreerde kredietverskaffer (registrasienr. 2789)
NWK Limited is a registered credit provider (registration no. 2789)

Water supply

Lichtenburg experience interrupted water supply since 2012. The district municipality is not able to extract enough bulk water from boreholes. Consequently the town and industrial area where our factories are situated only receives running water early in the morning and evenings. All of our premises needed to fit water tanks with pressure pumps to have access to water during the day. Boreholes had to be drilled to have enough water for our manufacturing plants.
We have spent more than R160 000 on water pumps and tanks.

Roads

The roads infrastructure in and around our towns are not maintained and with the recent heavy rains deteriorated to an extent that some of them is not usable. Farmers struggle to get their harvest to our silos. The trucks transporting these grains to the market also experience excessive maintenance due to damage to tyres and suspensions. The rest of our company fleet consisting of motor vehicles and bakkies suffers the same damage.

We have spent more than R100 000 in the current financial year on donations to the local municipality and on fixing a few potholes in town ourselves. We can however not maintain the road infrastructure on behalf of the municipality or province.

General

The decay of all municipal infrastructure is evident. Traffic lights are not maintained and if it becomes faulty, the crossing is turned into a permanent 4 way stop. Municipal buildings like the town hall are not maintained and the public can not hire it for functions anymore. The landfall site and water treatment plant (sewerage) is not properly maintained, contravening environmental legislation. Productivity gets negatively affected all over the organisation due to lack of service delivery. The Group also struggles to attract and retain quality employees due to the lack of basic service delivery.

Yours Truly



T E Rabe

Chief Executive Officer



X14

The Formula For Success
Die Formule Vir Sukses

06 Maart 2021

Nutri Feeds Lichtenburg

Naude Pienaar

Versoek om ondersteuning rakende CBH belegging in Lichtenburg

Mnr Pienaar

Nutri Feeds Lichtenburg is n afdeling van Country Bird Holdings SA.ltd.
Daar is tans 137 permanente persone in diens by die aanleg. Verder is daar ook 60 kontrakteurs in diens. Die aanleg verskaf voer aan gemiddeld 2.5 miljoen hoenders daagliks. Dit vereis die aanleg om 24 uur per dag vir 7 dae per week operasioneel te wees.

Indien die aanleg produksie verloor a.g.v welke rede ookal word al die hoenders nie betyds gevoer nie. Eerstens is dit wreed en mishandeling van die diere. Tweedens ly gewigsverliese en mortaliteite weens gebrek aan voer tot reuse eise wat dit onekonomies maak om te produseer..

Huidiglik is elektrisiteit en water voorsiening n reuse krisis wat dit ondraaglik maak.
Die aanleg word dus ook verhoed om verder uit te brei wat nie net tot nadeel van Lichtenburg is nie maar ook tot n groot deel van die hele Noordwes provinsie.

Bogenoemde swak dienslewering dwing bestuur om na opsies te kyk soos die verskuiwing van die aanleg in totaal of n groot perentasie daarvan na n ander area.

Hiermee rig ons dringend n versoek om te help om die dieste soos krag, water en riool tot n aanvaarbare vlak te verbeter

Byvoorbaat dank
Operasionele bestuurder
C.S Landsberg

X 15

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent

SUPPORTING AFFIDAVIT

I, the undersigned,

WILLEM JACOBUS BEKKER

do hereby declare under oath as follows:

1. I am a major male pensioner residing at 22 4th Avenue, Lichtenburg, North West Province.

2. The contents of this affidavit fall within my personal knowledge and is both true and correct.

3. I am a permanent resident in the Ditsobotla Local Municipality, which bears responsibility over the town of Lichtenburg, North West Province.

4. I have been residing in the town since 1 December 2014. I became a pensioner on 31 September 2013; however, I perform work for the North West Province on a contractual basis from time to time as required. From 1 October 2003 until my retirement, I held the position of the Deputy Director - Municipal Finance at the North West Provincial Government in Mahikeng. This ambit of my responsibilities included, among other things, the following:

   4.1 The monitoring and support of municipalities in the North West Province with Financial Planning;

   4.2 The analysis of monthly financial reports of municipalities;

   4.3 The analysis of annual Financial Statements, Auditor-General reports of municipality and overseeing the correction of problems contained in the Auditor-General reports;

   4.4 The monitor and support of municipalities in their collection of debts and the implementation of credit control policies in the various municipalities;

   4.5 The support of municipalities in the implementation of GRAP/GAMAP programs;

EB

4.6 The monitor and support of municipalities with the management and correct implementation of the Municipal System Improvement Grant;

4.7 The role out of the implementation plan for the Local Government: Municipal Property Rates Act 6 of 2004.

5. I have always been a proud member of the Lichtenburg community and enjoyed living in Lichtenburg. When I moved to Lichtenburg in December 2014, there were only a few potholes and water leaks and besides this good maintenance was still being properly performed by the municipality. However, over time the municipal maintenance in Lichtenburg has dramatically worsen and whenever inquiries were made by the local community, the reasons provided by the municipality would be either that the municipality does not have the necessary material available for effective maintenance or that the municipality does not have the funds to purchase the necessary materials for the effective maintenance of Lichtenburg.

6. Over the last six years it became increasingly challenging to live in Lichtenburg purely as a consequence of the total collapse in municipal service delivery and maintenance. I cannot say that it is still enjoyable living in Lichtenburg. The Lichtenburg community are faced with the continuous interruption in the supply of water and electricity in the town. The number of potholes on our roads are increasing at an alarming rate and the waste management and sanitation issues constantly poses a health risk to the entire community.

ELECTRICITY

7. The Ditsobotla Local Municipality is severely in arrears with its liabilities towards Eskom SOC Limited. As far as I know the municipality as on 20 November 2020 owed Eskom the sum of R 670 000 000.00. It was reported on 12 March 2021 that this amount increased and consequently the Ditsobotla Local Municipality currently owes Eskom the sum of R 691 783 110.00.

8. As a result of the municipality's debt, the community is concerned that Eskom might terminate the supply of electricity in response to the municipal debt owed to them. Some of the larger businesses in town, who are able to afford it, make use of generators and solar power in order to remain open during loadshedding periods. I have also installed solar panels at my house however those households and businesses who are unable to afford private electricity generation, are unable to function and/or operate during loadshedding. The whole community however suffers due to the disruption, losses and additional expenses caused by the continued disruption in the supply of electricity.

WATER & SEWAGE

9. The municipality has neglected over time to regularly maintain and upgrade the water infrastructure of Lichtenburg. As a result of failures in the water delivery systems of the town, households and businesses are often left without water for days at a time. Most of the people I know who can afford it, including myself, have installed boreholes and water tanks on their property in order to manage the constant disruption suffered.

10. It has come to my attention that the equitable share of taxes and grants from national government for maintenance and service delivery for water and sanitation services as well as for indigent support for water and sanitation was paid to the district municipality as the water service authority. This is to the great cost of the local community since it obstructs adequate municipal service delivery and it furthermore prevents the local municipality from effectively meeting their financial obligations.

11. The maintenance of the water and sewer infrastructure is done by the local municipality of Ditsobotla as well as the rendering of 6 km water and sewer services to the indigent. The local municipality is not getting any support from the District municipality who received the funding through the equitable share for the purposes of delivery these services. With the equitable share and grants being withheld the service delivery by the local municipality has continued to decline. Residents and businesses who live and operate within the municipal area are severely being impacted with poor quality of drinking water, sewage spillages and/or overflows as well as water shortages within the town.

12. In addition to the above, when the electricity is interrupted or shut down, the water supply, as a result, also gets interrupted or shut down. During the week of 27 February 2021, the town was left without any water supply for four (4) days.

13. The Ditsobotla Local Municipality has millions of Rands in debt that are still outstanding to their relevant Water Board. The precise outstanding amount is however unknown to me. This debt has however severely increased from August 2020.

UTILITY POLES

14. On 3rd Street, Lichtenburg the Utility Pole and its anchor wires has rotten away to such an extent that the supply cable connected to the houses are the only support given to the Utility Pole to prevent it from falling. To date the municipality has refused and/or failed to repair the Utility Pole and its anchor wires.

MUNICIPAL ACCOUNTS AND VALUATION ROLES

15. The municipality implemented a new financial computer system in the 2019/2020 financial year. The last account I received on the old system was dated 1 October 2019. The following accounts I received were during December 2019, February 2021, and March 2021. However, the March 2021 account indicated 31 July 2020 as the statement date. In essence, I have been calculating and paying my own municipal accounts on a monthly basis since December 2019. I calculated and paid these accounts according to what the refuse removal and property taxes were during December 2019. Since 1 July 2020 I adjusted these rates according to the increase as indicated in the budget for the 2020/2021 financial year. I have lodged an objection with the municipality regarding the tariff increases on the budget for 2020/2021 financial year and they have acknowledged the receipt of my objection however to date I have not received a reason nor a solution relating to my objection.

16. I can only ascertain what the current actual tax and levy rates are for refuse removal through my latest account received dated 31st July 2020, therefore any and all payments made on my account are only for the payments up and until 21

July 2020. Thus, all the payments made from August 2020 to 12 March 2021 are not indicated by the municipality.

17. The revenue office at the Ditsobotla Local Municipality was closed for a period of time and as a result the local community made their account payments at a local bank. Consequently, the information contained in the bank statements were also only processed until the end of July 2020. According to the account I received dated 31 July 2020, I am in credit with my municipal accounts, and I am certain that a calculation error was made by the municipality, however, since the municipality is unable to provide a specified account, I am unable to rectify my municipal account.

18. The above clearly indicates that the municipal account systems are extremely questionable and inaccurate.

19. The municipality no longer conducts annual interim valuations of the valuation roll, and the municipality ceased to address this issue during 2019. The last annual interim valuation of the valuation roll was conducted on the 1st of July 2017.

GENERAL MAINTENANCE OF THE TOWN

20. The general maintenance of Lichtenburg is not up to standard and the refusal and/or failure of the municipality to deliver these basic services to the community of Lichtenburg is at a great cost to the community as clearly seen above.

8

WILLEM JACOBUS BEKKER

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at Lichtenburg on this the 20 day **May 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS
FULL NAMES: Elizabeth Brunsdon
BUSINESS ADDRESS: 18 Sixth Avenue, Lichtenburg, 2740
DESIGNATION: BD 29996
AREA / OFFICE: Lichtenburg

Nederduitse Gereformeerde Kerk
Lichtenburg-Oos
Posbus 1004
2740 Lichtenburg
Tel: 018 632 2242

X16

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent

SUPPORTING AFFIDAVIT

I, the undersigned,

HENDRIK NAUDE PIENAAR

do hereby declare under oath as follows:

1. I am a major male and the Deputy General Manager of Agri North West with its principal place of business being located in the town of Lichtenburg which falls within the municipal area of the Ditsobotla Local Municipality, North West Province.

2. The contents of this affidavit fall within my personal knowledge and is both true and correct.

ELECTRICITY

3. During the month of November 2020, a transformer exploded in Lichtenburg. On reporting this to Municipal officials, they explained that the explosion was caused as a result of overloading and the transformer parts being outdated to such an extent that the parts it requires are no longer being manufactured. The municipality did not possesses the required knowledge nor parts to adequately fix the problem and refused any assistance from private experts. The municipality tried to fix the transformer which reportedly caused another explosion. As a result, Eskom and a local business had to step in and assist the municipality in fixing the transformer. The lack of expertise of the municipality to timeously and effectively fix the problem has the effect that the town of Lichtenburg was left without electricity for roughly six (6) days.

WATER AND SEWAGE

4. The municipality has on numerous occasions failed to adequately maintain and fix sewage issues in Lichtenburg despite interventions from DWA and PDMC. Sewage is leaking into the Harts River, which is causing pollution problems

downstream as far as Taung and is severely damaging Barberspan, a RAMSAR site.

5. The National Department of Water and Sanitation reported that they issued a letter to the local municipality which specifically addressed the pollution caused by sewage leakage in the Harts River and the Department demanded that attention should be given to this issue, however, this was to no avail and consequently pollution is continuing.

6. The local community of Sannieshof have also complained that quality of water in boreholes is badly affected because of contamination.

POTHOLES

7. The potholes in Lichtenburg are a serious issue and have worsened as a result of bad construction and lack of maintenance. The municipality has, despite community demands, neglected and/or refused to attend to this issue and consequently I and various other community members can no longer drive with small cars on some of our town's roads. Trucks are also unable to use designated roads and are now forced to drive through residential areas, creating damage and danger.

8. On 12th Avenue, Lichtenburg you now need to drive on the sidewalk in order to avoid the potholes in the street.

IMPACT ON TOWN

9. As a member of the business community, I can attest that this lack of service delivery and maladministration is forcing businesses to relocate and or incur unnecessary costs which is seriously affecting the economy of Ditsobotla. Power outages and water shortages are also slowing development or in some cases stopping businesses from expanding and providing their goods and services. This had the results that some have already left with subsequent job losses.

10. The lack of public participation and non-compliant procedures being followed have been reported repeatedly with no results. The unacceptable situation at the dumping site, handling of the budget, unlawful increase in tariffs, implementation of property tax are some more of the challenges being experienced.

HENDRIK NAUDE PIENAAR

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at LICHTENBURG on this the 20th day **May 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS

FULL NAMES:

BUSINESS ADDRESS:

DESIGNATION:

AREA / OFFICE:

ELMARIE MAREE
KOMMISSARIS VAN EDE COMMISSIONER OF OATHS
PRAKTISERENDE PROKUREUR R.S.A PRACTISING ATTORNEY R.S.A
SWARTSTRAAT 14 14 SWART STREET
LICHTENBURG 2740

X17



Photo 1 - Vryburg - March 2020

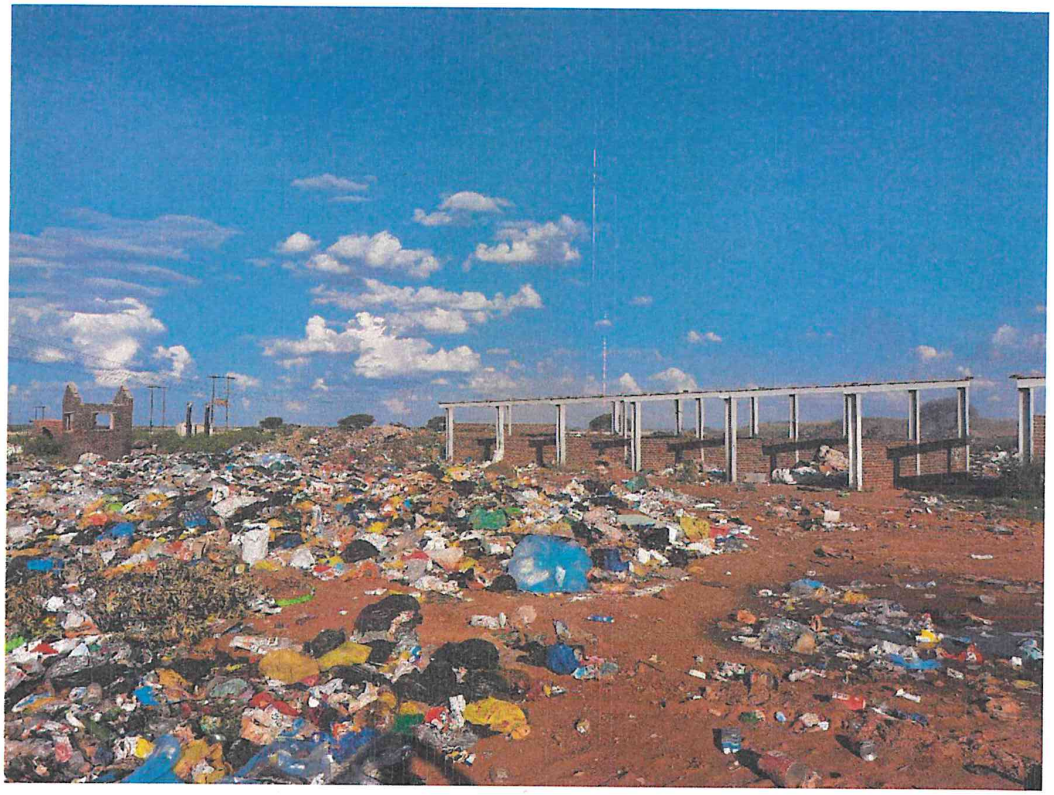


Photo 2 - Vryburg - March 2020



Photo 3 - Vryburg - March 2020



Photo 4 - Vryburg - March 2020

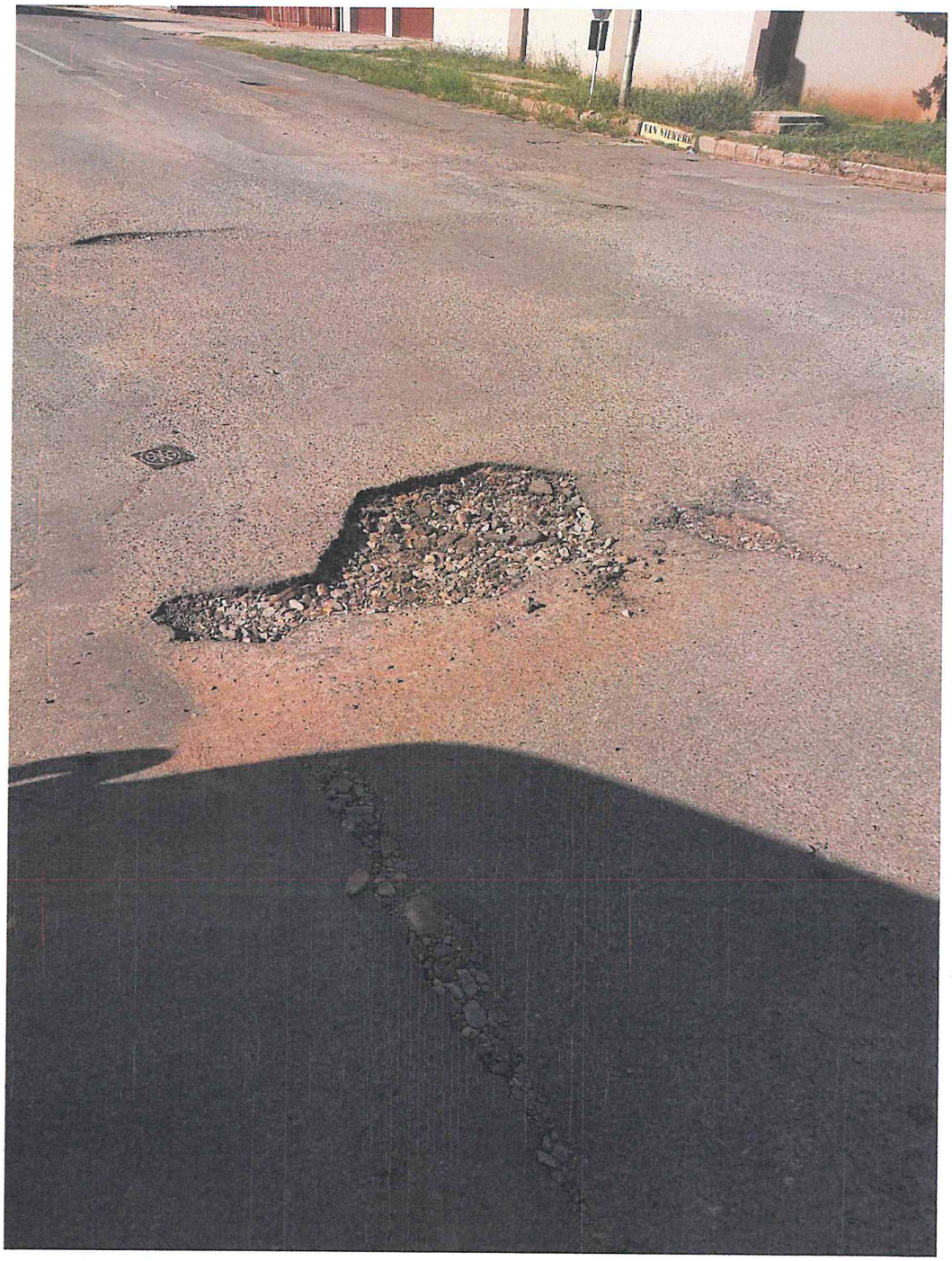


Photo 5 - Vryburg - March 2020



Photo 6 - Vryburg - March 2020

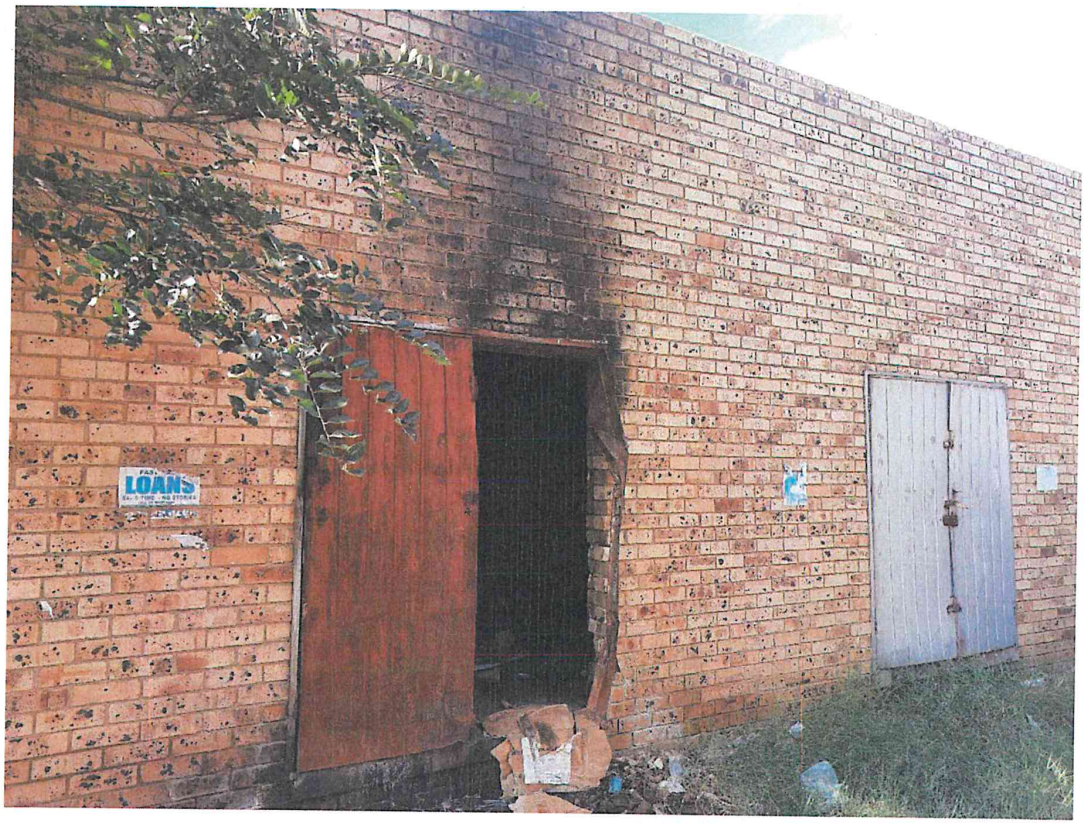


Photo 7 - Vryburg - March 2020



Photo 8 - Vryburg - March 2020

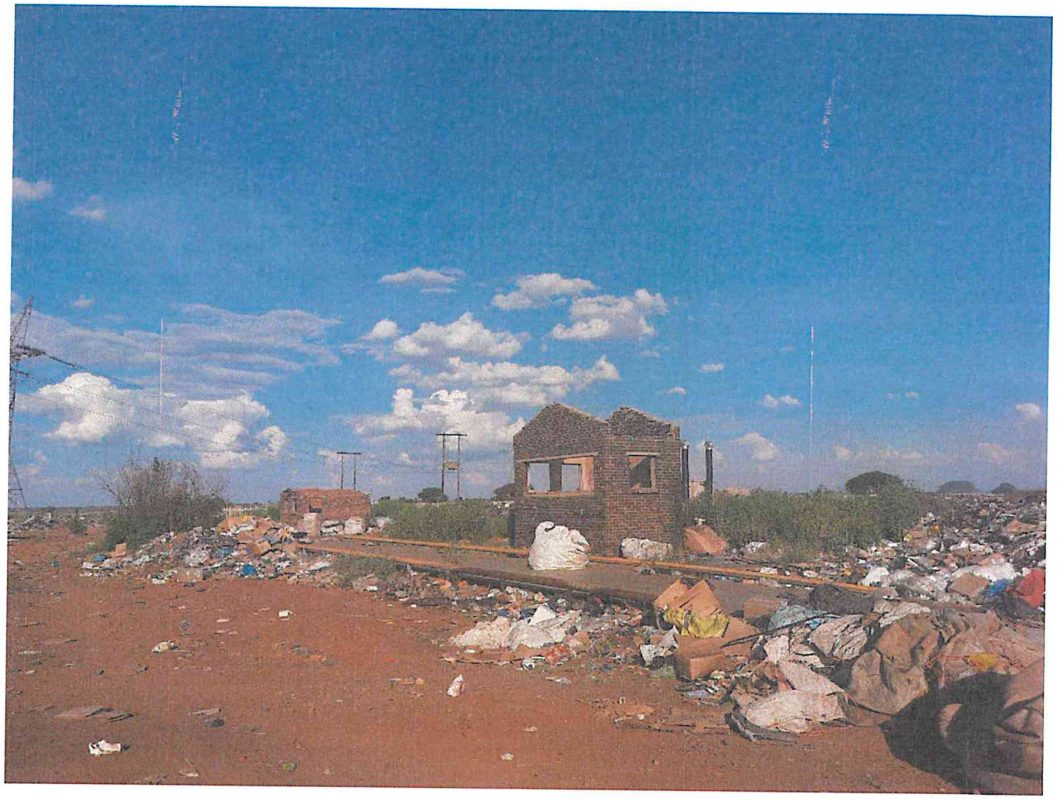


Photo 9 - Vryburg - March 2020



Photo 10 - Vryburg - March 2020

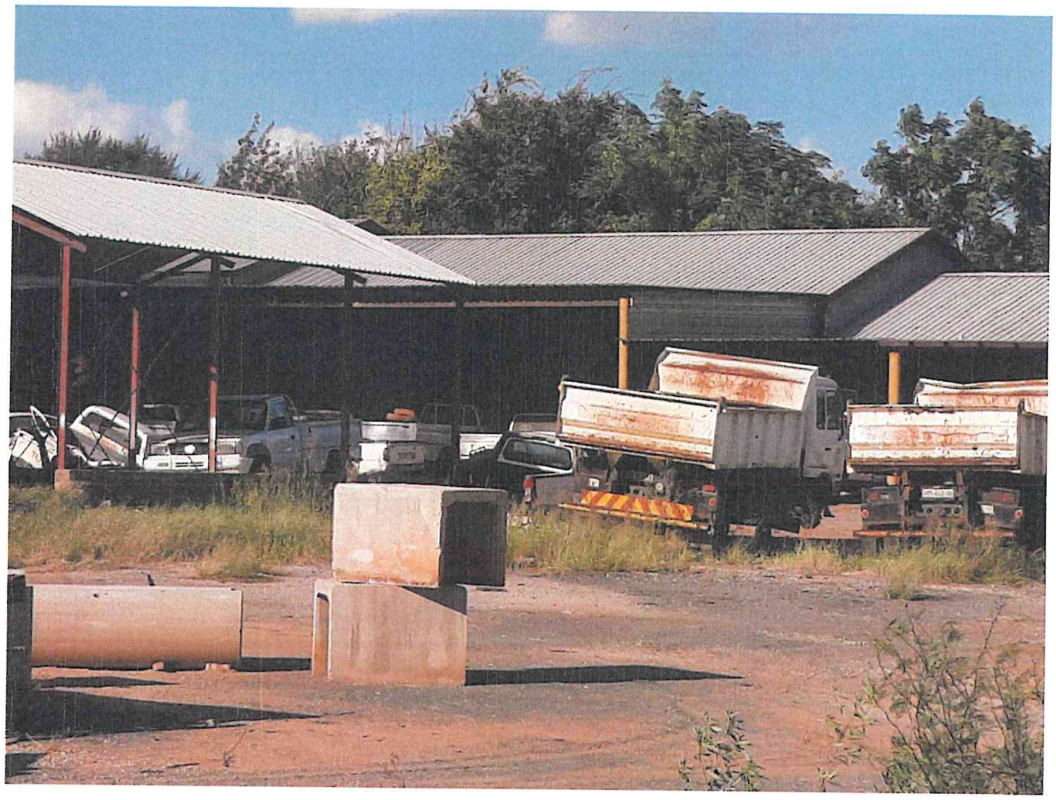


Photo 11 - Vryburg - March 2020



Photo 12 - Vryburg - March 2020



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Date: 09 March 2021
Release: Immediate

Die Demokratiese Alliansie (DA) in Naledi het aan die Direkteur van Tegniese Dienste, wat tans die waarnemende Munisipale Bestuurder is, Nelson Mongale, 'n dringende versoek gerig om herstelwerk aan die vervalle Vlakfontein-kraglyn, wat elektrisiteit aan plase en erwe langs die Stellaweg in die Vryburg-omgewing, te prioritiseer.

Na jare se klagtes en versoeke deur die betrokke gemeenskap, het Mnr. Mongale op versoek van plaaslike boere, 'n inspeksie van die kraglyn gedoen.

Verskeie pale wat weens jare se verwaarlosing en 'n gebrek aan onderhoud beskadig is, is bloot verwyder. Dit het egter nie die probleem opgelos nie, aangesien die kabels tydens sterk winde kortsluitings veroorsaak en inwoners sonder elektrisiteit laat.

Landelike boeregemeenskappe loop reeds die gevaar vir plaasaanvalle en veediefstal. 'n Gebrekkige elektrisiteitstoevoer, plaas die lewens en eiendom van boere en plaaswerkers verder in gevaar. Sonder 'n betroubare elektrisiteitstoevoer, word landbouproduksie ook negatief beïnvloed, wat 'n direkte impak op voedsel sekuriteit het.

Die behoorlike herstel van die kraglyn moet 'n prioriteit wees. Die DA in Naledi sal hierdie projek fyn dophou om te verseker dat 'n veilige elektrisiteitstoevoer so gou as moontlik in plek gesit word.

Media Enquiries

Photo 13 - Vryburg - March 2020



Photo 14 - Vryburg - March 2021

X18

IN THE HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

CASE NO: 93705/2019

PRETORIA 19 DECEMBER 2019

BEFORE THE HONOURABLE MR JUSTICE L I VORSTER, AJ (IN CHAMBERS)

In the matter between:

THE NALEDI CONCERNED CITIZENS	1ST	APPLICANT
D MATTHEE	2ND	APPLICANT
N WOEST	3RD	APPLICANT
AND		
ESKOM HOLDINGS SOC LTD	1ST	RESPONDENT
NALEDI LOCAL MUNICIPALITY	2ND	RESPONDENT
THE NATIONAL ENERGY REGULATOR OF SOUTH AFRICA ("NERSA")	3RD	RESPONDENT
THE MINISTER OF ENERGY	4TH	RESPONDENT
THE PREMIER OF NORTH WEST	5TH	RESPONDENT

HAVING HEARD counsel(s) for the party(ies) and having read the documents filed of record

REGISTRAR / HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA
Private Bag X67, Pretoria 0001
2019 -12- 19
GD-PRET-016
GRIFFIER VAN DIE HOOGGEREGSHOF SUID-AFRIKA
GAUTENG AFDELING
PRETORIA

IT IS ORDERED THAT

The court makes the following order by agreement between the parties:

1. The first respondent, ESKOM, not to interrupt the bulk electricity supply to Naledi Local Municipality, except for National policy load shedding which may be scheduled from time to time.

2. The matter to be postponed to a date determined by the Deputy Judge President subject to the following:

   a. Applicant to possibly file supplementary affidavit on or before 14 January 2020;

   b. ESKOM's answering affidavit be filed on or before 24 January 2020;

   c. Applicant to file replying affidavit on or before 3 February 2020;

   d. Heads of Argument of the applicant be filed on or before 18 February 2020;

   e. Heads of Argument of ESKOM be filed on or before 28 February 2020.

3. Costs are reserved.

BY THE COURT

REGISTRAR

HH
ATT: KRIEK WASSENAAR & VENTER INC

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA
Private Bag X67, Pretoria 0001
2019 -12- 19
GD-PRET-015
GRIFFIER VAN DIE HOOGGEREGSHOF SUID-AFRIKA,
GAUTENG-AFDELING,
PRETORIA

X19

14 De Kock Street
Vryburg
8601
Docex 3
Tel: 053 927 3964/5/6
Fax: 053 927 1015
PO Box 123, Vryburg, 8601



kotzélowswanepoel Inc.

Attorneys | Prokureurs

Incorporated with:

Venter, Booysen and Ferreira (VBF)

Vryburg • Schweizer Reneke • Groot Brakrivier

www.klsvryburg.co.za

SAKELIGA

Date: 2021-04-23
Our Ref: CAREL VAN HEERDEN
Your Ref:

Dear Sir

RE: VRYBURG NALEDI LOCAL MUNICIPALITY

We write this letter on the current state of affairs in Vryburg which town is managed by Naledi Municipality.

Unfortunately, Vryburg, like the rest of the towns in the North West Province was destroyed into a settlement where few or no services are rendered.

As residents of Vryburg we have to watch helplessly as our once beautiful town now looks like a rubbish dump.

Directors: A J Swanepoel (B.Iuris, LLB, Appraiser); Lebogang Lesley Mokgoro (LLB, LLM); H.J Swanepoel (B.Proc, Prof. Valuer); C van Heerden (B.Proc); M Ferreira (B. Proc); P Venter (BLC, LLB, Appraiser);
Associates: K de Guisti (BLC, LLB); N van Aswegen (LLB); A Koorts (LLB)
Kotzé Low Swanepoel is a Level 4 BEE Contributor | Reg nr: 2001/005699/21 | VAT nr: 4920279835

phatshoanehenney

14 De Kock Street
Vryburg
8601
Docex 3
Tel: 053 927 3964/5/6
Fax: 053 927 1015
PO Box 123, Vryburg, 8601

kotzélowswanepoel Inc.

Attorneys | Prokureurs

Incorporated with

Venter, Booysen and Ferreira (VBF)

Vryburg • Schweizer Reneke • Groot Brakrivier

www.klsvryburg.co.za

Except that almost no street lights work, all tarred roads are full of potholes, the sewer runs in various places in the street, papers and rubbish fill the whole place.

We as businessmen are discouraged because we try to do business in a town where the management of the municipality is in no way interested in managing the town. The Naledi Municipality continues to stumble from one day to the next without proper leadership to take responsibility for the dire circumstances of Vryburg.

The Naledi Municipality is on its knees and it cannot go on like this. Drastic intervention and action are now needed. Our office supports any legitimate effort to make a difference and improve Vryburg.

Yours faithfully,

CAREL VAN HEERDEN

Directors: AJ Swanepoel (B.Iuris, LLB, Appraiser); Lebogang Lesley Mokgoro (LLB, LLM); HJ Swanepoel (B.Proc, Prof. Valuer); C van Heerden (B.Proc); M Ferreira (B. Proc); P Venter (BLC, LLB, Appraiser);
Associates: K de Guisti (BLC, LLB); N van Aswegen (LLB); A Koorts (LLB)
Kotzé Low Swanepoel is a Level 4 BEE Contributor | Reg nr: 2001/005699/21 | VAT nr: 4920279835

phatshoanehenney

X20

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent

SUPPORTING AFFIDAVIT

I, the undersigned,

MATTHYS CHRISTIAAN PRETORIUS

do hereby declare under oath as follows:

1. I am a major male businessman and estate agent residing at 32 Kamp Street, Vryburg, North West Province.

2. The contents of this affidavit fall within my personal knowledge and is both true and correct.

3. I am a permanent resident in the Naledi Local Municipality, which bears responsibility over the town of Vryburg, North West Province.

4. I have been residing in the town for more than 25 years. I own and manage various businesses in town, including the Era Real Estate agency as well as a business which conducts property maintenance. My estate agency focusses on the selling of immovable property. We also manage a substantial rental book which includes residential, commercial, retail, and industrial properties. I am also a farmer in the region.

5. Between my two companies I employ between 18 and 20 permanent and casual employees.

6. I have always enjoyed living and conducting business in Vryburg. Over the last 12 years however, it has become more and more difficult as a result of an ever-progressing collapse in municipal service delivery in the town. It is certainly no longer enjoyable living in Vryburg if one is to face the constant interruption in supply of water and electricity in the town, along with the increasing number of potholes and the waste management and sanitation issues suffered on an almost weekly basis. It is as a result of this collapse in municipal services that my family and I are currently considering moving our households and businesses to another province with the hope of building a more conductive and secure future.

7. Until about 6 – 7 years ago, the business community was to a large extent represented by a local chamber of commerce. As the collapse of municipal functions increased however, the focus of the chamber of commerce became progressively more directed at negotiating and pressuring the municipality to uphold basic service delivery standards. This task at some point became so overwhelming that none of the members of the chamber of commerce had the energy to serve in its leadership. The lack of feedback and cooperation from the municipality only resulted in disappointment and frustration amongst the members. An uncooperative and despondent municipality made it a fruitless exercise to try and improve the business climate and economy in Vryburg.

ELECTRICITY

8. The Naledi Local Municipality is severely in arrears with its liabilities towards Eskom SOC Limited. As far as I know the municipality as on 30 December 2019, owed Eskom the sum of R 290 000 000.00. The debt situation in this regard has not improved since as far as I know the municipality to date, owes Eskom roughly the sum of R 390 000 000.00.

9. The most dumbfounding part of the Eskom debt crisis is the fact that most of the districts and towns which fall under the management of the municipality, has been placed on prepaid meter systems and in the town of Vryburg every household and business is required to use prepaid electricity. The Vryburg township receives its electricity directly from Eskom SOC Ltd. There cannot therefore be any arrears on our household and commercial electricity accounts towards the municipality. The only explanation is that the municipality fails to pay

over to Eskom what is due. Year on year, our debt with Eskom only grows (even though we as residents are required to pre-pay for our electricity use).

10. As a result of the municipality's debt, the community has suffered greatly due to attempts by Eskom to terminate the supply of electricity in response to the municipal debt owed to it. Most businesses in town who are able to afford it, make use of generators and solar power in order to remain open during loadshedding periods. Those businesses who are unable to afford private electricity generation, are unable to operate. All of our businesses however suffer due to the disruption, losses and additional expenses caused by the continued disruption in electricity supply.

11. A large group of citizens during or about 19 December 2019 decided to intervene in the dispute between the municipality and Eskom SOC Ltd in order to prevent the continued disruption of electricity supply of the town. An urgent application was brought in the Gauteng Division of the High Court, Pretoria under case number 93705/2019 in order to prevent the termination of bulk supply of electricity to the town. As far as I know, the case is still ongoing, at a great cost to the community.

12. During the month of February 2021 a transformer exploded in Vryburg which had the result that a large part of the town was without any electricity for more or less a week before the issue was attended to and fixed.

WATER

13. The municipality has neglected over time to regularly maintain and upgrade the water infrastructure of Vryburg. As a result of failures in the water delivery

systems of the town, households and businesses are often left without water for 2 to 7 days at a time. Most of the people I know who can afford it, have installed large water tanks on their property in order to manage the constant disruption suffered. I myself have water tanks installed on my property as a measure of precaution and I furthermore plan to transport borehole water from my farm back into town when the town is left with water again.

14. On the 2nd day of March 2021 a water pump exploded in Vryburg which left the town without water. The town was left without water for three (3) days before the problem was attended to and fixed.

SEWAGE

15. The municipality has on numerous occasions failed to adequately maintain and fix sewage issues in Vryburg. On one occasion, during 2020, there were continuous sewage leaks within the town's streets for days on end and the municipality was properly informed about the sewage issue however, the municipality neglected and/or refused to timeously attend to and repair the sewage issue and consequently private contractors had to be contacted by the community themselves to come to the town's aid after the sewage issue has persisted for more or less a week. This issue has occurred multiple times.

16. During the weeks of 22 February 2021 and 4 March 2021 raw sewage continuously flowed down De Kock Street, Vryburg. The smell was horrendous, and the municipality refused and/or failed to attend to this issue timeously and consequently this problem continued for two weeks before any action was taken by the municipality.

POTHOLES

17. The potholes in Vryburg are a serious issue and has worsen as a result of this years' heavy rains. The municipality has neglected and/or refused to attend to this issue, despite community demand, and consequently the community of Vryburg had to turn to Afriforum to come and repair the potholes within the town. I drive detours on a daily basis just to miss the damage-causing potholes on our town's main streets which do not get properly nor timeously repaired.

GENERAL MAINTENANCE OF THE TOWN

18. The municipality fails and/or refuses to remove the waste and refuse from the streets of Vryburg.

19. The grass on Vryburg's sidewalks is no longer being cut nor maintained by the municipality at all and consequently the residents have to cut and maintain these grasses themselves.

20. A large amount of Vryburg's streetlights no longer work and the municipality refuses and/or neglects to replace these streetlights with working ones.

21. The road signs in Vryburg are extremely dilapidated whilst the lines on the road are vague or non-existent and the municipality refuses and/or neglects to repaint, repaired and/or replaced them.

22. The general maintenance of Vryburg is extremely appalling and the refusal and/or failure of the municipality to deliver these basic services to the community of Vryburg is at a great cost to the community as clearly seen above.

MATTHYS CHRISTIAAN
PRETORIUS

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at VRYBURG on this the 18 day **MAY 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS
FULL NAMES:
BUSINESS ADDRESS:
DESIGNATION:
AREA / OFFICE:

Hermanus Jacobus Pretorius
Kommissaris van Ede
de Kockstraat 14 • VRYBURG 8601
Praktiserende Prokureur R.S.A

X21

National Treasury: The state of local government finances and financial management reports

Ditsobotla	Financial Distress			X	X	X	X	X	
	s139 Intervention			X	X	X	X	Not listed as part of report	
Naledi	Financial Distress	X			X	X	X	X	X
	s139 Intervention						X	Not listed as part of reports	

X 22

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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

The state of local government finances and financial management as at 30 June 2011

Fourth Quarter of the 2010/11 financial year

Analysis Document

November 2011

Produced by:

Chief Directorate: Local Government Budget Analysis

CONTACT PERSON:

Jan Hattingh
Chief Director: Local Government Budget Analysis
Intergovernmental Relations
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Cat. Code	Mun_Name	Muni Code	Financial Distress 2008/9	Financial Distress 2010/11	Audit Outcomes 2009/10	CFO vacant (October 2011)	MM vacant (October 2011)	s.139 Interventions (June 2011)	Siyenza Manje Support (July 2010)	MFIP Support (October 2011)
B	Mogalakwena	LIM367	YES	-	-				-	
B	Ephraim Mogale	LIM471	-	-	-				YES	
B	Elias Motsoaledi	LIM472	-	-	Disclaimer	Acting	Acting		-	YES
B	Makhuduthamaga	LIM473	-	-	Disclaimer		Acting		-	
B	Fetakgomo	LIM474	-	-	-				-	
B	Greater Tubatse	LIM475	-	-	Qualified		Acting		-	
B	Albert Luthuli	MP301	YES	-	-	Acting	Acting		-	YES
B	**Msukaligwa**	**MP302**	-	**YES**	-	**Acting**			-	**YES**
B	Mkhondo	MP303	-	-	-	Acting		Sec. 139(1)(b)	-	YES
B	**Pixley Ka Seme**	**MP304**	-	**YES**	**Disclaimer**			**Sec. 139(1)(b)**	-	
B	**Lekwa**	**MP305**	-	**YES**	-	**Acting**	**Acting**	**Sec. 139(1)(b)**	-	**YES**
B	Dipaleseng	MP306	-	-	Disclaimer				-	YES
B	Victor Khanye	MP311	-	-	-		Acting		-	
B	Emakhazeni	MP314	-	-	-	Acting			-	
B	Thembisile	MP315	-	-	Disclaimer	Acting	Acting	Sec. 139(1)(b)	-	YES
B	Dr J.S. Moroka	MP316	-	-	Disclaimer	Acting	Acting		-	YES
B	**Thaba Chweu**	**MP321**	**YES**	**YES**	**Disclaimer**	**Acting**	**Acting**	**Sec. 139(1)(b)**	-	
B	Umjindi	MP323	YES	-	Disclaimer	Acting			-	YES
B	**Nkomazi**	**MP324**	-	**YES**	**Qualified**	**Acting**	**Acting**		-	**YES**
B	Bushbuckridge	MP325	YES	-	-		Acting		YES	YES
B	Moretele	NW371	YES	-	-				YES	YES
B	Kgetlengrivier	NW374	YES	-	-				-	
B	Moses Kotane	NW375	-	-	-			Sec. 139(1)(b)	-	
B	Ratlou	NW381	-	-	-		Acting		-	YES
B	Tswaing	NW382	-	-	-	Acting	Acting	Sec. 139(1)(b)	-	YES
B	Mafikeng	NW383	-	-	-	Acting	Acting	Sec. 139(1)(b)	-	YES
B	Ditsobotla	NW384	-	-	-	Acting			-	
B	Ramotshere Moiloa	NW385	-	-	Qualified		Acting		-	
B	Kagisano	NW391	YES	-	-		Acting		-	
B	**Naledi (Nw)**	**NW392**	-	**YES**	-		**Acting**		**YES**	
B	Mamusa	NW393	-	-	-	Acting			YES	
B	Greater Taung	NW394	-	-	Qualified	Acting	Acting		-	
B	Molopo	NW395	-	-	-				-	
B	**Lekwa-Teemane**	**NW396**	-	**YES**	**Disclaimer**				-	
B	**Ventersdorp**	**NW401**	**YES**	**YES**	-	**Acting**	**Acting**		**YES**	
B	Maquassi Hills	NW404	YES	-	-		Acting		-	
B	Moshaweng	NC451	-	-	-	Acting	Acting		-	
B	Ga-Segonyana	NC452	-	-	Disclaimer				-	
B	Gamagara	NC453	-	-	-		Acting		-	YES

X23

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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

The state of local government finances and financial management as at 30 June 2012

Fourth Quarter of the 2011/12 financial year

Analysis Document

October 2012

Produced by:

Chief Directorate: Local Government Budget Analysis

CONTACT PERSON:

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Mun_Name	Mun_Code	Audit Outcome 2010/11	MFIP Advisors (Y/N)	MISA Support (Y/N)	Persistent Underspending - Capital Budget	Interventions (Y/N)	Financial Distress (Y/N)
Lekwa	MP305	Disclaimer	YES	-	-	Terminated	YES
Dipaleseng	MP306	Qualified	YES	YES	-	-	-
Victor Khanye	MP311	Financially unqualified with no findings	-	-	YES	-	-
Emakhazeni	MP314	Financially unqualified with findings	-	-	YES	-	-
Thembisile	MP315	Qualified	YES	YES	-	Terminated	-
Dr J.S. Moroka	MP316	Disclaimer	YES	YES	YES	-	-
Thaba Chweu	MP321	Audit not finalised at legislated date	YES	YES	-	Terminated	YES
Umjindi	MP323	Disclaimer	YES	-	-	-	-
Nkomazi	MP324	Financially unqualified with findings	YES	YES	-	-	YES
Bushbuckridge	MP325	Financially unqualified with findings	YES	YES	-	-	-
Moretele	NW371	Audit not finalised at legislated date	YES	YES	YES	-	-
Kgetlengrivier	NW374	Audit not finalised at legislated date	-	YES	YES	-	-
Moses Kotane	NW375	Audit not finalised at legislated date	-	-	YES	Terminated	YES
Ratlou	NW381	Financially unqualified with findings	YES	YES	-	-	-
Tswaing	NW382	Audit not finalised at legislated date	YES	YES	YES	Terminated	-
Mafikeng	NW383	Audit not finalised at legislated date	YES	-	YES	Terminated	YES
Ditsobotla	NW384	Audit not finalised at legislated date	-	-	YES	-	-
Ramotshere Moiloa	NW385	Audit not finalised at legislated date	-	-	YES	-	YES
Kagisano	NW391	Audit not finalised at legislated date	-	-		-	
Naledi (Nw)	NW392	Disclaimer	-	YES	YES	-	-
Mamusa	NW393	Audit not finalised at legislated date	-	YES	-	-	YES

X24

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Department:
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REPUBLIC OF SOUTH AFRICA

The state of local government finances and financial management as at 30 June 2013

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Cat	Mun_Name	Financial Distress 2012/13	Audit Outcomes 2011/12	Persistent Capital Underspending 2011-13	MM vacant (September 2013)	CFO vacant (September 2013)	S139 Interventions (June 2013)	MFIP Support (August 2013)	Persistent Distress
Local Municipalities	Moses Kotane	-	Qualified	YES	Permanent	Permanent	Terminated	0	1
	Ratlou	-	Financially unqualified with findings	-	Permanent	Permanent	0	0	0
	Tswaing	-	Disclaimer	YES	Permanent	Permanent	Terminated	Yes	0
	Mafikeng	-	Disclaimer	YES	Permanent	Permanent	Terminated	Yes	1
	Ditsobotla	**YES**	**Disclaimer**	**YES**	**Permanent**	**Permanent**	**commence and in progress**	**0**	1
	Ramotshere Moloa	-	Disclaimer	YES	Permanent	Acting	0	0	1
	Kagisano-Molopo	-	Disclaimer	-	Permanent	Acting	0	0	1
	Naledi (Nw)	-	Disclaimer	-	Acting	Permanent	0	0	1
	Mamusa	-	Disclaimer	-	Permanent	Permanent	0	0	1
	Greater Taung	-	Disclaimer	YES	Acting	Acting	0	0	1
	Lekwa-Teemane	**YES**	**Disclaimer**	**YES**	**Permanent**	**Permanent**	**0**	**0**	3
	Ventersdorp	-	Disclaimer	YES	Permanent	Permanent	0	0	3
	Maquassi Hills	**YES**	**Disclaimer**	-	**Permanent**	**Acting**	**commence and in progress**	**0**	2
	Jae Morolong	**YES**	**Audit not finalised at legislated date**	-	**Permanent**	**Permanent**	**0**	**0**	2
	Ga-Segonyana	**YES**	**Disclaimer**	-	**Permanent**	**Permanent**	**0**	**0**	1
	Gamagara	**YES**	**Disclaimer**	**YES**	**Permanent**	**Permanent**	**0**	**0**	2
	Richtersveld	**YES**	**Financially unqualified with findings**	**YES**	**Permanent**	**Permanent**	**0**	**0**	3
	Nama Khoi	**YES**	**Audit not finalised at legislated date**	**YES**	**Permanent**	**Permanent**	**0**	**0**	2
	Kamiesberg	**YES**	**Audit not finalised at legislated date**	-	**Permanent**	**Permanent**	**0**	**Yes**	2
	Hantam	-	Qualified	-	Permanent	Permanent	0	0	2
	Karoo Hoogland	-	Audit not finalised at legislated date	-	Acting	Permanent	0	0	1
	Khai-Ma	**YES**	**Financially unqualified with findings**	-	**Acting**	**Permanent**	**0**	**0**	2
	Ubuntu	**YES**	**Qualified**	-	**Permanent**	**Permanent**	**0**	**0**	2
	Umsobomvu	-	Financially unqualified with findings	YES	Permanent	Permanent	0	Yes	0
	Emthanjeni	-	Qualified	YES	Permanent	Permanent	0	0	1
	Kareeberg	-	Financially unqualified with findings	-	Permanent	Permanent	0	0	3
	Renosterberg	**YES**	**Audit not finalised at legislated date**	-	**Acting**	**Acting**	**0**	**Yes**	3
	Thembelihle	**YES**	**Disclaimer**	-	**Permanent**	**Acting**	**0**	**Yes**	2
	Siyathemba	**YES**	**Disclaimer**	-	**Acting**	**Acting**	**0**	**0**	2
	Siyancuma	**YES**	**Disclaimer**	-	**Permanent**	**Permanent**	**0**	**Yes**	3
	Mier	-	Audit not finalised at legislated date	YES	Acting	Acting	0	0	1
	Kai Garib	-	Audit not finalised at legislated date	-	Permanent	Acting	0	0	2
	//Khara Hais	-	Disclaimer	YES	Acting	Permanent	0	0	0
	Kheis	-	Disclaimer	-	Acting	Permanent	0	0	0
	Tsantsabane	-	Audit not finalised at legislated date	YES	Acting	Acting	0	0	2
	Kgatelopele	-	Audit not finalised at legislated date	YES	Permanent	Acting	0	Yes	0
	Dikgatlong	**YES**	**Audit not finalised at legislated date**	-	**Permanent**	**Permanent**	**0**	**0**	3
	Magareng	**YES**	**Disclaimer**	-	**Permanent**	**Permanent**	**0**	**0**	1
	Phokwane	-	Disclaimer	YES	Permanent	Permanent	0	0	0
	Matzikama	**YES**	**Financially unqualified with findings**	-	**Permanent**	**Permanent**	**0**	**0**	1
	Cederberg	**YES**	**Audit not finalised at legislated date**	-	**Permanent**	**Permanent**	**0**	**0**	1
	Bergriver	-	Qualified	-	Permanent	Permanent	0	0	0
	Saldanha Bay	-	Financially unqualified with findings	YES	Permanent	Permanent	0	Yes	0
	Swartland	-	Financially unqualified with no findings	-	Permanent	Permanent	0	0	0
	Witzenberg	**YES**	**Financially unqualified with findings**	-	**Permanent**	**Permanent**	**0**	**0**	2

X25

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REPUBLIC OF SOUTH AFRICA

The state of local government finances and financial management as at 30 June 2014

Fourth Quarter of the 2013/14 financial year

Analysis Document

CONTACT PERSON:

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Consolidated audit outcomes, interventions, vacancies and distress list

Annexure B

Municipality Name	Mun_Code	Financial Distress 2013/14	Audit outcomes 2012/13	Persistent Capital Underspending 2012-15	MM vacant	CFO vacancy	Section 139 interventions June 2014	MFIP Support	Persistent Distress
Nelson Mandela	NMA	-	Qualified	-	Permanent	Acting			
Ekurhuleni Metro	EKU	-	Unqualified with findings	-	Permanent	Permanent			1
City Of Johannesburg	JHB	-	Unqualified with findings	-	Permanent	Permanent			
City Of Tshwane	TSH	-	Unqualified with findings	-	Permanent	Permanent			
eThekwini	ETH	-	Unqualified with findings	-	Permanent	Permanent			
Cape Town	CPT	-	Unqualified with no finding	-	Permanent	Permanent			
Buffalo City	BUF	-	Qualified	Yes	Acting	Acting			
Mangaung	MAN	-	Qualified	Yes	Permanent	Permanent			2
Matjhabeng	FS184	-	Disclaimer	-	Acting	Permanent			1
Emfuleni	GT421	Yes	Unqualified with findings	Yes	Permanent	Permanent			3
Mogale City	GT481	-	Unqualified with findings	-	Permanent	Permanent			1
Msunduzi	KZN225	-	Qualified	-	Permanent	Permanent		Yes	2
Newcastle	KZN252	-	Qualified	Yes	Permanent	Acting			
uMhlathuze	KZN282	-	Unqualified with no finding	Yes	Permanent	Permanent			
Polokwane	LIM354	-	Audit outstanding	-	Permanent	Permanent		Yes	2
Govan Mbeki	MP307	Yes	Qualified	Yes	Permanent	Permanent			2
Emalahleni (Mp)	MP312	Yes	Disclaimer	-	Acting	Permanent	Yes	Yes	4
Steve Tshwete	MP313	-	Unqualified with no finding	Yes	Permanent	Permanent			
Mbombela	MP322	Yes	Unqualified with findings	Yes	Acting	Acting			2
Madibeng	NW372	-	Qualified	-	Acting	Permanent			2
Rustenburg	NW373	-	Qualified	Yes	Acting	Permanent			
Tlokwe	NW402	-	Unqualified with findings	Yes	Permanent	Acting			
City Of Matlosana	NW403	-	Disclaimer	Yes	Permanent	Permanent	Yes	Yes	1
Sol Plaatje	NC091	-	Qualified	Yes	Permanent	Permanent			
Drakenstein	WC023	-	Unqualified with findings	Yes	Permanent	Permanent			
Stellenbosch	WC024	-	Unqualified with findings	Yes	Permanent	Permanent			
George	WC044	-	Unqualified with no finding	-	Permanent	Permanent			
Camdeboo	EC101	-	Qualified	-	Permanent	Permanent			
Blue Crane Route	EC102	-	Qualified	-	Permanent	Permanent			
Ikwezi	EC103	Yes	Disclaimer	Yes	Acting	Permanent		Yes	3
Makana	EC104	-	Audit outstanding	-	Acting	Acting			2
Ndlambe	EC105	Yes	Qualified	-	Permanent	Permanent			2
Sundays River Valley	EC106	-	Audit outstanding	Yes	Permanent	Permanent		Yes	1
Baviaans	EC107	-	Qualified	-	Permanent	Permanent		Yes	
Kouga	EC108	Yes	Qualified	-	Permanent	Permanent			2
Kou-Kamma	EC109	-	Qualified	Yes	Permanent	Permanent		Yes	2
Mbhashe	EC121	-	Qualified	Yes	Acting	Permanent			
Mnquma	EC122	-	Qualified	Yes	Permanent	Permanent			2
Great Kei	EC123	Yes	Adverse	Yes	Acting	Acting			1
Amahlathi	EC124	Yes	Unqualified with findings	-	Permanent	Permanent			1
Ngqushwa	EC126	-	Disclaimer	Yes	Permanent	Acting			1
Nkonkobe	EC127	-	Qualified	-	Permanent	Acting		Yes	
Nxuba	EC128	Yes	Qualified	-	Permanent	Permanent		Yes	3
Inxuba Yethemba	EC131	-	Disclaimer	-	Permanent	Acting			2
Tsolwana	EC132	-	Unqualified with findings	-	Permanent	Acting			
Inkwanca	EC133	-	Qualified	-	Permanent	Acting			1
Lukhanji	EC134	-	Disclaimer	Yes	Acting	Acting			
Intsika Yethu	EC135	-	Adverse	-	Permanent	Permanent			1
Emalahleni (Ec)	EC136	-	Disclaimer	Yes	Permanent	Permanent		Yes	2
Engcobo	EC137	-	Unqualified with findings	Yes	Permanent	Permanent			1
Sakhisizwe	EC138	-	Qualified	-	Permanent	Permanent		Yes	
Elundini	EC141	-	Unqualified with findings	Yes	Permanent	Acting		Yes	1
Senqu	EC142	-	Unqualified with findings	-	Permanent	Permanent			
Maletswai	EC143	Yes	Qualified	Yes	Permanent	Permanent		Yes	4
Gariep	EC144	Yes	Adverse	-	Permanent	Permanent			2
Nggura Hills	EC153	-	Unqualified with findings	-	Permanent	Permanent			
Port St Johns	EC154	-	Qualified	-	Acting	Acting			1
Nyandeni	EC155	-	Unqualified with findings	-	Permanent	Permanent			
Mhlontlo	EC156	Yes	Adverse	Yes	Acting	Acting			2
King Sabata Dalindyebo	EC157	Yes	Disclaimer	-	Acting	Permanent			3
Matatiele	EC441	-	Unqualified with findings	Yes	Permanent	Permanent			2
Umzimvubu	EC442	Yes	Unqualified with findings	-	Permanent	Permanent			1
Mbizana	EC443	-	Adverse	-	Permanent	Permanent			
Ntabankulu	EC444	-	Qualified	-	Acting	Permanent			2
Letsemeng	FS181	-	Qualified	-	Acting	Permanent		Yes	
Kopanong	FS162	-	Qualified	-	Permanent	Permanent		Yes	3
Mohokare	FS163	-	Qualified	-	Permanent	Permanent		Yes	3
Naledi (Fs)	FS164	Yes	Disclaimer	Yes	Permanent	Permanent		Yes	3
Masilonyana	FS181	Yes	Qualified	-	Permanent	Permanent		Yes	3
Tokologo	FS182	-	Qualified	-	Permanent	Permanent		Yes	1
Tswelopele	FS183	Yes	Unqualified with findings	-	Permanent	Permanent		Yes	2
Nala	FS185	Yes	Audit outstanding	Yes	Permanent	Permanent		Yes	2
Setsoto	FS191	-	Qualified	-	Permanent	Permanent		Yes	2
Dihlabeng	FS192	-	Unqualified with findings	-	Acting	Permanent			
Nketoana	FS193	Yes	Unqualified with findings	Yes	Permanent	Permanent		Yes	2
Maluti-a-Phofung	FS194	Yes	Disclaimer	Yes	Permanent	Permanent		Yes	3
Phumelela	FS195	Yes	Disclaimer	-	Permanent	Permanent		Yes	3
Mantsopa	FS196	-	Disclaimer	-	Permanent	Permanent			2
Moqhaka	FS201	-	Disclaimer	-	Permanent	Permanent		Yes	2
Ngwathe	FS203	-	Disclaimer	Yes	Permanent	Acting		Yes	1
Metsimaholo	FS204	Yes	Qualified	Yes	Permanent	Permanent		Yes	4
Mafube	FS205	Yes	Disclaimer	-	Permanent	Permanent			2
Midvaal	GT422	-	Unqualified with findings	-	Permanent	Permanent			1
Lesedi	GT423	Yes	Unqualified with findings	Yes	Permanent	Permanent			3
Randfontein	GT482	Yes	Qualified	Yes	Acting	Acting			3
Westonaria	GT483	-	Qualified	-	Permanent	Permanent			1
Merafong City	GT484	-	Unqualified with findings	-	Acting	Permanent			
Vulamehlo	KZN211	Yes	Disclaimer	Yes	Permanent	Permanent		Yes	2
Umdoni	KZN212	Yes	Unqualified with findings	Yes	Permanent	Permanent			3
Umzumbe	KZN213	-	Unqualified with findings	-	Permanent	Permanent			
uMuziwabantu	KZN214	-	Unqualified with findings	Yes	Permanent	Permanent			3
Ezinqoleni	KZN215	-	Unqualified with findings	-	Permanent	Permanent			
Hibiscus Coast	KZN216	-	Unqualified with findings	-	Permanent	Permanent			
uMshwathi	KZN221	Yes	Unqualified with findings	Yes	Acting	Permanent			4
uMngeni	KZN222	Yes	Unqualified with findings	-	Acting	Acting			4

Phokwane	NC094	-	Disclaimer	-	Permanent	Permanent			2
Joe Morolong	NC451	-	Disclaimer	-	Permanent	Permanent			1
Ga-Segonyana	NC452	-	Disclaimer	Yes	Permanent	Permanent			3
Gamagara	NC453	Yes	Qualified	Yes	Permanent	Permanent			1
Moretele	NW371	Yes	Disclaimer	-	Permanent	Permanent		Yes	2
Kgetlengrivier	NW374	Yes	Disclaimer	-	Acting	Permanent			1
Moses Kotane	NW375	-	Unqualified with findings	-	Permanent	Permanent			
Rattou	NW381	-	Qualified	Yes	Permanent	Permanent		Yes	
Tswaing	NW382	-	Disclaimer	-	Permanent	Acting		Yes	
Mafikeng	NW383	-	Disclaimer	Yes	Permanent	Permanent		Yes	1
Ditsobotla	NW384	Yes	Disclaimer	Yes	Acting	Permanent	Yes		2
Ramotshere Moiloa	NW385	Yes	Disclaimer	Yes	Permanent	Permanent			2
Kagisano-Molopo	NW397	-	Disclaimer	-	Permanent	Acting			
Naledi (Nw)	NW392	Yes	Unqualified with findings	-	Permanent	Permanent			2
Mamusa	NW393	Yes	Disclaimer	-	Permanent	Permanent			2
Greater Taung	NW394	-	Disclaimer	-	Permanent	Permanent			1
Lekwa-Teemane	NW396	Yes	Disclaimer	Yes	Acting	Acting		Yes	4
Ventersdorp	NW401	-	Disclaimer	Yes	Permanent	Permanent			2
Maquassi Hills	NW404	Yes	Disclaimer	Yes	Permanent	Permanent	Terminated		2
Matzikama	WC011	-	Unqualified with findings	-	Acting	Permanent			
Cederberg	WC012	Yes	Unqualified with findings	-	Permanent	Permanent			2
Bergrivier	WC013	-	Unqualified with findings	-	Permanent	Permanent			
Saldanha Bay	WC014	-	Unqualified with findings	Yes	Permanent	Permanent		Yes	
Swartland	WC015	-	nqualified with no finding	-	Permanent	Permanent			
Witzenberg	WC022	-	nqualified with no finding	-	Permanent	Permanent			2
Breede Valley	WC025	-	nqualified with no finding	-	Permanent	Permanent			
Langeberg	WC026	-	nqualified with no finding	-	Permanent	Permanent			
Theewaterskloof	WC031	-	nqualified with no finding	-	Permanent	Permanent			
Overstrand	WC032	-	nqualified with no finding	-	Permanent	Permanent			
Cape Agulhas	WC033	-	Unqualified with findings	-	Permanent	Permanent			
Swellendam	WC034	Yes	Unqualified with findings	-	Permanent	Permanent			2
Kannaland	WC041	Yes	Adverse	-	Permanent	Permanent			3
Hessequa	WC042	-	Unqualified with findings	Yes	Permanent	Permanent			
Mossel Bay	WC043	-	nqualified with no finding	-	Permanent	Permanent			
Oudtshoorn	WC045	-	Unqualified with findings	-	Acting	Acting		Yes	
Bitou	WC047	-	Unqualified with findings	-	Permanent	Permanent			
Knysna	WC048	-	nqualified with no finding	-	Permanent	Permanent			
Laingsburg	WC051	-	Unqualified with findings	Yes	Permanent	Permanent		Yes	1
Prince Albert	WC052	-	Unqualified with findings	-	Permanent	Permanent		Yes	1
Beaufort West	WC053	-	Unqualified with findings	Yes	Permanent	Acting			1
Cacadu	DC10	-	Unqualified with findings	Yes	Permanent	Permanent			
Amathole	DC12	-	Unqualified with findings	Yes	Permanent	Permanent			
Chris Hani	DC13	-	Qualified	-	Permanent	Acting			
Joe Gqabi	DC14	Yes	Unqualified with findings	-	Permanent	Permanent		Yes	3
O .R. Tambo	DC15	-	Disclaimer	-	Permanent	Permanent			1
Alfred Nzo	DC44	Yes	Disclaimer	Yes	Permanent	Permanent		Yes	3
Xhariep	DC16	Yes	Qualified	Yes	Permanent	Permanent			2
Lejweleputswa	DC18	-	Unqualified with findings	-	Permanent	Permanent			1
Thabo Mofutsanyana	DC19	Yes	Unqualified with findings	Yes	Permanent	Permanent			1
Fezile Dabi	DC20	-	Unqualified with findings	Yes	Permanent	Permanent			
Sedibeng	DC42	-	nqualified with no finding	-	Permanent	Permanent			
West Rand	DC48	-	Unqualified with findings	-	Permanent	Acting			1
Ugu	DC21	-	Disclaimer	-	Permanent	Permanent		Yes	1
uMgungundlovu	DC22	-	Unqualified with findings	-	Acting	Acting		Yes	1
Uthukela	DC23	-	Disclaimer	-	Permanent	Permanent			
Umzinyathi	DC24	Yes	Unqualified with findings	-	Permanent	Permanent			2
Amajuba	DC25	Yes	Unqualified with findings	-	Permanent	Permanent			1
Zululand	DC26	-	Unqualified with findings	-	Permanent	Permanent		Yes	1
Umkhanyakude	DC27	-	Qualified	-	Permanent	Permanent			2
uThungulu	DC28	-	nqualified with no finding	Yes	Permanent	Permanent		Yes	
iLembe	DC29	-	Unqualified with findings	-	Acting	Permanent		Yes	1
Sisonke	DC43	-	Unqualified with findings	-	Permanent	Permanent			
Mopani	DC33	Yes	Audit outstanding	Yes	Permanent	Acting			2
Vhembe	DC34	-	Disclaimer	Yes	Permanent	Permanent			1
Capricorn	DC35	-	Qualified	Yes	Permanent	Permanent			1
Waterberg	DC36	-	Qualified	Yes	Permanent	Permanent			
Greater Sekhukhune	DC47	-	Audit outstanding	Yes	Permanent	Permanent		Yes	
Gert Sibande	DC30	-	Unqualified with findings	-	Permanent	Permanent			
Nkangala	DC31	-	Unqualified with findings	Yes	Permanent	Permanent			
Ehlanzeni	DC32	-	nqualified with no finding	-	Permanent	Permanent			1
Bojanala Platinum	DC37	-	Unqualified with findings	-	Permanent	Permanent			
Ngaka Modiri Molema	DC38	-	Disclaimer	-	Permanent	Permanent	contesting the intervention		1
Mompati	DC39	-	Qualified	-	Permanent	Permanent			
Dr Kenneth Kaunda	DC40	-	Unqualified with findings	Yes	Permanent	Permanent			
John Taolo Gaetsewe	DC45	-	Qualified	-	Permanent	Permanent			
Namakwa	DC6	-	Qualified	Yes	Permanent	Permanent			
Pixley Ka Seme	DC7	Yes	Qualified	-	Permanent	Permanent			2
Siyanda	DC8	-	nqualified with no finding	-	Permanent	Permanent			1
Frances Baard	DC9	-	Unqualified with findings	Yes	Permanent	Acting			
West Coast	DC1	-	nqualified with no finding	-	Permanent	Permanent			
Cape Winelands									
DM	DC2	-	Unqualified with findings	Yes	Permanent	Permanent			
Overberg	DC3	-	Unqualified with findings	Yes	Permanent	Permanent		Yes	
Eden	DC4	-	Unqualified with findings	-	Permanent	Permanent			
Central Karoo	DC5	-	Unqualified with findings	-	Permanent	Acting		Yes	1

X26

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REPUBLIC OF SOUTH AFRICA

The state of local government finances and financial management as at 30 June 2016

Fourth quarter of the 2015/16 financial year

Analysis Document

CONTACT PERSON:

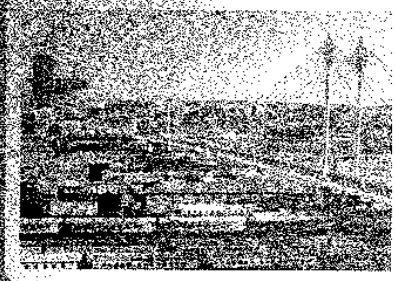
Jan Hattingh
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Annexure B: Consolidated audit outcome, interventions, vacancies and distress list

Category	Municipality Name	Muni Code	Financial Distress 2015/16	Audit Outcome 2013/14	Persistent Capital Underspending 2013 -15	MM Vacancy	CFO vacancy	Section 139 Interventions August 2016	MFIP Support	Persistent Distress
B2	Maruleng	LIM335	-	Qualified	-	Acting	Permanent			0
B2	Musina	LIM341	YES	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			3
B2	Mutale	LIM342	-	Qualified	-	Permanent	Permanent			2
B2	Thulamela	LIM343	-	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent		Yes	0
B2	Makhado	LIM344	-	Qualified	-	Permanent	Permanent		Yes	0
B2	Blouberg	LIM351	-	Qualified	YES	Acting	Acting		Yes	0
B2	Aganang	LIM352	-	Qualified	YES	Permanent	Permanent			0
B2	Molemole	LIM353	-	Unqualified - Emphasis of Matter Items	YES	Permanent	Permanent		Yes	1
B2	Lepelle-Nkumpi	LIM355	-	Qualified	YES	Acting	Permanent			0
B2	Thabazimbi	LIM361	YES	Disclaimer of opinion	-	Acting	Acting	Yes		4
B2	Lephalale	LIM362	-	Unqualified - Emphasis of Matter Items	-	Permanent	Acting			0
B2	Mookgopong	LIM364	-	Qualified	-	Permanent	Permanent			3
B2	Modimolle	LIM365	YES	Qualified	YES	Permanent	Permanent		Yes	3
B2	Bela Bela	LIM366	YES	Unqualified - Emphasis of Matter Items	YES	Permanent	Acting			2
B2	Mogalakwena	LIM367	-	Disclaimer of opinion	-	Acting	Acting			2
B2	Ephraim Mogale	LIM471	-	Disclaimer of opinion	YES	Permanent	Permanent			0
B2	Elias Motsoaledi	LIM472	-	Qualified	-	Permanent	Permanent			0
B2	Makhuduthamaga	LIM473	-	Unqualified - Emphasis of Matter Items	YES	Permanent	Permanent			1
B2	Fetakgomo	LIM474	-	Qualified	-	Permanent	Permanent			3
B2	Greater Tubatse	LIM475	YES	Disclaimer of opinion	-	Permanent	Permanent			1
B2	Albert Luthuli	MP301	-	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			0
B2	Msukaligwa	MP302	YES	Disclaimer of opinion	-	Permanent	Permanent			5
B2	Mkhondo	MP303	YES	Qualified	-	Permanent	Permanent		Yes	1
B2	Pixley Ka Seme (Mp)	MP304	-	Unqualified - Emphasis of Matter Items	-	Permanent	Acting			1
B2	Lekwa	MP305	YES	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			4
B2	Dipaleseng	MP306	-	Unqualified - Emphasis of Matter Items	-	Acting	Permanent			2
B2	Victor Khanye	MP311	-	Qualified	-	Permanent	Acting			0
B2	Emakhazeni	MP314	-	Disclaimer of opinion	-	Permanent	Permanent		Yes	0
B2	Thembisile Hani	MP315	-	Qualified	-	Permanent	Permanent		Yes	0
B2	Dr JS Moroka	MP316	YES	Qualified	-	Permanent	Acting			1
B2	Thaba Chweu	MP321	YES	Disclaimer of opinion	-	Acting	Acting			6
B2	Umjindi	MP323	-	Unqualified - Emphasis of Matter Items	-	Permanent	Acting			0
B2	Nkomazi	MP324	YES	Unqualified - Emphasis of Matter Items	-	Permanent	Acting			5
B2	Bushbuckridge	MP325	YES	Qualified	-	Permanent	Permanent			1
B2	Moretele	NW371	-	Qualified	-	Permanent	Permanent			1
B2	Kgetlengrivier	NW374	YES	Qualified	-	Acting	Acting			3
B2	Moses Kotane	NW375	-	Qualified	-	Acting	Permanent			2
B2	Ratlou	NW381	-	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			0
B2	Tswaing	NW382	YES	Disclaimer of opinion	-	Acting	Acting	Yes		1
B2	Mahikeng	NW383	-	Disclaimer of opinion	YES	Acting	Acting	Yes	Yes	2
B2	Ditsobotla	NW384	YES	Disclaimer of opinion	YES	Acting	Acting	Yes		3
B2	Ramotshere Moiloa	NW385	YES	Unqualified - Emphasis of Matter Items	-	Acting	Acting			4
B2	Kagisano-Molopo	NW397	-	Qualified	-	Permanent	Acting			1
B2	Naledi (Nw)	NW392	YES	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			3
B2	Mamusa	NW393	YES	Disclaimer of opinion	-	Permanent	Permanent			5
B2	Greater Taung	NW394	YES	Qualified	-	Permanent	Permanent			3
B2	Lekwa-Teemane	NW396	YES	Qualified	YES	Permanent	Acting	Yes	Yes	5
B2	Ventersdorp	NW401	YES	Disclaimer of opinion	YES	Acting	Acting	Yes		4
B2	Maquassi Hills	NW404	YES	Qualified	-	Permanent	Acting		Yes	2
B2	Joe Morolong	NC451	-	Qualified	-	Permanent	Permanent			2
B2	Ga-Segonyana	NC452	YES	Disclaimer of opinion	-	Permanent	Acting			1
B2	Gamagara	NC453	YES	Qualified	YES	Permanent	Permanent			4
B2	Richtersveld	NC061	YES	Qualified	YES	Acting	Permanent			3
B2	Nama Khoi	NC062	-	Qualified	YES	Acting	Acting			2
B2	Kamiesberg	NC064	YES	Qualified	-	Permanent	Permanent		Yes	4
B2	Hantam	NC065	YES	Qualified	-	Acting	Acting			4
B2	Karoo Hoogland	NC066	YES	Qualified	-	Permanent	Acting			4
B2	Khai-Ma	NC067	YES	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			4
B2	Ubuntu	NC071	YES	Qualified	-	Acting	Vacant			4
B2	Umsobomvu	NC072	-	Unqualified - Emphasis of Matter Items	YES	Permanent	Permanent		Yes	1
B2	Emthanjeni	NC073	-	Unqualified - Emphasis of Matter Items	YES	Permanent	Permanent			0
B2	Kareeberg	NC074	-	Unqualified - Emphasis of Matter Items	-	Permanent	Permanent			3
B2	Renosterberg	NC075	-	Outstanding	-	Acting	Acting			1
B2	Thembelihle	NC076	-	Qualified	-	Permanent	Permanent		Yes	2
B2	Siyathemba	NC077	YES	Disclaimer of opinion	-	Acting	Permanent			2
B2	Siyancuma	NC078	-	Qualified	-	Permanent	Acting		Yes	3
B2	Mier	NC081	YES	Qualified	-	Acting	Acting			4
B2	!Kai! Garib	NC082	-	Qualified	-	Acting	Permanent			2
B2	//Khara Hais	NC083	-	Unqualified - Emphasis of Matter Items	YES	Permanent	Permanent			2
B2	Kheis	NC084	-	Qualified	-	Permanent	Permanent			1

X27

Fourth Quarter of the 2016/17 financial year







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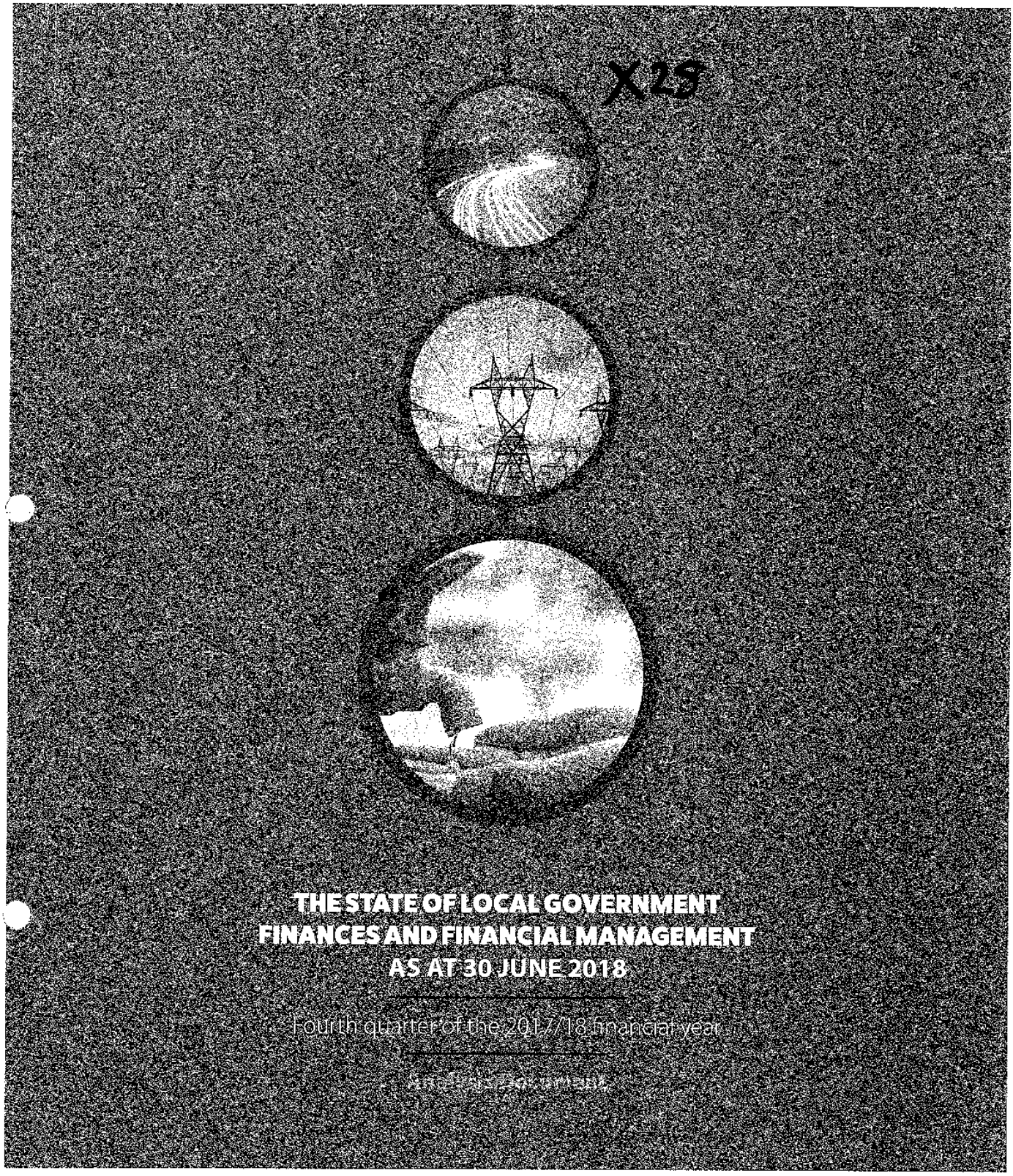
2030 NDP

ANNEXURE A2

Consolidated audit outcomes, interventions, vacancies and distress list

Category	Municipality Name	Municipality Code	Financial Distress 2016/17	Audit Outcome 2015/16	Persistent / Repeat / Unfunded / Unspent conditional grants 2015/16	MM Vacancy	CFO Vacancy	Section 139 Intervention March 2017	MFIP Support	Persistent Distress
B2	Ditsobotla	NW384	YES	Qualified	-	Acting	Permanent			4
B2	Ramotshere Moiloa	NW385	-	Qualified	-	Acting	Acting			4
B2	Tswaing	NW382	-	Qualified	-	Acting	Acting			1
B2	Ratlou	NW381	-	Qualified	-	Permanent	Permanent			0
B2	Lekwa-Teemane	NW396	YES	Disclaimer of opinion	YES	Acting	Acting		Yes	6
B2	Mamusa	NW393	-	Disclaimer of opinion	-	Acting	Acting			5
B2	Naledi (Nw)	NW392	YES	Unqualified with findings	-	Acting	Acting			4
B2	Greater Taung	NW394	YES	Qualified	-	Permanent	Permanent			4
B2	Kagisano-Molopo	NW397	-	Unqualified with findings	YES	Permanent	Acting			1
B2	Maquassi Hills	NW404	YES	Qualified	-	Permanent	Acting		Yes	3
B2	Saldanha Bay	WC014	-	Unqualified - No findings	YES	Permanent	Permanent			0
B2	Bergrivier	WC013	-	Unqualified - No findings	-	Permanent	Permanent			0
B2	Cederberg	WC012	-	Unqualified with findings	YES	Acting	Permanent			2

X23



THE STATE OF LOCAL GOVERNMENT FINANCES AND FINANCIAL MANAGEMENT AS AT 30 JUNE 2018

Fourth quarter of the 2017/18 financial year

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2030 NDP

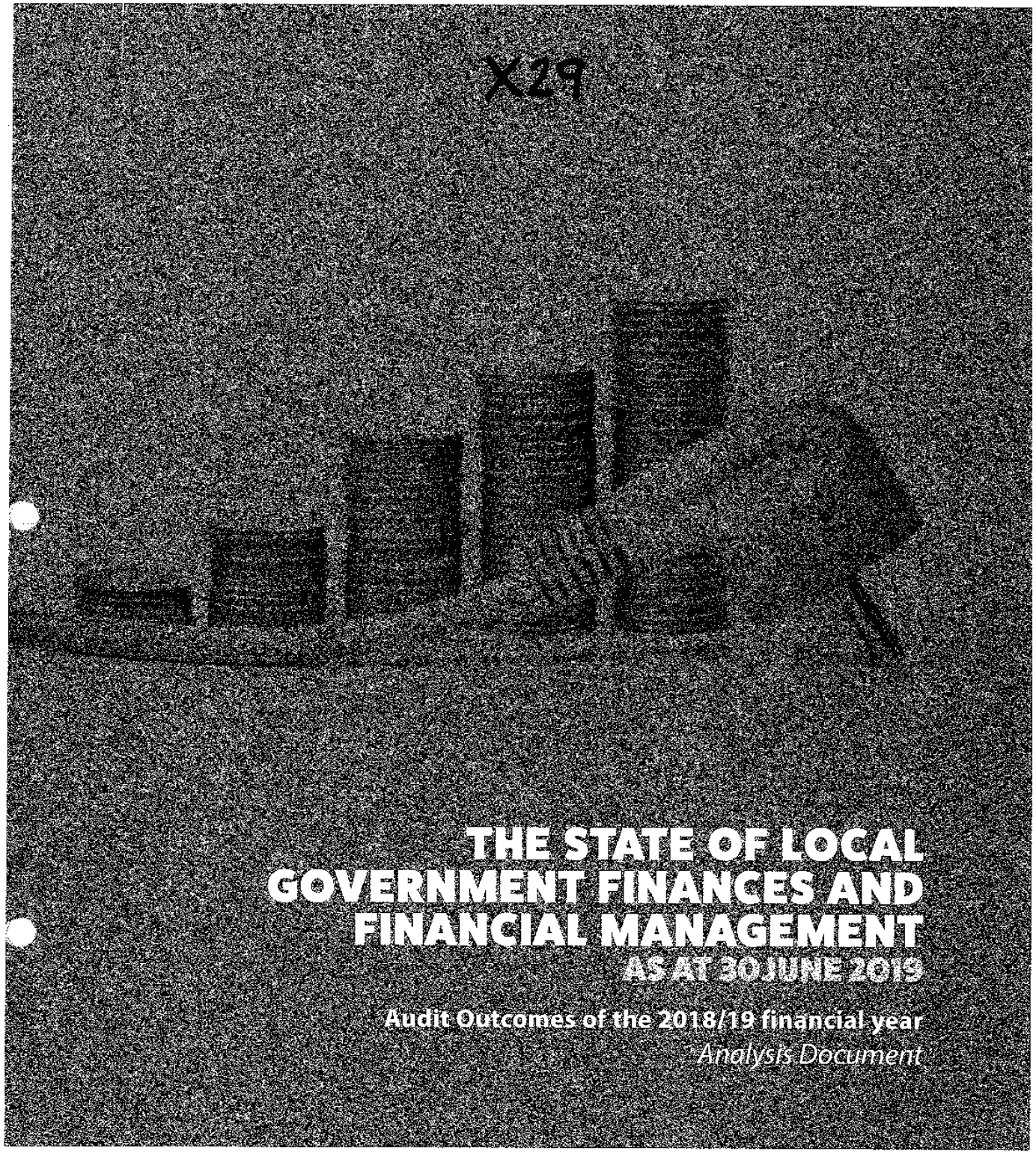
ANNEXURE A2

Category	Municipality Name	Muni Code	Financial Distress 2017/18	Audit Outcome 2017/18	Persistent Capital Underspending 2016/17	MM vacancy	CFO vacancy	Section 139 Interventions March 2017	MFIP Support	Persistent Distress
B2	Bushbuckridge	MP325	-	Qualified	-	Permanent	Acting			2
B2	Nkomazi	MP324	-	Unqualified - With findings	YES	Permanent	Permanent			2
B2	Ga-Segonyana	NC452	-	Qualified	-	Permanent	Permanent			3
B2	Gamagara	NC453	-	Disclaimer of opinion	YES	Permanent	Acting			2
B2	Joe Morolong	NC451	YES	Disclaimer of opinion	-	Permanent	Acting			2
B2	Hantam	NC065	YES	Qualified	-	Permanent	Permanent			3
B2	Kamiesberg	NC064	YES	Qualified	-	Permanent	Acting		Yes	4
B2	Karoo Hoogland	NC066	YES	Unqualified - With findings	-	Permanent	Permanent			4
B2	Khai-Ma	NC067	YES	Qualified	-	Permanent	Permanent			4
B2	Nama Khoi	NC062	YES	Qualified	-	Permanent	Acting			2
B2	Richtersveld	NC061	YES	Qualified	-	Acting	Permanent			4
B2	Emthanjeni	NC073	-	Unqualified - With findings	YES	Permanent	Permanent			2
B2	Kareeberg	NC074	-	Unqualified - With findings	-	Permanent	Permanent			0
B2	Renosterberg	NC075	-	Outstanding	-	Acting	Acting			2
B2	Siyancuma	NC078	YES	Unqualified - With findings	-	Acting	Permanent		Yes	3
B2	Siyathemba	NC077	-	Outstanding	YES	Permanent	Permanent			4
B2	Thembelihle	NC076	YES	Qualified	-	Permanent	Permanent		Yes	3
B2	Ubuntu	NC071	YES	Qualified	YES	Acting	Permanent			3
B2	Umsobomvu	NC072	YES	Unqualified - With findings	YES	Permanent	Permanent		Yes	2
B2	Dawid Kruiper	NC087	-	Unqualified - With findings	-	Permanent	Permanent			1
B2	//Kai! Garib	NC082	YES	Qualified	-	Acting	Acting			1
B2	//Khois	NC084	YES	Disclaimer of opinion	YES	Acting	Acting			3
B2	Kgatelopele	NC086	-	Disclaimer of opinion	-	Permanent	Permanent		Yes	1
B2	Tsantsabane	NC085	-	Outstanding	-	Acting	Acting			4
B2	Dikgatlong	NC092	YES	Outstanding	YES	Permanent	Permanent			2
B2	Magareng	NC093	YES	Qualified	-	Permanent	Permanent			4
B2	Phokwane	NC094	-	Outstanding	-	Acting	Acting			1
B2	Kgetlengrivier	NW374	YES	Disclaimer of opinion	-	Permanent	Permanent	Yes		5
B2	Moretele	NW371	YES	Qualified	-	Permanent	Acting			2
B2	Moses Kotane	NW375	YES	Disclaimer of opinion	YES	Permanent	Acting			1
B2	Mafikeng	NW383	YES	Disclaimer of opinion	-	Acting	Acting	Yes	Yes	2
B2	Ditsobotla	NW384	-	Disclaimer of opinion	-	Permanent	Acting	Yes		5

ANNEXURE B1

Category	Municipality Name	Muni Code	Financial Distress 2017/18	Audit Outcome 2017/18	Persistent capital underspending 2016/18	MM vacancy	CFO vacancy	Section 139 Interventions March 2017	MFIP Support	Persistent Distress
B2	Ramotshere Moiloa	NW385	YES	Disclaimer of opinion	-	Acting	Acting	Yes		3
B2	Tswaing	NW382	YES	Qualified	-	Permanent	Permanent			1
B2	Ratlou	NW381	-	Qualified	-	Permanent	Acting			1
B2	Lekwa-Teemane	NW396	YES	Disclaimer of opinion	-	Permanent	Acting		Yes	3
B2	Mamusa	NW393	YES	Disclaimer of opinion		Permanent	Permanent			4
B2	Naledi (NW)	NW392	YES	Disclaimer of opinion	-	Permanent	Permanent	Yes		4
B2	Greater Taung	NW394	-	Qualified	YES	Permanent	Acting			2
B2	Kagisano-Molopo	NW397	-	Disclaimer of opinion	YES	Permanent	Acting	Yes		1
B2	Mantsopa	NW404	-	Disclaimer of opinion	-	Acting	Acting	Yes	Yes	4
B2	Saldanha Bay	WC014	-	Unqualified - With findings	YES	Permanent	Permanent			0
B2	Bergrivier	WC013		Unqualified - No findings	-	Permanent	Permanent			0
B2	Cederberg	WC012	YES	Unqualified - No findings	YES	Permanent	Permanent			3
B2	Matzikama	WC011	YES	Unqualified - No findings	-	Permanent	Permanent			0
B2	Swartland	WC015	-	Unqualified - With findings	-	Permanent	Permanent			0
B2	Breede Valley	WC025	-	Unqualified - No findings	YES	Permanent	Permanent			0
B2	Langeberg	WC026	-	Unqualified - With findings	-	Permanent	Permanent			0
B2	Witzenberg	WC022	-	Unqualified - No findings		Permanent	Permanent			1
B2	Overstrand	WC032	-	Unqualified - No findings	-	Permanent	Permanent			0
B2	Cape Agulhas	WC033	-	Unqualified - No findings		Permanent	Permanent			0
B2	Swellendam	WC034	-	Unqualified - No findings	YES	Permanent	Permanent			1
B2	Theewaterskloof	WC031	YES	Unqualified - With findings	YES	Permanent	Permanent			0
B2	Knysna	WC048	-	Unqualified - With findings	YES	Acting	Permanent			1
B2	Mossel Bay	WC043	-	Unqualified - With findings	-	Permanent	Permanent			0
B2	Oudtshoorn	WC045	-	Qualified	YES	Permanent	Permanent		Yes	1
B2	Bitou	WC047	-	Unqualified - With findings	-	Permanent	Permanent			1
B2	Hessequa	WC042	-	Unqualified - No findings	YES	Permanent	Permanent			0
B2	Kannaland	WC041	-	Outstanding	YES	Permanent	Acting	Yes		3
B2	Beaufort West	WC053	-	Qualified	-	Permanent	Permanent		Yes	2
B2	Laingsburg	WC051	YES	Outstanding	YES	Acting	Permanent			1
B2	Prince Albert	WC052	-	Unqualified - With findings	-	Acting	Permanent			1
B2	Sarah Baartman	DC10	-	Unqualified - With findings	-	Permanent	Permanent			1
B2	Amathole	DC12	-	Qualified	-	Permanent	Permanent			2

X29



THE STATE OF LOCAL GOVERNMENT FINANCES AND FINANCIAL MANAGEMENT AS AT 30 JUNE 2019

Audit Outcomes of the 2018/19 financial year

Analysis Document

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

STAY SAFE
PROTECT SOUTH AFRICA

ANNEXURE A1

PROVINCE	CAT	DEMARCATION DESCRIPTION	DEMARC CODE	DISTRICT	FINANCIAL DISTRESS	AUDIT OUTCOMES	MM VACANCY	CFO VACANCY
Limpopo	C	Waterberg	DC36	Waterberg	-	Unqualified - With findings	Permanent	Acting
Limpopo	B	Elias Motsoaledi	LIM472	Sekhukhune	Financial Distress	Qualified	Acting	Acting
Limpopo	B	Ephraim Mogale	LIM471	Sekhukhune	-	Qualified	Acting	Acting
Limpopo	B	Makhuduthamaga	LIM473	Sekhukhune	Financial Distress	Unqualified - With findings	Permanent	Permanent
Limpopo	B	Tubatse Fetakgomo	LIM476	Sekhukhune	Financial Distress	Qualified	Acting	Permanent
Limpopo	C	Sekhukhune	DC47	Sekhukhune	Financial Distress	Qualified	Permanent	Acting
Mpumalanga	B	Albert Luthuli	MP301	Gert Sibande	-	Unqualified - With findings	Permanent	Permanent
Mpumalanga	B	Dipaleseng	MP306	Gert Sibande	Financial Distress	Disclaimer of opinion	Acting	Permanent
Mpumalanga	B	Govan Mbeki	MP307	Gert Sibande	Financial Distress	Outstanding	Permanent	Permanent
Mpumalanga	B	Lekwa	MP305	Gert Sibande	Financial Distress	Disclaimer of opinion	Permanent	Acting
Mpumalanga	B	Mkhondo	MP303	Gert Sibande	Financial Distress	Qualified	Permanent	Permanent
Mpumalanga	B	Msukaligwa	MP302	Gert Sibande	Financial Distress	Adverse opinion	Permanent	Permanent
Mpumalanga	B	Pixley Ka Seme (MP)	MP304	Gert Sibande	-	Disclaimer of opinion	Acting	Permanent
Mpumalanga	C	Gert Sibande	DC30	Gert Sibande	-	Unqualified - No findings	Permanent	Permanent
Mpumalanga	B	Dr J.S. Moroka	MP316	Nkangala	Financial Distress	Outstanding	Acting	Acting
Mpumalanga	B	Emakhazeni	MP314	Nkangala	Financial Distress	Adverse opinion	Permanent	Acting
Mpumalanga	B	Emalahleni (MP)	MP312	Nkangala	Financial Distress	Qualified	Permanent	Permanent
Mpumalanga	B	Steve Tshwete	MP313	Nkangala	-	Unqualified - With findings	Permanent	Permanent
Mpumalanga	B	Thembisile Hani	MP315	Nkangala	-	Qualified	Permanent	Acting
Mpumalanga	B	Victor Khanye	MP311	Nkangala	Financial Distress	Disclaimer of opinion	Acting	Permanent
Mpumalanga	C	Nkangala	DC31	Nkangala	-	Unqualified - No findings	Permanent	Permanent
Mpumalanga	B	Bushbuckridge	MP325	Ehlanzeni	Financial Distress	Unqualified - With findings	Permanent	Acting
Mpumalanga	B	City of Mbombela	MP326	Ehlanzeni	Financial Distress	Qualified	Permanent	Permanent
Mpumalanga	B	Nkomazi	MP324	Ehlanzeni	-	Unqualified - With findings	Permanent	Permanent
Mpumalanga	B	Thaba Chweu	MP321	Ehlanzeni	Financial Distress	Qualified	Acting	Permanent
Mpumalanga	C	Ehlanzeni	DC32	Ehlanzeni	-	Unqualified - With findings	Permanent	Permanent
North West	B	Kgetlengrivier	NW374	Bojanala Platinum	Financial Distress	Disclaimer of opinion	Permanent	Permanent
North West	B	Madibeng	NW372	Bojanala Platinum	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	B	Moretele	NW371	Bojanala Platinum	Financial Distress	Qualified	Acting	Acting
North West	B	Moses Kotane	NW375	Bojanala Platinum	Financial Distress	Qualified	Permanent	Permanent
North West	B	Rustenburg	NW373	Bojanala Platinum	Financial Distress	Qualified	Acting	Acting
North West	C	Bojanala Platinum	DC37	Bojanala Platinum	Financial Distress	Outstanding	Permanent	Permanent
North West	B	Ditsobotla	NW384	Ngaka Modiri Molema	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	B	Mafikeng	NW383	Ngaka Modiri Molema	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	B	Ramotshere Moiloa	NW385	Ngaka Modiri Molema	Financial Distress	Disclaimer of opinion	Permanent	Permanent
North West	B	Ratlou	NW381	Ngaka Modiri Molema	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	B	Tswaing	NW382	Ngaka Modiri Molema	Financial Distress	Qualified	Permanent	Permanent
North West	C	Ngaka Modiri Molema	DC38	Ngaka Modiri Molema	-	Outstanding	Acting	Permanent
North West	B	Greater Taung	NW394	Dr Ruth Segomotsi Mompati	-	Outstanding	Permanent	Permanent
North West	B	Kagisano-Molopo	NW397	Dr Ruth Segomotsi Mompati	Financial Distress	Qualified	Permanent	Permanent
North West	B	Lekwa-Teemane	NW396	Dr Ruth Segomotsi Mompati	Financial Distress	Disclaimer of opinion	Permanent	Acting

ANNEXURE A1

PROVINCE	CAT	DEMARCATION DESCRIPTION	DEMARC CODE	DISTRICT	FINANCIAL DISTRESS	AUDIT OUTCOMES	MM VACANCY	CFO VACANCY
North West	B	Mamusa	NW393	Dr Ruth Segomotsi Mompati	Financial Distress	Outstanding	Permanent	Permanent
North West	B	Naledi (NW)	NW392	Dr Ruth Segomotsi Mompati	Financial Distress	Outstanding	Acting	Permanent
North West	C	Dr Ruth Segomotsi Mompati	DC39	Dr Ruth Segomotsi Mompati	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	B	City of Matlosana	NW403	Dr Kenneth Kaunda	Financial Distress	Qualified	Permanent	Acting
North West	B	J B Marks	NW405	Dr Kenneth Kaunda	Financial Distress	Qualified	Permanent	Permanent
North West	B	Maquassi Hills	NW404	Dr Kenneth Kaunda	Financial Distress	Disclaimer of opinion	Acting	Acting
North West	C	Dr Kenneth Kaunda	DC40	Dr Kenneth Kaunda	-	Qualified	Permanent	Acting
Northern Cape	B	Ga-Segonyana	NC452	John Taolo Gaetsewe	Financial Distress	Outstanding	Permanent	Permanent
Northern Cape	B	Gamagara	NC453	John Taolo Gaetsewe	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Joe Morolong	NC451	John Taolo Gaetsewe	Financial Distress	Disclaimer of opinion	Permanent	Permanent
Northern Cape	C	John Taolo Gaetsewe	DC45	John Taolo Gaetsewe	Financial Distress	Unqualified - No findings	Permanent	Permanent
Northern Cape	B	Hantam	NC065	Namakwa	Financial Distress	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	Kamiesberg	NC064	Namakwa	Financial Distress	Disclaimer of opinion	Permanent	Acting
Northern Cape	B	Karoo Hoogland	NC066	Namakwa	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Khai-Ma	NC067	Namakwa	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Nama Khoi	NC062	Namakwa	Financial Distress	Qualified	Permanent	Acting
Northern Cape	B	Richtersveld	NC061	Namakwa	Financial Distress	Qualified	Acting	Acting
Northern Cape	C	Namakwa	DC6	Namakwa	Financial Distress	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	Emthanjeni	NC073	Pixley ka Seme (NC)	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Kareeberg	NC074	Pixley ka Seme (NC)	-	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	Renosterberg	NC075	Pixley ka Seme (NC)	Financial Distress	Outstanding	Acting	Acting
Northern Cape	B	Siyancuma	NC078	Pixley ka Seme (NC)	Financial Distress	Unqualified - With findings	Acting	Permanent
Northern Cape	B	Siyathemba	NC077	Pixley ka Seme (NC)	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Thembelihle	NC076	Pixley ka Seme (NC)	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Ubuntu	NC071	Pixley ka Seme (NC)	Financial Distress	Qualified	Acting	Permanent
Northern Cape	B	Umsobomvu	NC072	Pixley ka Seme (NC)	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	C	Pixley Ka Seme (NC)	DC7	Pixley ka Seme (NC)	Financial Distress	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	!Kai! Garib	NC082	Z F Mgcawu	Financial Distress	Disclaimer of opinion	Acting	Acting
Northern Cape	B	!Kheis	NC084	Z F Mgcawu	Financial Distress	Disclaimer of opinion	Acting	Acting
Northern Cape	B	Dawid Kruiper	NC087	Z F Mgcawu	Financial Distress	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	Kgatelopele	NC086	Z F Mgcawu	Financial Distress	Disclaimer of opinion	Permanent	Permanent
Northern Cape	B	Tsantsabane	NC085	Z F Mgcawu	Financial Distress	Outstanding	Permanent	Permanent
Northern Cape	C	Z F Mgcawu	DC8	Z F Mgcawu	Financial Distress	Unqualified - With findings	Permanent	Permanent
Northern Cape	B	Dikgatlong	NC092	Frances Baard	Financial Distress	Disclaimer of opinion	Permanent	Acting
Northern Cape	B	Magareng	NC093	Frances Baard	Financial Distress	Qualified	Permanent	Permanent
Northern Cape	B	Phokwane	NC094	Frances Baard	-	Outstanding	Acting	Acting
Northern Cape	B	Sol Plaatje	NC091	Frances Baard	-	Qualified	Acting	Acting
Northern Cape	C	Frances Baard	DC9	Frances Baard	-	Unqualified - With findings	Permanent	Acting
Western Cape	A	Cape Town	CPT	Metro	-	Unqualified - With findings	Permanent	Permanent
Western Cape	B	Bergrivier	WC013	West Coast	-	Unqualified - No findings	Permanent	Permanent
Western Cape	B	Cederberg	WC012	West Coast	Financial Distress	Unqualified - No findings	Permanent	Acting

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REPUBLIC OF SOUTH AFRICA

FORM A
REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY
(Section 18(1) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000))
[Regulation 6]

FOR DEPARTMENTAL USE

Reference number: .....

Request received by ..... (state rank, name and surname of information officer/deputy information officer) on ..... (date) at ..... (place).

Request fee (if any): R .....

Deposit (if any): R .....

Access fee: R .....

.....

SIGNATURE OF INFORMATION OFFICER/DEPUTY INFORMATION OFFICER

A. Particulars of public body

The Information Officer/Deputy Information Officer

Department: Cooperative Governance, Human Settlement and Traditional Affairs
North West Province Republic of South Africa

Head of Department
University Dirve
Garona Building
West Wing (2d Floor)
Office of the HOD - COGTA
Mmabatho

Phihadu Ephraim Motoko, Tel 018 388 2890, E-mail Marcia@nwpg.gov.za / SAnders@nwpg.gov.za

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

B. Particulars of person requesting access to the record

(a) The particulars of the person who requests access to the record must be given below.
(b) The address and/or fax number in the Republic to which the information is to be sent, must be given.
(c) Proof of the capacity in which the request is made, if applicable, must be attached.

Full names and surname: Péter Johannes Wassenaar

Identity number: 8 7 0 1 2 5 5 1 2 0 0 8 6

Postal address: HB Forum Building, Floor 3, 13 Stamvrug Street, Val de Grace, Pretoria

Telephone number: (012) 803 4719 Fax number: (086) 596 8516

E-mail address: peter@kriekprok.co.za

Capacity in which request is made, when made on behalf of another person:

Attorney of record for Sakeliga NPC.

C. Particulars of person on whose behalf request is made

This section must be completed ONLY if a request for information is made on behalf of another person.

Full names and surname: Sakeliga NPC - 2020/043725/08

Identity number:

D. Particulars of record

(a) Provide full particulars of the record to which access is requested, including the reference number if that is known to you, to enable the record to be located.
(b) If the provided space is inadequate, please continue on a separate folio and attach it to this form. The requester must sign all the additional folios.

1. Description of record or relevant part of the record:

Kindly refer to Annexure A attached hereto.

2. Reference number, if available: .....

3. Any further particulars of record:

Kindly refer to Annexure A attached hereto.

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E. Fees

(a) A request for access to a record, other than a record containing personal information about yourself, will be processed only after a request fee has been paid.
(b) You will be notified of the amount required to be paid as the request fee.
(c) The **fee payable for access** to a record depends on the form in which access is required and the reasonable time required to search for and prepare a record.
(d) If you qualify for exemption of the payment of any fee, please state the reason for exemption.

Reason for exemption from payment of fees:

.....

.....

.....

.....

F. Form of access to record

If you are prevented by a disability to read, view or listen to the record in the form of access provided for in 1 to 4 below, state your disability and indicate in which form the record is required.

Disability:

Form in which record is required:

Mark the appropriate box with an **X**.

NOTES:
(a) Compliance with your request for access in the specified form may depend on the form in which the record is available.
(b) Access in the form requested may be refused in certain circumstances. In such a case you will be informed if access will be granted in another form.
(c) The fee payable for access to the record, if any, will be determined partly by the form in which access is requested.

1. If the record is in written or printed form:					
X	copy of record*		inspection of record		
2. If record consists of visual images - (this includes photographs, slides, video recordings, computer-generated images, sketches, etc.):					
	view the images	X	copy of the images*		transcription of the images*

3. If record consists of recorded words or information which can be reproduced in sound:						
X	listen to the soundtrack (audio cassette)	X	transcription of soundtrack* (written or printed document)			
4. If record is held on computer or in an electronic or machine-readable form:						
	printed copy of record*		printed copy of information derived from the record*	X	copy in computer readable form* (stiffy or compact disc)	

*If you requested a copy or transcription of a record (above), do you wish the copy or transcription to be posted to you? Postage is payable.	YES	NO X
Note that if the record is not available in the language you prefer, access may be granted in the language in which the record is available.		
In which language would you prefer the record? English/Afrikaans		

G. Notice of decision regarding request for access

You will be notified in writing whether your request has been approved / denied. If you wish to be informed in another manner, please specify the manner and provide the necessary particulars to enable compliance with your request.

How would you prefer to be informed of the decision regarding your request for access to the record?

By email addressed to peter@kriekprok.co.za and rohann@kriekprok.co.za

Signed at Pretoria this day 14th of December year 2020

SIGNATURE OF REQUESTER / PERSON ON WHOSE BEHALF REQUEST IS MADE

ANNEXURE A

1 Abbreviations and definitions used in this annexure:

1.1 **Constitution** means the Constitution of the Republic of South Africa, 1996;

1.2 **MEC for local government** means the MEC for local government as defined in section 1 of the MFMA with specific reference to the North West Province;

1.3 **MEC for finance** means the MEC for finance as defined in section 1 of the MFMA with specific reference to the North West Province;

1.4 **MFMA** means the Local Government: Municipal Finance Management Act 56 of 2003;

PART A - DITSOBOTLA LOCAL MUNICIPALITY

PAIA request made with reference to the Ditsobotla Local Municipality

2 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Ditsobotla Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

3 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial

government into any financial problems within the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

4 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Ditsobotla Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

5 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

6 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

7 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Ditsobotla Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

8 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

9 Proof of the submission of any document referred to in paragraph 8 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

10 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

11 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

12 Proof of the submission of the documents referred to in paragraph 11 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

13 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Ditsobotla Local Municipality, the Minister of Finance, the Cabinet

member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

14 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

15 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

16 Proof of the submission of the documents referred to in paragraph 15 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA;

PART B - KGETLENGRIVIER LOCAL MUNICIPALITY

PAIA request made with reference to the Kgetlengrivier Local Municipality

17 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Kgetlengrivier Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

18 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

19 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Kgetlengrivier Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

20 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

21 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding

intervention at the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

22 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Kgetlengrivier Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

23 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

24 Proof of the submission of any document referred to in paragraph 23 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

25 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

26 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local

government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

27 Proof of the submission of the documents referred to in paragraph 26 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

28 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Kgetlengrivier Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

29 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

30 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

31 Proof of the submission of the documents referred to in paragraph 30 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART C - MAHIKENG LOCAL MUNICIPALITY

PAIA request made with reference to the Mahikeng Local Municipality

32 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Mahikeng Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

33 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

34 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Mahikeng Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of

section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

35 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

36 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

37 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Mahikeng Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

38 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

39 Proof of the submission of any document referred to in paragraph 38 to the Mahikeng Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

40 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

41 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

42 Proof of the submission of the documents referred to in paragraph 41 to the Mahikeng Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

43 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Mahikeng Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

44 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

45 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

46 Proof of the submission of the documents referred to in paragraph 45 to the Mahikeng Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART D - LEKWA-TEEMANE LOCAL MUNICIPALITY

PAIA request made with reference to the Lekwa-Teemane Local Municipality

47 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Lekwa-Teemane Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

48 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

49 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Lekwa-Teemane Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

50 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

51 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

52 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Lekwa-Teemane Local Municipality regarding the resolutions passed and/or

interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

53 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

54 Proof of the submission of any document referred to in paragraph 53 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

55 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

56 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

57 Proof of the submission of the documents referred to in paragraph 56 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

58 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Lekwa-Teemane Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

59 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

60 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

61 Proof of the submission of the documents referred to in paragraph 60 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART E - NALEDI LOCAL MUNICIPALITY

PAIA request made with reference to the Naledi Local Municipality

62 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Naledi Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

63 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

64 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Naledi Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

65 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

66 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

67 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Naledi Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

68 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

69 Proof of the submission of any document referred to in paragraph 68 to the Naledi Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

70 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

71 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

72 Proof of the submission of the documents referred to in paragraph 71 to the Naledi Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

73 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Naledi Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

74 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

75 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the

Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

76 Proof of the submission of the documents referred to in paragraph 75 to the Naledi Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART F - MAMUSA LOCAL MUNICIPALITY

PAIA request made with reference to the Mamusa Local Municipality

77 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Mamusa Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

78 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

79 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent

material breach of the Mamusa Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

80 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

81 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

82 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Mamusa Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

83 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

84 Proof of the submission of any document referred to in paragraph 83 to the Mamusa Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

85 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

86 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

87 Proof of the submission of the documents referred to in paragraph 86 to the Mamusa Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

88 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Mamusa Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

89 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

90 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

91 Proof of the submission of the documents referred to in paragraph 90 to the Mamusa Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART G - BOJANALA PLATINUM DISTRICT MUNICIPALITY

PAIA request made with reference to the Bojanala Platinum District Municipality

92 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Bojanala Platinum District Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

93 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

94 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Bojanala Platinum District Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

95 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

96 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

97 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Bojanala Platinum District Municipality regarding the resolutions passed and/or

interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

98 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

99 Proof of the submission of any document referred to in paragraph 98 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

100 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

101 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

102 Proof of the submission of the documents referred to in paragraph 101 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

103 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Bojanala Platinum District Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

104 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

105 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

106 Proof of the submission of the documents referred to in paragraph 105 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART G - DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

PAIA request made with reference to the Dr Ruth Segomotsi Mompati District Municipality

107 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Dr Ruth Segomotsi Mompati District Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

108 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

109 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Dr Ruth Segomotsi Mompati District Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

110 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Dr Ruth Segomotsi

Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

111 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

112 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Dr Ruth Segomotsi Mompati District Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

113 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

114 Proof of the submission of any document referred to in paragraph 113 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

115 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Dr

Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

116 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

117 Proof of the submission of the documents referred to in paragraph 116 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

118 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Dr Ruth Segomotsi Mompati District Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

119 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

120 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

121 Proof of the submission of the documents referred to in paragraph 120 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

Signed at Pretoria on 14 December 2020

PETER WASSENAAR

KRIEK WASSENAAR & VENTER INC

PRETORIA

POWER OF ATTORNEY

I, the undersigned

PIETER JACOBUS LE ROUX

ID: **8402105255087**

In my capacity as duly authorised

CHIEF EXECUTIVE OFFICER

of

SAKELIGA NPC

REG: 2012/04375/08

do hereby appoint and nominate,

KRIEK WASSENAAR & VENTER INC

and /or their appointed agents / correspondents /nominees

with full power of substitution, to be my lawful attorney with full power and authority for me and in my name, and for my account and benefit in the matter of and/or relating to:

PAIA - North West Provincial Department: Cooperative Governance (COGTA)
and/or MEC for Cooperative Governance (COGTA) North West Province

In the event that I act in a representative capacity, any reference to myself will by implication refer to the principal and/or organisation which I represent as indicated above and as the context requires.

My attorneys will in terms of this power of attorney be able to:

1. **Receive and handle moneys:** To demand, sue for and recover, and give discharges for all moneys, securities for all sums of money, debts, stocks, shares and property now or hereafter belonging to me, whether solely or jointly with any other person or persons. Remembering that my attorney will accrue costs/disbursements on my behalf and that certain fees will become payable out of the work done on my behalf, I hereby give *in rem sum* authority to recover all capital, costs, disbursements, fees and all other sums of money due to me on my behalf, and that all amounts received must first be deducted or set off against all fees and disbursements made on my behalf before any payments are made to me. I give specific authority to sign any release or discharge for the amount for the settlement in order to receive and recover the said amount. My attorneys and/or their nominees are also authorised to make use of any capital payments received to make payment of all debts and/or expenses. They are also herby authorised to withhold as security for costs any portion of any capital received on my behalf as they in their sole discretion see fit, being allowed to debit any preliminary attorney and client fees at any stage;
2. **To institute legal proceedings or to defend:** To defend any civil action brought against me or to institute action in any High Court or Magistrates Court or Arbitration Institution. This will include but not be limited to the institution and/or defending of any action and/or application brought

by and/or against me, including but not limited to debt collection, civil claims, delictual matters, contractual matters, enrichment matters, status matters, family law matters, divorce proceedings, maintenance and custody matters, liquidations, sequestrations and/or any other proceeding for the protection and/or enforcement and/or confirmation of any right that I may hold.

3. **To negotiate, discuss consider and settle:** To negotiate a settlement with any party concerned, to discuss the facts, merits and quantum and to give me advice. To consider all facts and documentation and to make decisions on my behalf. To agree, propose and settle any point in dispute and to agree, propose and settle any figures of settlement and to advise me thereof.
4. **To settle accounts:** To settle, compromise or submit to arbitration all accounts, claims and disputes between me and any other person or persons;
5. **To act with other persons:** To investigate, negotiate, receive and give out any information, documentation or data of any form or sort on my behalf and to act and communicate with any person, attorney, advocate or third party on my behalf ;
6. **To draft, receive and sign documentation:** To be able to draft, receive, peruse, consider, sign and give out any documentation that he/she considers relevant or necessary;
7. **To appoint experts**: To approach, consult and appoint any expert witnesses, to acquire expert reports and testimony and to accrue costs and make payments in that regard;
8. **To institute alternative dispute resolution proceedings:** To institute, make use of or request any alternative dispute resolution proceeding including but not limited to arbitration and/or mediation proceedings;
9. **To appoint assessors and agents:** To appoint any assessors, agents and/or tracing agents to assist, do work and give advice on my behalf. I also give authority to pay and settle all accounts in this regard;
10. **To appoint advocates and legal advisors:** To appoint any advocate and/or legal advisor to assist, give opinion and handle matters on my behalf. I also give authority to pay and settle all accounts in this regard;
11. **General power to act**: To do all that is necessary to finalize any matter and to act on my behalf in any manner that he/she considers necessary and in doing so, I confirm this Power is irrevocable. To generally for effecting the purposes aforesaid, to do or cause to be done whatsoever shall be requisite, and fully and effectively, for all intents and purposes, as I might or could do if personally present and acting herein /hereby ratifying, allowing and confirming and promising and agreeing tot ratify, allow and confirm all and whatsoever my said Attorneys and Agents shall lawfully do, or cause to be done, by virtue of these presents.

AND

Ratification: I hereby ratify and agree to ratify everything which my Attorney or his/her substitute or substitutes or agent or agents appointed by the Attorney under this power of attorney shall do or purport to do by virtue of this power of attorney.

This done and signed at Pretoria on 07-Dec-2020

(signed)

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REPUBLIC OF SOUTH AFRICA

FORM A
REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY
(Section 18(1) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000))
[Regulation 6]

FOR DEPARTMENTAL USE

Reference number: .....

Request received by ..... (state rank, name and surname of information officer/deputy information officer) on ..... (date) at ..... (place).

Request fee (if any): R .....

Deposit (if any): R .....

Access fee: R .....

.....

SIGNATURE OF INFORMATION OFFICER/DEPUTY INFORMATION OFFICER

A. Particulars of public body

The Information Officer/Deputy Information Officer

Department: Finance North West Province Republic of South Africa
Information officer
Mr Ndlela ISrael Kunene
Tel: 018 388 2856
Fax: 018 388 3310
E-mail: ikunene@nwpg.gov.za;
apetersen@nwpg.gov.za

Physical Address:
2nd Floor East Wing
Garona Building
Mmabatho
North West Province
Republic of South Africa

Deputy Information Officer:
Tiro Ntuane, Tel 018 338 5601, E-mail jnutuane@nwpg.gov.za, Fax 018 388 3310
Kesalopa Gill, Tel 012 315 551, E-mail kgill@nwpg.gov.za, Fax 018 388 3310

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

B. Particulars of person requesting access to the record

(a) The particulars of the person who requests access to the record must be given below.
(b) The address and/or fax number in the Republic to which the information is to be sent, must be given.
(c) Proof of the capacity in which the request is made, if applicable, must be attached.

Full names and surname: Péter Johannes Wassenaar

Identity number:

8	7	0	1	2	5	5	1	2	0	0	8	6

Postal address: HB Forum Building, Floor 3, 13 Stamvrug Street, Val de Grace, Pretoria

Telephone number: (012) 803 4719 Fax number: (086) 596 8516

E-mail address: peter@kriekprok.co.za

Capacity in which request is made, when made on behalf of another person:

Attorney of record for Sakeliga NPC.

C. Particulars of person on whose behalf request is made

This section must be completed ONLY if a request for information is made on behalf of another person.

Full names and surname: Sakeliga NPC - 2020/043725/08

Identity number:

D. Particulars of record

(a) Provide full particulars of the record to which access is requested, including the reference number if that is known to you, to enable the record to be located.
(b) If the provided space is inadequate, please continue on a separate folio and attach it to this form. The requester must sign all the additional folios.

1. Description of record or relevant part of the record:

Kindly refer to Annexure A attached hereto.

2. Reference number, if available: .....

3. Any further particulars of record:

Kindly refer to Annexure A attached hereto.

.....

.....

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.....

E. Fees

(a) A request for access to a record, other than a record containing personal information about yourself, will be processed only after a request fee has been paid.
(b) You will be notified of the amount required to be paid as the request fee.
(c) The **fee payable for access** to a record depends on the form in which access is required and the reasonable time required to search for and prepare a record.
(d) If you qualify for exemption of the payment of any fee, please state the reason for exemption.

Reason for exemption from payment of fees:

.....

.....

.....

.....

F. Form of access to record

If you are prevented by a disability to read, view or listen to the record in the form of access provided for in 1 to 4 below, state your disability and indicate in which form the record is required.

Disability:

Form in which record is required:

Mark the appropriate box with an **X**.

NOTES:
(a) Compliance with your request for access in the specified form may depend on the form in which the record is available.
(b) Access in the form requested may be refused in certain circumstances. In such a case you will be informed if access will be granted in another form.
(c) The fee payable for access to the record, if any, will be determined partly by the form in which access is requested.

1. If the record is in written or printed form:					
X	copy of record*		inspection of record		
2. If record consists of visual images - (this includes photographs, slides, video recordings, computer-generated images, sketches, etc.):					
	view the images	X	copy of the images*		transcription of the images*

3. If record consists of recorded words or information which can be reproduced in sound:						
X	listen to the soundtrack (audio cassette)	X	transcription of soundtrack* (written or printed document)			
4. If record is held on computer or in an electronic or machine-readable form:						
	printed copy of record*		printed copy of information derived from the record*	X	copy in computer readable form* (stiffy or compact disc)	

*If you requested a copy or transcription of a record (above), do you wish the copy or transcription to be posted to you? Postage is payable.	YES	NO X
Note that if the record is not available in the language you prefer, access may be granted in the language in which the record is available.		
In which language would you prefer the record? English/Afrikaans		

G. Notice of decision regarding request for access

You will be notified in writing whether your request has been approved / denied. If you wish to be informed in another manner, please specify the manner and provide the necessary particulars to enable compliance with your request.

How would you prefer to be informed of the decision regarding your request for access to the record?

By email addressed to peter@kriekprok.co.za and rohann@kriekprok.co.za

Signed at Pretoria this day 14th of December year 2020

SIGNATURE OF REQUESTER /
PERSON ON WHOSE BEHALF REQUEST IS MADE

ANNEXURE A

1 Abbreviations and definitions used in this annexure:

1.1 **Constitution** means the Constitution of the Republic of South Africa, 1996;

1.2 **MEC for local government** means the MEC for local government as defined in section 1 of the MFMA with specific reference to the North West Province;

1.3 **MEC for finance** means the MEC for finance as defined in section 1 of the MFMA with specific reference to the North West Province;

1.4 **MFMA** means the Local Government: Municipal Finance Management Act 56 of 2003;

PART A - DITSOBOTLA LOCAL MUNICIPALITY

PAIA request made with reference to the Ditsobotla Local Municipality

2 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Ditsobotla Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

3 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial

government into any financial problems within the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

4 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Ditsobotla Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

5 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

6 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

7 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Ditsobotla Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

8 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

9 Proof of the submission of any document referred to in paragraph 8 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

10 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

11 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

12 Proof of the submission of the documents referred to in paragraph 11 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

13 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Ditsobotla Local Municipality, the Minister of Finance, the Cabinet

member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

14 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

15 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Ditsobotla Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

16 Proof of the submission of the documents referred to in paragraph 15 to the Ditsobotla Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA;

PART B - KGETLENGRIVIER LOCAL MUNICIPALITY

PAIA request made with reference to the Kgetlengrivier Local Municipality

17 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Kgetlengrivier Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

18 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

19 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Kgetlengrivier Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

20 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

21 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding

intervention at the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

22 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Kgetlengrivier Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

23 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (ii) of the MFMA regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

24 Proof of the submission of any document referred to in paragraph 23 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

25 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

26 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local

government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

27 Proof of the submission of the documents referred to in paragraph 26 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

28 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Kgetlengrivier Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

29 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

30 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Kgetlengrivier Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

31 Proof of the submission of the documents referred to in paragraph 30 to the Kgetlengrivier Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART C - MAHIKENG LOCAL MUNICIPALITY

PAIA request made with reference to the Mahikeng Local Municipality

32 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Mahikeng Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

33 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

34 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Mahikeng Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of

section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

35 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

36 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

37 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Mahikeng Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

38 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

39 Proof of the submission of any document referred to in paragraph 38 to the Mahikeng Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

40 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

41 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

42 Proof of the submission of the documents referred to in paragraph 41 to the Mahikeng Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

43 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Mahikeng Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

44 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

45 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Mahikeng Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

46 Proof of the submission of the documents referred to in paragraph 45 to the Mahikeng Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART D - LEKWA-TEEMANE LOCAL MUNICIPALITY

PAIA request made with reference to the Lekwa-Teemane Local Municipality

47 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Lekwa-Teemane Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

48 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

49 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Lekwa-Teemane Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

50 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

51 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

52 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Lekwa-Teemane Local Municipality regarding the resolutions passed and/or

interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

53 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

54 Proof of the submission of any document referred to in paragraph 53 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

55 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

56 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

57 Proof of the submission of the documents referred to in paragraph 56 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

58 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Lekwa-Teemane Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

59 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

60 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Lekwa-Teemane Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

61 Proof of the submission of the documents referred to in paragraph 60 to the Lekwa-Teemane Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART E - NALEDI LOCAL MUNICIPALITY

PAIA request made with reference to the Naledi Local Municipality

62 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Naledi Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

63 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

64 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Naledi Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

65 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

66 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

67 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Naledi Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

68 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

69 Proof of the submission of any document referred to in paragraph 68 to the Naledi Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

70 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

71 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

72 Proof of the submission of the documents referred to in paragraph 71 to the Naledi Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

73 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Naledi Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

74 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

75 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the

Naledi Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

76 Proof of the submission of the documents referred to in paragraph 75 to the Naledi Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART F - MAMUSA LOCAL MUNICIPALITY

PAIA request made with reference to the Mamusa Local Municipality

77 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Mamusa Local Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

78 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

79 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent

material breach of the Mamusa Local Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

80 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

81 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

82 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Mamusa Local Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

83 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

84 Proof of the submission of any document referred to in paragraph 83 to the Mamusa Local Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

85 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

86 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

87 Proof of the submission of the documents referred to in paragraph 86 to the Mamusa Local Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

88 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Mamusa Local Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

89 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

90 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Mamusa Local Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

91 Proof of the submission of the documents referred to in paragraph 90 to the Mamusa Local Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART G - BOJANALA PLATINUM DISTRICT MUNICIPALITY

PAIA request made with reference to the Bojanala Platinum District Municipality

92 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Bojanala Platinum District Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

93 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

94 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Bojanala Platinum District Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

95 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

96 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

97 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Bojanala Platinum District Municipality regarding the resolutions passed and/or

interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

98 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

99 Proof of the submission of any document referred to in paragraph 98 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

100 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

101 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

102 Proof of the submission of the documents referred to in paragraph 101 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

103 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Bojanala Platinum District Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

104 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

105 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Bojanala Platinum District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

106 Proof of the submission of the documents referred to in paragraph 105 to the Bojanala Platinum District Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

PART G - DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

PAIA request made with reference to the Dr Ruth Segomotsi Mompati District Municipality

107 All notices and/or notifications to the MEC for local government and the MEC for finance received from the Dr Ruth Segomotsi Mompati District Municipality as is described in section 135 (3) (b) of the MFMA regarding serious financial problems or anticipated problems in meeting its financial commitments during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

108 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the North West Province provincial executive council by the MEC for local government and/or the MEC regarding any and all investigations by the MEC for local government and/or the MEC for finance and/or the provincial government into any financial problems within the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

109 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated to the MEC for local government, the MEC for finance and/or the North West Province provincial executive regarding a serious or persistent material breach of the Dr Ruth Segomotsi Mompati District Municipality's obligation to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139 (5) of the Constitution are met, during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

110 All resolutions passed by the North West Province provincial executive in terms of section 136 (2) of the MFMA regarding provincial intervention in the Dr Ruth Segomotsi

Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

111 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

112 All communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or the Dr Ruth Segomotsi Mompati District Municipality regarding the resolutions passed and/or interventions taken by the North West Province provincial executive in terms of section 139 (1) of the Constitution and/or section 137 (1) of the MFMA regarding intervention at the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

113 All assessments and/or determinations and/or financial recovery plans and/or recommendations prepared by and/or submitted to the MEC for local government in terms of sections 137 (1) (a) and/or 137 (1) (c) and/or 137 (1) (c) (iii) of the MFMA regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

114 Proof of the submission of any document referred to in paragraph 113 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government as referred to in section 137 (2) of the MFMA;

115 All resolutions passed by the North West Province provincial executive in terms of section 139 (1) of the MFMA regarding finding a crisis in the financial affairs of the Dr

Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

116 All requests, determinations, assessments, communications, findings, reports, presentations, memoranda and/or submissions made and/or communicated by and/or between the North West Province provincial executive and/or the MEC for local government and/or the MEC for finance and/or Municipal Financial Recovery Service of the National Treasury regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

117 Proof of the submission of the documents referred to in paragraph 116 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government and the Minister of Finance as referred to in section 137 (2) of the MFMA;

118 All financial recovery plans, mandatory financial recovery plans, reports, assessments, communications, findings, reports, presentations, memoranda and/or submissions referred to in sections 141, 142, 143, 144 and/or 145 of the MFMA, submitted and/or communicated to the Dr Ruth Segomotsi Mompati District Municipality, the Minister of Finance, the Cabinet member responsible for local government, the Auditor Genera, organised local government in the North West Province, the North West Provincial executive government, the MEC for local government and/or the MEC for finance regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

119 All reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 147 (1) of the MFMA to or by the MEC for local government and/or the MEC for finance regarding the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

120 All resolutions, reports, assessments, communications, findings, presentations, memoranda and/or submissions made in terms of section 148 of the MFMA to or by the North West provincial legislature and/or the MEC for local government and/or the MEC for finance regarding any termination of any provincial intervention with reference to the Dr Ruth Segomotsi Mompati District Municipality during the financial years ending 2014, 2015, 2016, 2017, 2018, 2019 and 2020;

121 Proof of the submission of the documents referred to in paragraph 120 to the Dr Ruth Segomotsi Mompati District Municipality and the Cabinet member responsible for local government, the Minister of Finance, creditors having pending litigation against the municipality, the North West Province provincial legislature and organised government as referred to in section 148 (3) of the MFMA.

Signed at Pretoria on 14 December 2020

PETER WASSENAAR

KRIEK WASSENAAR & VENTER INC

PRETORIA

POWER OF ATTORNEY

I, the undersigned

PIETER JACOBUS LE ROUX

ID: 8402105255087

In my capacity as duly authorised

CHIEF EXECUTIVE OFFICER

of

SAKELIGA NPC

REG: 2012/04375/08

do hereby appoint and nominate,

KRIEK WASSENAAR & VENTER INC

and /or their appointed agents / correspondents /nominees

with full power of substitution, to be my lawful attorney with full power and authority for me and in my name, and for my account and benefit in the matter of and/or relating to:

PAIA- Department: Provincial Treasury North West Provincial Government
and/or MEC for Finance North West Provincial Government

In the event that I act in a representative capacity, any reference to myself will by implication refer to the principal and/or organisation which I represent as indicated above and as the context requires.

My attorneys will in terms of this power of attorney be able to:

1. **Receive and handle moneys:** To demand, sue for and recover, and give discharges for all moneys, securities for all sums of money, debts, stocks, shares and property now or hereafter belonging to me, whether solely or jointly with any other person or persons. Remembering that my attorney will accrue costs/disbursements on my behalf and that certain fees will become payable out of the work done on my behalf, I hereby give *in rem sum* authority to recover all capital, costs, disbursements, fees and all other sums of money due to me on my behalf, and that all amounts received must first be deducted or set off against all fees and disbursements made on my behalf before any payments are made to me. I give specific authority to sign any release or discharge for the amount for the settlement in order to receive and recover the said amount. My attorneys and/or their nominees are also authorised to make use of any capital payments received to make payment of all debts and/or expenses. They are also herby authorised to withhold as security for costs any portion of any capital received on my behalf as they in their sole discretion see fit, being allowed to debit any preliminary attorney and client fees at any stage;
2. **To institute legal proceedings or to defend:** To defend any civil action brought against me or to institute action in any High Court or Magistrates Court or Arbitration Institution. This will include but not be limited to the institution and/or defending of any action and/or application brought

by and/or against me, including but not limited to debt collection, civil claims, delictual matters, contractual matters, enrichment matters, status matters, family law matters, divorce proceedings, maintenance and custody matters, liquidations, sequestrations and/or any other proceeding for the protection and/or enforcement and/or confirmation of any right that I may hold.

3. **To negotiate, discuss consider and settle:** To negotiate a settlement with any party concerned, to discuss the facts, merits and quantum and to give me advice. To consider all facts and documentation and to make decisions on my behalf. To agree, propose and settle any point in dispute and to agree, propose and settle any figures of settlement and to advise me thereof.
4. **To settle accounts:** To settle, compromise or submit to arbitration all accounts, claims and disputes between me and any other person or persons;
5. **To act with other persons:** To investigate, negotiate, receive and give out any information, documentation or data of any form or sort on my behalf and to act and communicate with any person, attorney, advocate or third party on my behalf ;
6. **To draft, receive and sign documentation:** To be able to draft, receive, peruse, consider, sign and give out any documentation that he/she considers relevant or necessary;
7. **To appoint experts**: To approach, consult and appoint any expert witnesses, to acquire expert reports and testimony and to accrue costs and make payments in that regard;
8. **To institute alternative dispute resolution proceedings:** To institute, make use of or request any alternative dispute resolution proceeding including but not limited to arbitration and/or mediation proceedings;
9. **To appoint assessors and agents:** To appoint any assessors, agents and/or tracing agents to assist, do work and give advice on my behalf. I also give authority to pay and settle all accounts in this regard;
10. **To appoint advocates and legal advisors:** To appoint any advocate and/or legal advisor to assist, give opinion and handle matters on my behalf. I also give authority to pay and settle all accounts in this regard;
11. **General power to act:** To do all that is necessary to finalize any matter and to act on my behalf in any manner that he/she considers necessary and in doing so, I confirm this Power is irrevocable. To generally for effecting the purposes aforesaid, to do or cause to be done whatsoever shall be requisite, and fully and effectively, for all intents and purposes, as I might or could do if personally present and acting herein /hereby ratifying, allowing and confirming and promising and agreeing tot ratify, allow and confirm all and whatsoever my said Attorneys and Agents shall lawfully do, or cause to be done, by virtue of these presents.

AND

Ratification: I hereby ratify and agree to ratify everything which my Attorney or his/her substitute or substitutes or agent or agents appointed by the Attorney under this power of attorney shall do or purport to do by virtue of this power of attorney.

This done and signed at Pretoria on 07-Dec-2020

P. J. [illegible]

(signed)

X32

provincial treasury
Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

Second Floor, Garona Building, Mmabatho
Private Bag X2060
MMABATHO 2735
www.treasury.nwpg.gov.za

Enquiries: A. Morare
Tel: 018 388 3349
Fax:
Email: amorare@nwpg.gov.za

OFFICE OF THE HOD

Messrs Kriek Wassenaar & Venter Inc
3rd floor HB Forum Building
13 Stamvrug Road, Val de Grace
Pretoria
0185

By email: peter@kriekprok.co.za

Dear Mr Wassennar

RE: SAKELIGA NPC // MEC FOR FINANCE FOR THE NORTH WEST PROVINCE: PAIA REQUEST

1. The above subject matter and our Zoom virtual meeting held earlier this afternoon refer.

2. The purpose of the meeting was to clarify the PAIA request served on the department in terms of Section 18 of the Promotion of Access to Information Act of 2000 in relation to the roles and segregation of responsibilities of affected stakeholders as per the applicable legislative prescripts (i.e discretionary interventions vs mandatory interventions in terms of the constitution and the Municipal Finance Management Act) ; as well as the previous response provided by the Provincial Treasury which you deemed insufficient.

3. During the meeting, Provincial Treasury emphasised its willingness to cooperate and to accede to the request to the extent that it relates to the availability of the records requested.

4. However, it placed it on records that to date; there is and has not been any mandatory intervention invoked on the municipalities in terms of Section 139 (5) of the Constitution read together with Section 139 of the Municipal Finance Management Act. The on-going function that is being executed at the municipalities is in respect of the oversight role.

5. It is for this reason that the request could not be processed as far as it relates to the implementation of the mandatory intervention by the Provincial Treasury as alluded to in our previous response dated 01 February 2021 which will not be replicated herein. However, Provincial Treasury is in a preparatory process of implementing the mandatory interventions.

6. It is our submission that the parties agreed and resolved that the clarity provided was sufficient. It was further agreed that Provincial Treasury will prepare a transfer of the PAIA to the department of Cooperative Governance and Traditional Affairs (COGTA) and the Premier's office in line with Section 20 of PAIA for further handling.

7. Copies of the transfer letters to both COGTA and Office of the Premier are attached hereto for ease of reference.

8. We appreciate your cooperation.

Sincerely yours

Mr. N Kunene
Head of Department

X33

provincial treasury
Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

Second Floor, Garona Building, Mmabatho
Private Bag X2060
MMABATHO 2735
www.treasury.nwpg.gov.za

Enquiries: A. Morare
Tel: 018 388 3349
Fax:
Email: amorare@nwpg.gov.za

OFFICE OF THE HOD

Mr P. Motoko
Information Officer
Department of Cooperative Governance and Traditional Affairs
Garona Building
Mmabatho
2735

By email: pmotoko@nwpg.gov.za

Dear Mr Motoko

RE: TRANSFER OF REQUEST FOR INFORMATION IN TERMS OF SECTION 20 OF PROMOTION OF ACCESS TO INFORMATION ACT OF 2000 (PAIA)

1. The above subject matter and the attached PAIA request refer.

2. In terms of Section 20 of PAIA; if a request is made to the Information Officer of a public body in respect of which the record is not in possession or control of that body but in possession of other public body; the information officer to whom the request is made must transfer the request to the information officer of the other body.

3. In accordance with the latter provision, Provincial Treasury hereby transfers the attached request for your attention and further handling. Your response should be directed to the requester herein.

4. The requester granted Provincial Treasury permission to transfer the said request post the 30 days period. You are therefore required to process this request within 30 days from receipt of this letter.

5. A copy of our response letter to the requester is attached hereto for ease of reference.

Sincerely yours

Mr. M[illegible]mene
Head of Department

Date: 10/01/2017

X 34

provincial treasury

Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

Second Floor, Garona Building, Mmabatho
Private Bag X2060
MMABATHO 2735
www.treasury.nwpg.gov.za

Enquiries: A. Morare
Tel: 018 388 3349
Fax:
Email: amorare@nwpg.gov.za

OFFICE OF THE HOD

Mr S. Mpanza
The Administrator
Office of the Premier
Garona Building
Mmabatho
2735

By email:sibusiso.mpanza@dpsa.gov.za

Dear Mr Mpanza

RE: TRANSFER OF REQUEST FOR INFORMATION IN TERMS OF SECTION 20 OF PROMOTION OF ACCESS TO INFORMATION ACT OF 2000 (PAIA)

1. The above subject matter and the attached PAIA request refer.

2. In terms of Section 20 of PAIA; if a request is made to the Information Officer of a public body in respect of which the record is not in possession or control of that body but in possession of other public body; the information officer to whom the request is made must transfer the request to the information officer of the other body.

3. In accordance with the latter provision, Provincial Treasury hereby transfers the attached request for your attention and further handling. Your response should be directed to the requester herein.

4. The requester granted Provincial Treasury permission to transfer the said request post the 30 days period. You are therefore required to process this request within 30 days from receipt of this letter.

5. A copy of our response letter to the requester is attached hereto for ease of reference.

Sincerely yours

Mr. N. Kunene
Head of Department

Date:

X35

KRIEK WASSENAAR & VENTER ING
Prokureurs • Aktevervaardigers • Attorneys • Conveyancers

Our ref: PJ Wassenaar/es/QB0794
Your ref:

15 February 2021

THE INFORMATION OFFICER
DEPARTMENT: PROVINCIAL TREASURY
NORTH WEST PROVINCIAL GOVERNMENT
MMABATHO

By e-mail: amorare@nwpg.gov.za
kgill@nwpg.gov.za
apetersen@nwpg.gov.za

Sir/Madam

PAIA: SAKELIGA NPC / PROVINCIAL DEPARTMENT OF FINANCE: NORTH WEST PROVINCIAL GOVERNMENT

1. We refer to your letters of 12 February 2021.

2. We have noted that your offices have yet to implement measures in terms of section 139 of the MFMA. You have however confirmed that you are currently considering such measures.

3. Please confirm when you intend to implement the section 139 measures referred to in your correspondence.

Yours faithfully

KRIEK WASSENAAR & VENTER INC
PÉTER WASSENAAR – DIREKTEUR / DIRECTOR
(f) 086 596 8516
(e) peter@kriekprok.co.za

Elbie Swanepoel

From: Elbie Swanepoel <elbie@kriekprok.co.za>
Sent: 16 February 2021 10:09
To: 'amorare@nwpg.gov.za'; 'kgill@nwpg.gov.za'; 'apetersen@nwpg.gov.za'
Subject: PAIA: Sakeliga NPC / Provincial Department of Finance: North West Provincial Governement
Attachments: MEC of Finance NWP sent 2021-02-15.pdf

Sensitivity: Private

Good day,

We refer to the above and attach hereto a letter for your attention.

Yours faithfully,

ELBIE SWANEPOEL

Kriek Wassenaar & Venter Inc

Regsekretaresse / Legal Secretary

• *(t) (+27) 12 803 4719* • *(f) (+27) 86 596 8516*

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X 36

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Gazette No 32703
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Regulation 9186
Gazette No
Gazette GOV
Date 20091110

PROCLAMATION

by the

President of the Republic of South Africa

No. R. 72, 2009

SPECIAL INVESTIGATING UNITS AND SPECIAL TRIBUNALS ACT, 1996 (ACT NO. 74 OF 1996): REFERRAL OF MATTER TO EXISTING SPECIAL INVESTIGATING UNIT AND SPECIAL TRIBUNAL

WHEREAS allegations as contemplated in section 2(2) of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996) (the Act), have been made in respect of the affairs of Municipalities of the North West Province mentioned in Column A of the Schedule (hereinafter collectively referred to as the "Municipalities");

AND WHEREAS the Municipalities suffered losses that may be recovered;

AND WHEREAS I deem it necessary that the said allegations should be investigated and justiciable civil disputes emanating from such investigation should be adjudicated upon;

NOW, THEREFORE, I hereby, under section 2(1) of the said Act refer the matters mentioned in Column B of the Schedule in respect of the Municipalities listed in Column A of the Schedule, for investigation to the Special Investigating Unit established by Proclamation No. R. 118 of 31 July 2001 and determine that, for the purposes of the investigation of the matters, the terms of reference of the Special Investigating Unit are to investigate as contemplated in the said Act, any alleged -

(a) serious maladministration in connection with the affairs of the Municipalities;

(b) improper or unlawful conduct by councillors, officers and/or employees of the Municipalities;

(c) unlawful appropriation or expenditure of public money or property;

(d) unlawful, irregular or unapproved acquisitive act, transaction, measure or practice having a bearing upon State property;

(e) intentional or negligent loss of public money or damage to public property;

(f) offence referred to in Part 1 to 4, or section 17, 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2 of the Prevention and Combating of Corrupt Activities Act, 2004, and which offences were committed in connection with the affairs of the Municipalities; or

(g) unlawful or improper conduct by any person, which has caused or may cause serious harm to the interests of the public or any category thereof,

which have taken place between 01 January 2005 and the date of publication of this Proclamation, and to exercise or perform all the functions and powers assigned to or conferred upon the said Special Investigating Unit by the said Act, in relation to the said matters in the Schedule, for the purpose of the recovery of any losses suffered by the Municipalities.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Eight day of November Two thousand and nine.

J. G. ZUMA
President

By Order of the President-in-Cabinet:

J. T. RADEBE
Minister of the Cabinet

SCHEDULE

COLUMN A (MUNICIPALITIES)	COLUMN B (ALLEGATIONS)
1. Madibeng Local Municipality	1. The appointment, extension of
2. Greater Taung Local Municipality	appointment, and promotion of municipal staff contrary to the
3. Mafikeng Local Municipality	prescripts of applicable laws,
4. Ventersdorp Local Municipality	municipal policies and procedures.
5. Dr Kenneth Kaunda District Municipality	2. The external manipulation of and undue preference in the appointment
6. Matlosana Local Municipality	and promotion of municipal staff.
7. Maquassi Hills Local Municipality	3. The disproportionate appointment
8. Tlokwe Local Municipality	and excessive remuneration of

9. Ngaka Modiri Molema District Municipality	municipal staff.
10. Ditsobotla Local Municipality	4. The appointment and disproportionate remuneration of
11. Tswaing Local Municipality	under qualified and unsuitable candidates in municipal staff
12. Ramotshere Moiloa Local Municipality	establishments.
13. Ratlou Local Municipality	5. The remuneration of non-
14. Moses Kotane Local Municipality	performing and under performing municipal staff without taking
15. Ketlengrivier Local Municipality	appropriate disciplinary steps against such staff.
16. Dr Ruth Mompati District Municipality	6. Losses of municipal funds due to
17. Rustenburg Local Municipality	theft, fraud and misallocation.
18. Naledi Local Municipality	7. Disproportionate, wasteful and
19. Kagisano Local Municipality	irregular expenditure of municipal
20. Molopo Local Municipality	funds.
21. Mamusa Local Municipality	
22. Lekwa-Teemane Local Municipality	8. Mismanagement of expenditure of municipal funds and resources, and
23. Bojanala Platinum District Municipality	the accumulation of municipal debt.
24. Moretele Local Municipality	9. Losses to municipalities caused by inadequate management of, and control over municipal contracts and resources.
	10. The procurement and alienation of goods and services contrary to the provisions of the Local Government:
	Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and other applicable laws, as well as municipal policy and procedures, including -

(a) the failure to procure and alienate according to a system that is fair, competitive, equitable, transparent and cost-effective;

(b) the external influence over, and manipulation of procurement and alienation processes;

(c) undue preference to and favouring of certain parties in the awarding of contracts;

(d) the impairment of the independence and integrity of bid structures and processes; and

(e) the unnecessary procurement of services of external service providers to perform municipal services.

11. The alienation of municipal land contrary to the provisions of section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and not by way of a fair, competitive, equitable, transparent and cost effective process.

12. Interference by councillors in the administration of municipal affairs in contravention of the applicable provisions of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

13. The misuse and misappropriation of funds deriving from the Municipal Infrastructure Grant.

14. The misuse of municipal resources for private benefit.

PMG PARLIAMENTARY MONITORING GROUP

X37

Special Investigating Unit (SIU) findings on North West Municipalities

NCOP Finance

13 September 2012

Chairperson: Mr C de Beer (Northern Cape, ANC)

Meeting Summary

The objective of the meeting was to engage with the Special Investigating Unit (SIU) and to get insight into its work and issues which could be shared with the Committee. This was the first engagement between the Committee and the SIU, and the meeting was intended to lay the groundwork for further Parliamentary involvement. The Chairperson outlined the role of the Committee in line with the operations and duties of the SIU.

The SIU gave a summary of the historical origins, vision, mission and functions of the SIU. It had been created by Statute, and received its work from the President by proclamation. The SIU also received complaints from whistleblowers, the Public Protector and other anti-corruption agencies in the country. The SIU had the role of investigating maladministration in government institutions, and was a body of forensic investigators and lawyers.

In a report on the Presidential Proclamation on some municipalities in the North West, the Committee was told about the work which had been done in four prioritised municipalities; Madibeng, Greater Taung, Ventersdorp and Mahikeng. Besides these four municipalities, the SIU had received proclamations to investigate a further 24 municipalities in the North West. There was widespread corruption, misappropriation and maladministration in the Madibeng, Moses Kotane, Bojanala, Rustenburg, Ventersdorp, Greater Taung, Tswaing, Ramotshere, Dr Kenneth Kaunda and Mafikeng municipalities. . These irregularities were in the form of fraudulent financial transactions, irregular supply chain management practices, irregular appointments and a general breach of the Municipal Finance Management Act. Very specific cases and circumstances were presented to the Committee. The SIU reported on the disciplinary proceedings, sanctions, dismissals, acknowledgements of debt, and criminal and civil proceedings which had been recommended and engaged. The SIU had registered tangible results and had recovered money. Municipalities had been assisted in the tightening of their financial systems and disciplinary matters had been facilitated, with dismissals registered. In some cases, people had been dismissed and reinstated as a result of the politics within municipalities. The issues of dismissal and reinstatement of culprits was beyond the jurisdiction of the SIU. Some matters were with the SAPS and the SIU was working closely with the Hawks.

In the execution of their duties and in the conducting of investigations, the SIU had experienced the following challenges: A lack of supporting documents; Inadequate information technology and communication systems; Poor filing records and archive systems; An absence of governance structures in the municipalities; Noncompliance with the MFMA; Most of the policies in the municipalities were in draft form and had not been approved. There were cases where policies had been drafts for three years; Many of the municipal managers were in acting positions, and this led to poor accountability. In the entire country, there were few permanently-appointed municipal managers; Municipalities were using council decisions to contravene the law. There were instances where officials were suspended for disciplinary reasons but the council took decisions requesting that these officials be reinstated; A major challenge was the non-enforcement of the recommendations of the SIU; Threats made to potential witnesses in investigations. These situations and threats were always reported to the SAPS; The destruction of documents was a major challenge. In one Mafikeng municipality, the building of the municipality had actually been burnt down in an attempt to destroy documents. Fortunately, the documents in this matter had been removed from the premises the previous night.

Members of the committee asked questions relating to the role of the SIU in relation to the other anti-corruption agencies such as the South African Police Service, the National Prosecuting Authority, the Public Protector, and the South African Revenue Service. The need for strengthened collaboration between these agencies was emphasized by the members. The funding of the SIU, prosecutorial powers, efficiency, relevance and legislative mandate were also discussed. It was agreed that at the earliest convenience of the Committee, a workshop should be facilitated which would bring under one roof the various agencies charged with anti-corruption, law enforcement and statutory compliance so as to enhance collaboration, performance monitoring and evaluation, and ultimately the fight against corruption, fraud, misappropriation and maladministration.

Meeting report

Introduction by Chairperson

The Chairperson welcomed members and the delegates from the Special Investigating Unit (SIU). The objective of the meeting was to engage with the SIU and to get insight into its work and issues which could be shared with the Committee. This was the first engagement between the committee and the SIU and the meeting was going to lay the foundation for further Parliamentary involvement.

The Chairperson outlined the objectives of the Committee. These were oversight over national, provincial and local governments so as to ensure good governance, sound financial management, work ethics and the population getting value for money. The Committee

was serious about its work and ensured compliance with the legislation referring to financial management, as stated in the Public Financial Management Act (PFMA) and the Municipal Finance Management Act (MFMA). The legislation set out instructions and obligations and breach of the law attracted sanctions and consequences.

The Committee was also going to present to the SIU all committee reports which had been compiled after meetings with municipalities in five provinces. These provinces were Mpumalanga, Free State, North West, Northern Cape and the Eastern Cape. The Committee was going to do three follow-ups before 2014 to show the seriousness of the situation.

Mr T Chaane (ANC, North West) said that since there were no documents from the SIU, the assumption was that the information was confidential and some of the matters were before the court. He suggested that what the SIU presented should be information which could be available to the public, and not just general information. General information was not going to help the Members. The details were not very necessary, but at least the Members should be given numbers and the state of affairs.

Special Investigating Unit presentation
The delegation from the SIU comprised the Acting Head of the SIU, Advocate Nomvula Mokhatla, and two programme managers, Mr Paul Modipa and Ms Mary-Anne Whittles.

Adv Mokhatla outlined the origin and history of the SIU, with details of the previous heads. The SIU had been created by Statute, and received its work from the President by proclamations. The SIU also received complaints from whistleblowers, the Public Protector and other anti-corruption agencies in the country. The SIU had the role of investigating maladministration in government institutions. The SIU was a body of forensic investigators and lawyers. The agency had programme managers and project directors and had regional offices in Pretoria (Gauteng), East London (Eastern Cape), Bishops Court – Hillcrest (KwaZulu Natal) and the Western Cape, as well as four satellite offices in the North West, Limpopo, Mpumalanga and the Free State.

The SIU Act provided that the SIU was to get its work through Presidential proclamations, which the SIU motivated for, through the help of the complainant agency. The Minister of Justice then submitted the complaint to the president, who then issued a proclamation once he had applied his mind to it. The SIU did not just hear complaints and act on them. The SIU made its own findings and satisfied itself with the legitimacy of complaints. The SIU did scoping by looking into submitted documents and listening to the complainants. It then verified its competence and jurisdiction over the matter. The processes of the basic investigations were explained to the committee. The costs and necessary resources for the investigations were determined after the basic investigations, but there were instances where the process of investigation was longer and more complex than forecast, and this meant stretching the resources previewed for the investigation. This was why the time frame for investigations was often prolonged beyond the expected time frame. There was always pressure from society for results from investigations, such as arrests.

The second aspect of the SIU's work was civil recovery and litigation, including getting culprits to sign acknowledgements of debt (AOD). The SIU had helped Departments in drafting letters of demand and assisted in the collection of outstanding debts. On issues of litigation, the tribunal of the SIU had ceased to exist, but the agency was in the process of reviving the tribunal, as there was a backlog in the courts and there was a need for the speedy recovery of money.

Report on the Proclamation on Municipalities
The Programme Manager, Mr Paul Modipa, said that in 2009 the SIU, in consultation with the Minister of Cooperative Governance and Traditional Affairs (CoGTA), had put together a Ministerial Task Team to look into complaints of maladministration, corruption, nepotism and political infighting in various municipalities. The Task Team had compiled a report which the SIU and CoGTA had used to motivate for a proclamation. The allegations had been taken from reports on each municipality. In some municipalities, there were no clear allegations, and that was one of the challenges which had been noted. A Task Team had been formed, including the South African Police Service (SAPS), CoGTA, the Auditor-General (AG) and the National Prosecuting Authority (NPA). The purpose of the team was to facilitate the criminal cases and refer matters to the South African Revenue Service (SARS) for assistance with big recoveries. The mandate was under Proclamation 72 of 2009, and it covered the period from 1 January 2005 to 10 November 2009.

In the engagement between CoGTA and the SIU, there were prioritised municipalities and the SIU had been requested to look into four municipalities. The project plan and resources were allocated for the four municipalities. These municipalities included Madibeng, Greater Taung, Ventersdorp and Mahikeng. When the proclamation had come back from the Presidency, it had been extended to 24 municipalities. This meant that the resources for the four municipalities had to be used for 24 municipalities. This was one for the reasons why the investigations had lasted longer than 30 months.

Mr Modipa said that the SIU had registered tangible results and had recovered money. Municipalities had been assisted in the tightening of their financial systems and disciplinary matters had been facilitated, with dismissals registered. In some cases, people had been dismissed and reinstated as a result of the politics within municipalities. The issues of dismissal and reinstatement of culprits was beyond the jurisdiction of the SIU. Some matters were with the SAPS and the SIU was working closely with the Hawks.

The SIU had currently investigated 12 municipalities from the original number of four. The SIU had made provision to investigate eight more municipalities from 1 of April 2012 to the end of the financial year.

Progress Report on Municipalities
The Programme Manager, Ms Mary-Anne Whittles, gave a report on investigations done within the Madibeng, Moses Kotane, Rustenburg and Bojanala municipalities.

Madibeng Local Municipality

A number of successful investigations had been carried out. All investigations in Madibeng had been finalized, and a number of disciplinary hearings had been finalized. A problem had arisen, in that all recommendations with regards to the disciplinary actions against certain officials had been reversed by the new Municipal Manager. Suspended and dismissed officials had been reappointed into their positions. This situation had been reported to the Head of Department (HOD) in the North West and the issues were currently being dealt with.

The Chief Financial Officer in the Madibeng Municipality had resigned after she had been presented with charges of financial mismanagement. The Supply Chain Manager had been dismissed for non-compliance with the MFMA and non-disclosure of interest during tender processes. A criminal case had been opened against her and her relatives involved in the deal. There were disciplinary proceedings opened against a financial officer who had submitted fraudulent claims and a criminal case had been opened against him. These disciplinary cases had been withdrawn by the new Municipal Manager. There were smaller matters, such as negligence in the driving of vehicles and theft of fuel. The SIU had secured AOD's and some officials had paid the money back and had received verbal warnings. There was a situation where a traffic officer had admitted to a charge of theft of fuel to the value of R30 000. A criminal case had been opened against him.

There were conflict of interest matters, where officials had failed to disclose interests during tender processes. In the period under review, 12 officials had been identified, to whom an amount of R1.8 million had been paid by the municipality in the conduct of business. Criminal cases had been registered against the officials and disciplinary actions recommended. The recommendation from the SIU was that these officials be blacklisted from the municipality supply database. A total of 351 officials had not disclosed their interests, but had not done business with the municipality and verbal warnings had been given to the officials. An annual vetting process for officials to disclose business interests was recommended.

The SIU had identified 76 266 debtors who had defaulted in payments in excess of R470 million to municipalities. The top 100 debtors had been identified and by March 2011, the municipality had recovered R12 million from the debtors. Government departments accounted for 243 of the debtors, and they owed the municipalities a total amount of R7 million. Letters of demand had been issued. This had been when an administrator had still been in charge of the municipality and since a new Municipal Manager had taken over, there had been no reports of progress. The administrator had also appointed a firm of attorneys to recover the outstanding debt. A total of 449 cheques to the value of R4.7 million which had not been honoured by the bank had been identified. Contact had been made to ensure payments, and feedback was being requested.

Ten "ghost" employees had been identified who were still being paid by the municipality.

A contract for sweeping streets had been identified, which had been awarded to 20 service providers by the former municipal manager. These service providers had received payments of R240 000 each, but no work had been done. It had been impossible to trace the service providers, because false names had been used and some did not exist. A criminal matter had been opened against the former municipal manager. Four services providers had been identified who were not registered for VAT, but had claimed VAT and had been paid by the municipality. The matter had been referred to SARS. The SIU was currently working on signing a Memorandum of Understanding with SARS for the conducting of more joint investigations.

A contract was identified where a relative of a senior official in the municipality had received a contract for the cutting of grass. The official had not recused himself from the process and instead of the rightful amount of R200 000 being paid for the contract, an amount of R7 million had been paid. Because it was the cutting of grass, it had not been possible to identify if the work had been done or not. A criminal case had been registered with the SAPS.

All recommendations with regard to improving the financial controls within the municipality had been implemented. There were certain allegations that corroborating documents could not be found.

Moses Kotani Municipality
The SUI had registered more success in this municipality than in Madibeng. There were 33 disciplinary matters against officials and there were a number of conflict of interest matters, and recommendations had been made to council in this regard. There were instances of financial mismanagement and fraudulent payments. AOD's had been signed in this regard.

Mr Modipa said that there had been no control on the use of cheques in the municipality. Follow-ups were being made and recoveries were in progress. There were instances where payments had been made in cash to the municipality, but the money which had been received had not been put into the municipal account. The position of the SIU was that there was a need to improve internal controls in municipalities. It was recommended by the SIU that municipalities should not accept personal cheques and only business cheques should be used.

The SIU had identified 115 officials who had undisclosed business interests with the municipality, and 16 of these officials had done business with the municipality. Disciplinary proceedings had been recommended and the officials blacklisted from the municipal database. A legal opinion had been obtained which stated that these officials could be charged with Section 17 of the Preventing and Combating of Corruption Act. The matter had been referred to the SAPS. The disciplinary proceedings against the former Municipal Manager had been facilitated. He had been charged with 21 offences and found guilty of all charges. He had been dismissed, but was contesting his dismissal at the CCMA. Some of the charges related to irregular appointments. From a civil recovery point of view, the irregular and wasteful expenditure should be recovered from him.

An official had been identified who had used a municipal truck for the transportation of building materials for his private home. This same official had stolen an amount of R10 000 from the social club account of the municipality. He had admitted to the crime and had signed an AOD. He had broken into the municipal tender box and tampered with submitted tenders. The Municipal Manager said that

the officials had been given a written warning, but in the personal file of the official, there had been no written warning. After a week, when the file was checked, a written warning which was backdated had been inserted. A criminal case had been registered against the official and the SIU had recommended his suspension. Instead of being suspended, the said official had been promoted to the position of Director in charge of Community Services.

In some cases, investigations had been carried out, but the results had been negative as no anomalies or irregularities found. This was the case in Makwasi Hills, where an investigation had been conducted on the matter of high-mast lights and no irregularities found. There was a situation where the municipality had paid a service provider an amount of R17 000 for catering services, which had not been provided. The matter had been taken to the SAPS, who took the matter further to the Senior Public Prosecutor. The Senior Public Prosecutor had said that it was not a criminal matter, but rather an administrative error. The SIU was of the opinion that it was a criminal matter because the service provider had submitted a claim for payment for a service which they knew had not been rendered. That was misrepresentation and it was a criminal matter. There were investigations on the building of the Civic Centre, where the contract was worth R20 million and the service provider had invoiced the municipality for an amount of R1.6 million for a steel door which had not been erected. There was also an investigation into the purchase of the mayoral house which had not been put out to tender.

There was the challenge of the statutory contravention of the MFMA. In some cases, the MFMA had clearly been contravened and recommendations had been made to SAPS for charges to be pressed against the officials. The SAPS had the mandate to follow up on statutory offences. An example was the need for some of the Municipal Managers to be charged with contravening the Archives Act, as they did not archive documents properly and this had led to the hiding of evidence.

Adv Mokhatla said that the SIU was putting systems in place to cover the gaps where investigations were done by the SIU, and later handed over to the SAPS, who did not carry on with the case properly as the SAPS investigating officers were not abreast with the necessary information on the crimes and related matters. The SIU had met with the NPA and the SAPS to work on ways of closing the gaps.

The Chairperson said that he was going to recommend to the Acting Chairperson of the Portfolio Committee on Police and the Chairperson in the NCOP dealing with Police matters, to engage with the SIU to get SAPS involved with legislation.

Mr B Mashile (ANC, Mpumalanga) asked if the SIU did not have imbedded prosecutorial powers. What legislation was the SIU using to revive its tribunal, as there was the need to curb the disjuncture in the track of cases going to the NPA and falling along the way?

Adv Mokhatla replied that in the past there was a secondment to the SIU of NPA officials who had prosecutorial powers, but since the delegations had been withdrawn in 2010 by the NDPP, no one in the SIU had the power to prosecute. The tribunals were in the SIU Act, but the issue in the court of law was that one could not sit as the head of the SIU and be an investigator and arbiter at the same time. That was how the SIU had distanced itself from doing litigation. The SIU had identified the need for the speedy recovery of misappropriated funds. The agency was doing a legal review which was going to be finalised by the end of the month of September 2012. The review was going to motivate for the forensic investigations, and 28 lawyers were being groomed to be able to take the matters to the courts and eventually, to the tribunals. The SIU was going to provide a motivation to the Minister of Justice on the process.

Bojanala Municipality
The SIU had just started investigating this municipality. The former mayor had requested that the SIU investigate the awarding of 279 bursaries which had been awarded irregularly by the municipality. In some cases, the beneficiaries of the bursaries did not attend school and did not submit results to the municipality.

Rustenburg Municipality
The SIU had investigated a security contract where the security manager had business interests in the company that had been awarded the tender. The Security Manager had died last year, but the investigation was continuing. There had been problems with the service level agreements and there could be recovery. The company had been paid R8.7 million over a period of about 24 months and there had been some theft of municipal property. There was also the theft of R360 000 from the safe in the municipality which was currently being handled by the SAPS. The SIU had assisted the municipality with the fixed asset register and the land audit, and there was an irrecoverable loss of R24.3 million.

Some of the investigations had been done with the objective of assisting the municipalities to strengthen their internal controls. The SIU had made recommendations to the municipalities and in cases where the recommendations had not been followed, the situation had been reported to the HOD and the MEC for Local Government.

The Chairperson asked how long the SIU waited before it did follow-ups on the municipalities.

Mr Modipa replied that the SIU made follow-ups one month after a recommendation had been made.

Ventersdorp Municipality
The SIU had reviewed 11 contracts to the value of R14.6 million. These included information technology contracts and Municipal Infrastructure Grant (MIG) projects.

The difficulty in this municipality was the lack of supporting documents. This was one of the worst municipalities in terms of filing. There had been many acting municipal managers who had all failed to archive documents properly. The second challenge was that there were no supply chain management policies. The municipality had used random council decisions in the appointment of service

providers and this was completely irregular and not in accordance with the MFMA. The appointment procedures in the municipalities were also based on the discretion of the Municipal Manager.

Most of the investigations in Vendersdorp had been concluded in an untimely manner because of a lack of documentation. There was not even a means to get electronic documents, because the IT system was outsourced, the contracts with the companies were for 12 months, and there was no back up. These service providers changed every year, and there was no coherence.

Greater Taung Municipality
The SIU had reviewed four contracts to the value of R18.1 million. In one of the MIG projects, it had been discovered that the service provider had invoiced the municipality for six hydroponics, but only four had been delivered. The service provider had paid back an amount of R278 900. The matter had been referred to the SAPS. Disciplinary action had also been recommended against the official in the municipality who had authorized the payment.

An investigation was carried out on the purchase of the Mayoral motor vehicle to the value of R301 000, but no irregularities had been found.

The SIU was also investigating matters in Tswaing, Ramotsere, Dr Kenneth Kaunda, and Mafikeng municipalities.

Challenges and Constraints
Mr Modipa said that in the execution of their duties and in the conducting of investigations, the following challenges had been experienced:

- A lack of supporting documents;
- Inadequate information technology and communication systems;
- Poor filing records and archive systems;
- An absence of governance structures in the municipalities;
- Noncompliance with the MFMA;
- Most of the policies in the municipalities were in draft form and had not been approved. There were cases where policies had been drafts for three years;
- Many of the municipal managers were in acting positions, and this led to poor accountability. In the entire country, there were few permanently- appointed municipal managers;
- Municipalities were using council decisions to contravene the law. There were instances where officials were suspended for disciplinary reasons but the council took decisions requesting that these officials be reinstated;
- A major challenge was the non-enforcement of the recommendations of the SIU;
- Threats made to potential witnesses in investigations. These situations and threats were always reported to the SAPS.
- The destruction of documents was a major challenge. In one Mafikeng municipality, the building of the municipality had actually been burnt down in an attempt to destroy documents. Fortunately, the documents in this matter had been removed from the premises the previous night.

The Chairperson asked when the recommendations of the SIU were usually sent to the HOD and the MEC.

Ms Whittles replied that the HOD and the MEC were usually copied in as recipients of the reports and recommendations.

Mr Modipa said that the SIU was part of a steering committee with the North West local government, and the HOD was represented on the committee. Once in a while, the SIU met with the MEC to brief him on the progress and the challenges faced.

Adv Mokhatla said that when it was said that the SIU was making recommendations, it did not mean that the SIU were experts in the field. The legal review process was meant to ensure that recommendations of the SIU were within its area of competence. The investigations were in the concluding stages and there were senior officials who were implicated. In some circles, the information provided in the reports was used for bad, rather than good. The SIU was working to make sure that its reports were used for the purposes for which they were intended, and not to thwart people's careers and progress.

Discussion
The Chairperson said that the details of the presentation emphasised the need for the committee to conduct oversight. He asked the SIU if they felt they were making progress.

Adv Mokhatla replied that the SIU was winning and making progress, but there were challenges which were being faced. The SIU welcomed the proposal by the Chairperson to have a joint meeting with the other anti-corruption agencies to map the way forward and to have an active preventive strategy.

The Chairperson said an integrated approach was needed in the fight against corruption.

Mr B Mashile (ANC, Mpumalanga) asked if the absence of electronic copies in municipalities and the poor archiving systems were the result of "innocence" rather than deliberate malicious activities. He was of the opinion that people and officials who transgressed should be arrested and locked up. Was there any record of arrests and people locked up as a result of the investigations? Many of the issues raised were criminal matters and the culprits had to be locked up. What did the SIU think could be amended in any establishing legislation which would empower it to run the processes through to completion? There was the risk that the SIU could become irrelevant. The SIU could not be doing serious investigations and at the end rely on the police, which did not have officials of the calibre of the SIU investigators. The specialized work of the SIU could not be transferred to people who were not specialized. How

effective was the Provincial Task Team, and was it responding to the challenges on the ground with any meaningful contributions? Why did the problems persist if the task team was working? In the MFMA, there were responsibilities and obligations of individuals starting from municipal officials, through to the MEC and on to the Premier. Had any recommendations been made to the MEC's and the Premier in terms of their responsibilities and obligations? Was the SIU still relevant, and were they making a difference in the field? What help was needed to improve its relevance?

Mr S Montsitsi (ANC Gauteng) said that the process of enabling the SIU to investigate was very long. The whole process of complaints, referrals and proclamations was extensive, and until this process was finished, the agency would not be able to investigate anything. There was a thin line between the Public Protector and the SIU, as their functions were similar. The SIU had to be different from the Public Protector. On some of the investigations, there was a lot of wrong doing and breaching of legislation but it was rare to hear of charges pressed. Many of the matters were handled through disciplinary proceedings. Why was the strength and application of the PFMA and the MFMA not visible and carried through in the SIU recommendations? In seeking to assist the SIU with its work, what type of information or assistance did the SIU need from the Committee? What partnership could be established to ensure that the issue of corruption was dealt with?

Mr T Chaane (ANC, North West) asked whether all the remaining municipalities could be completed by the end of the financial year. It was clear that there were gaps and challenges facing the SIU, so was any progress being made in the direct combating of corruption? From the presentation, it appeared there was not much collaboration between the SIU, the NPA, SAPS and the Asset Forfeiture Unit. The relationship of these institutions needed to be strengthened. There was also the need to look at the establishing legislation, so that the work could easily flow and the work of government in combating corruption could be seen. The law which established the SIU had to be reviewed so as to allow the agency some flexibility and ability to prosecute. There were a lot of resources put into investigations but after the investigations, the processes became very slow and almost halted. The results of forensic investigation were never used. The hand of justice was too long and there was a need for it to be shortened if progress was to be made. The committee, in overseeing how public finances were spent, had to find a way of bringing all the anti-corruption agencies under one roof. At the earliest convenience of the Committee, a workshop should be organised to ensure cooperation of the anti-corruption units. There was the need for processes to be strengthened so that when files were taken to court, there were ready and complete. The matters in municipalities which could be handled legally had to be dealt with as fast as possible, while political matters should be left with the politicians. What were the engagements between the SIU and the MEC for CoGTA in the North West? The MFMA and the PFMA gave directives as to the responsibilities of the MEC and the provincial treasuries. What was the MEC doing to help the SIU? Had the SIU presented any of these preliminary reports to the President, and what was the outcome? If there were no outcomes, people were going to use the results of investigation for other political reasons. If the people in power could not act, the people who put them in power were going to act.

Mr R Lees (DA, KwaZulu Natal) asked if it was not part of the mandate of the SIU to work with prosecuting authorities to get convictions. What was causing a hindrance in the collaboration? It was sad that many bad deeds had been uncovered but these acts were still being carried out in the municipalities. Was there nothing more that the SIU could do to stop some of the issues uncovered?

Mr Montsitsi asked if the SIU and the Hawks could accompany the Committee on its next round of oversight visits to the provinces. The SIU could make use of its satellite and regional offices.

Mr Mashile asked how the SIU got its budget and if the SIU funds were adequate in terms of the work that it was doing. Was there any intervention that the SIU needed? The Public Protector was receiving more prominence than the SIU because after the investigations had been done by the SIU, it was the Public Protector that made public announcements and seemed to have done all the work. Did the SIU deem it necessary to make media statements and press releases?

The Chairperson asked what the SIU wanted the Committee to do to support it and give it more teeth in the execution of its duties and ensure that action was taken quickly. It was the role of the committee to assist the SIU. The Auditor General had made a finding on the Secretary of Parliament in an audit report and Parliament had taken action. That was the kind of action that had to be taken at municipal level.

The Legal Adviser to Parliament, Advocate F Jenkins, said that in terms of the principle of legality, authority was required before any legal action could be taken. In looking at the functions of the Public Protector and the SIU, the Public Protector received complaints from anybody and they had to make all their investigations public. The SIU received mandates on a case by case basis from the President to deal with corruption. The SIU did not have the obligation to make their findings public. The SIU had to be cautious of basic freedoms and human rights. Adv Jenkins said that it was far worse for government to jail an innocent person than for government not to jail guilty people. This meant that there had to be stringent measures to ensure that whoever went behind bars was guilty beyond any reasonable doubt.

Mr Mashile asked if the SIU had ever been accused of corruption in the execution of the duties. If such had happened, how was the SIU handling the matter?

Adv Mokhatla said that the SIU was going to respond to some of the question in writing within seven days, as some of the issues needed some serious consultations and reviews. This particularly pertained to the amending of legislation.

Ms Whittles said that the destruction of documents was a big challenge as the absence of corroborating documents could halt an investigation. The SIU had found instances where it was of the opinion that the destruction was malicious and in some instances, the documents had been misplaced by the some of the many forensic firms that had participated in the investigations. Municipalities gave out documents without having the investigators acknowledge receipt and this caused difficulties in the tracing of missing documents. Liability could therefore not just be assigned to an official if the SIU could not actually pinpoint what had happened to the documents

On the issue of the process after the completing of investigations, it was important to respect the mandate of other law enforcement agencies. The SIU was a civil investigating institution and they had a specific mandate. The SIU did not have prosecutorial powers because it was a civil entity and the main mandate was to recover loss suffered by government institutions. However, it did not mean that the involvement of the SIU in a matter ended after the preparation of the criminal docket. The SIU worked hand in hand with the investigating officers. It was predominantly a matter of lack of skills within SAPS. The SIU also assisted with the preparation of arrests. The accountability and responsibilities of MECs and the Premier were covered in the reports submitted by the SIU and all findings and conclusions were based on legislative provisions. The legislation was always quoted and specific reference was made.

Mr Modipa said that the SIU had received confirmation that the President had signed a proclamation, and the resources of the SIU were currently depleted. The last 17 proclamations had been received without an increase in resources. The SIU was currently over-stretched in terms of resources. It was sadly true that all the investigations could not be finished by March 2013 because there was the need to ensure quality and efficiency. The SIU would, however, make contingency plans.

On the support from the MECs and the Premiers, the SIU had addressed the provincial cabinet of the North West, and the Premier had requested the MEC for Local Government, Finance and the Provincial Treasury to support the SIU in terms of finances, but every time the SIU made any requests, no help was forthcoming. The SIU was of the opinion that local government and municipalities should have a uniform IT system like in National government. The diverse technologies and systems made performance monitoring and evaluation very difficult and this had a very negative effect on service delivery.

The Task Team operated at a national level and was meant to facilitate operational audits and collaboration between the various anti-corruption and law enforcement agencies. It was also meant to track the cases which came from all municipalities in the country.

Adv Mokhatla said some matters were still absent and still being processed, which is why there were many gaps in the report presented to the Committee. The SIU was having talks with the Auditor General's office on a possible partnership to work on the issues of corruption in municipalities. It was important for the various stakeholders to sign MOUs and agreements to complement each other. The SIU was hoping to sign the MOU with the AG's office by the end of September 2012.

It had been found that some of the disciplinary proceedings were just slaps on the wrist and were not commensurate with some of the crimes committed. The fight against corruption needed to be done speedily. Anti-corruption agencies had the tendency to act slowly and not trust each other. There was the need for more collaboration and sharing of knowledge and information. This was going to ensure that the results of investigations would go through the court processes successfully. Adv Mokhatla gave an example of a situation where 34 cases had been taken to court, but there had been frustration when the NPA had thrown them out. It was only later realised that the information in the files was not sufficient and had not come in on time. In the haste of trying to satisfy public opinion, the police had registered the dockets and sent them through to the NPA when there was not enough information in them.
It was important to make clear the role of each agency and how they complemented each other. The SIU did not have an education wing and that was why it did not have a clear means of letting people know what its work was all about.

On collaboration, the SIU collaborated with the NPA and its various bodies, SAPS and SARS. In terms of the cases investigated, however, there was no major collaboration and there was thus need for the strengthening of ties between the various institutions. The SIU was still relevant but it just had to work harder.

The SIU was going to reply to the rest of the other major questions, especially the ones related to legislative amendments, in writing by the end of the month of September 2012.

Mr Chaane said that the image of the government and the entire nation was being dragged into the mud because of corruption and the opportunity to curb it was being thwarted by haste, delays and poor collaboration. It was very important for a concerted and integrated effort to be made to combat corruption at all levels of government.

Consideration and Adoption of Minutes

The minutes of the committee meeting of the 1st of September 2012 were considered.

Mr Chaane moved for the adoption of the minutes. The motion for adoption was seconded by Mr Lees.

The meeting was adjourned.

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
THE MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	3rd Respondent
THE MINISTER OF FINANCE	4th Respondent
DITSOBOTLA LOCAL MUNICIPALITY	5th Respondent
NALEDI LOCAL MUNICIPALITY	6th Respondent
THE PREMIER: NORTH WEST PROVINCE	7th Respondent
ESKOM SOC LTD	8th Respondent
MAGALIES WATER BOARD	9th Respondent
SEDIBENG WATER BOARD	10th Respondent

SUPPLEMENTARY FOUNDING AFFIDAVIT

I, the undersigned,

PIETER JACOBUS LE ROUX

do hereby make oath and state the following:

1. I am an adult male and I am the chief executive officer of Sakeliga NPC, with its offices at Building A, 5th Floor, Loftus Park, 402 Kirkness Street, Arcadia, Pretoria, Gauteng Province.

2. The facts set out in this affidavit fall within my personal knowledge, unless the contrary appears from the context hereof, and are both true and correct.

3. To the extent that I make legal submissions in this affidavit, which I do, I do so being advised by the applicant's legal team.

THE PARTIES

4. The main founding affidavit was finalised and commissioned at Pretoria on 24 May 2021.

5. Subsequent to the commissioning of the main founding affidavit – but before the service of the application to any of the respondents – the applicant became aware of the potential interest of the Sedibeng Water Board.

6. On 26 May 2021 I was informed that the Sedibeng Water Board in fact supplied certain bulk water services to the fifth respondent.

7. The notice of motion to the application is accordingly amended to include the Sedibeng Water Board as the tenth respondent.

8. The tenth respondent is the Sedibeng Water Board, a state owned entity and water board established in terms of section 29 of the Water Services Act 108 of 1997 with primary address at Delmay Street, Hartswater, Northern Cape.

9. As with the seventh to ninth respondents, the tenth respondent is joined because it might have a potential interest in the outcome of the application. No cost order is sought against the tenth respondent. A cost order will only be sought in the event of the tenth respondent electing to oppose this application.

PIETER JACOBUS LE ROUX

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;
(b) he has no objection to taking an oath;
(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at Pretoria on this the 26th day **MAY 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS

FULL NAMES:
BUSINESS ADDRESS:
DESIGNATION:
AREA / OFFICE:

JOHANNES JACOBUS VAN DER MERWE
Commissioner of Oaths
HB Forum
13 Stamvrug Street
Val De Grace
Ex Officio Practising Attorney
Republic of South Africa

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

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THE PREMIER: NORTH WEST PROVINCE	7th Respondent
ESKOM SOC LTD	8th Respondent
MAGALIES WATER BOARD	9th Respondent
SEDIBENG WATER BOARD	10th Respondent

CONFIRMATORY AFFIDAVIT

I, the undersigned,

WILLEM JACOBUS BEKKER

do hereby declare under oath as follows:

1. I am a major male pensioner residing at 22 4th Avenue, Lichtenburg, North West Province.

2. The contents of this affidavit fall within my personal knowledge and is both true and correct.

3. I am a permanent resident in the Ditsobotla Local Municipality, which bears responsibility over the town of Lichtenburg, North West Province.

4. I have read the founding affidavit and supplementary founding affidavit of **PIETER JACOBUS LE ROUX,** which I support, and confirm that the content thereof is both true and correct in as far as it relates to me.

WILLEM JACOBUS BEKKER

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

EB

THUS signed and sworn before me, at Lichtenburg on this the 27 day **May 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

E Brunsdon

COMMISSIONER OF OATHS

FULL NAMES: Elizabeth Brunsdon

BUSINESS ADDRESS: 18th & Avenue, Lichtenburg, 2740

DESIGNATION: BD 29996

AREA / OFFICE: Lichtenburg

Nederduitse Gereformeerde Kerk
Lichtenburg-Oos
Posbus 10040
2740 Lichtenburg
Tel: (0144) 2-2242
0186322242

EB

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH WEST DIVISION, MAHIKENG)

CASE NO.: _____/2021

In the application between:

SAKELIGA NPC	Applicant
and	
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS	1st Respondent
THE MEMBER OF THE EXECUTIVE COUNCIL: NORTH WEST PROVINCE: FINANCE	2nd Respondent
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ESKOM SOC LTD	8th Respondent
MAGALIES WATER BOARD	9th Respondent
SEDIBENG WATER BOARD	10th Respondent

CONFIRMATORY AFFIDAVIT

I, the undersigned,

HENDRIK NAUDE PIENAAR

do hereby declare under oath as follows:

1. I am a major male and the Deputy General Manager of Agri North West with its principal place of business being located in the town of Lichtenburg which falls within the municipal area of the Ditsobotla Local Municipality, North West Province.

2. The contents of this affidavit fall within my personal knowledge and is both true and correct.

3. I have read the founding affidavit and supplementary founding affidavit of **PIETER JACOBUS LE ROUX,** which I support, and confirm that the content thereof is both true and correct in as far as it relates to me.

HENDRIK NAUDE PIENAAR

I HEREBY CERTIFY THAT THE DEPONENT HAS ACKNOWLEDGED:

(a) he knows and understands the contents of this affidavit;

(b) he has no objection to taking an oath;

(c) he considers the oath to be binding on his conscience.

THUS signed and sworn before me, at Lichtenburg on this the 27 day **May 2021**, the Regulations contained in Government Notice No. R1648 of 19 August 1977 (as amended) having been fully complied with.

COMMISSIONER OF OATHS

FULL NAMES:

BUSINESS ADDRESS:

DESIGNATION:

AREA / OFFICE: