

perennial rivers and streams. There are also over 500 small farm dams located in this sub-catchment and these trap water for domestic purposes and for limited areas of small-scale irrigation, as well as livestock watering.

#### **Overgrazing**

The major influencing factor in this regard is the overstocking by practicing farmers and then it became a situation where by no one takes responsibility of the pieces of land they all used for grazing. Lack of land ownership in settlement areas which results mainly in traditional farming methods and overgrazing.

#### **Soil erosion**

Traditional farming methods give rise to possible erosion. Strips of erosion can be found in the valleys alongside most of the perennial and non-perennial rivers. Major erosion in areas in Moutse west, Elandskraal, Leeufontein. There is no control of plants and trees and deforestation – land degradation is identified as a major environmental problem with erosion often the result.

#### **Veld fires**

Uncontrolled fires are an element of concern as far as the environment is concerned. The extent of these conditions is high with flat areas having a medium magnitude rate. Especially in winter months 'smoky' air due to veld fires is environmentally unhealthy. These also influence major risks such as drought and flooding.

### **4.1.3 POLLUTION**

#### **4.1.3.1 Water pollution**

The following activities can be expected to have an impact on water resources in the Middle Olifants sub-catchment:

- Landfills and solid waste disposal sites at all towns and larger settlements;
  - Disposal of liquid (domestic, light and heavy industrial) effluent at all towns;
  - Moderate volumes of runoff from towns, as well as all other urbanized areas;
  - Non-point domestic effluent from numerous small settlements and farms;
  - Minor non-point impact from non-intensive commercial or subsistence agriculture;
  - Non-point impact of agricultural return flows from intensive irrigation areas; and
  - Litter and domestic garbage discarded alongside the many roads that traverse the sub-catchment.
- Groundwater pollution can be caused by septic tanks and French drains mainly on commercial farms. Pit latrines at settlements and villages can also contaminate ground water especially in Moutse west area where geotechnical conditions are sandy and results in seepage from latrines into groundwater resources.

#### **4.1.3.2 Air Quality and Pollution**

Air pollution resulting from the use of fire wood, coal and paraffin used for cooking energy purposes impact on air quality (pollution) also on biodiversity (woodcutting) and dust from gravel roads have also been identified as environmental problems (albeit with a lower significance). Problems regarding mine dust in Marble Hall might lead to respiratory related diseases.

#### **4.1.3.3 Surface Pollution**

Surface pollution is caused by the spraying of crops with pesticides and the lack of proper management thereof. Graveyard establishment without considering geotechnical circumstances and conducting assessments will also contribute to pollution of soil and groundwater. Uncontrolled littering and disposal of waste along roads and open space are also creating serious surface pollution with high potential unhealthy conditions to communities.

The challenges for the above is the capacity to prevent and monitor pollution.

#### **Chemical spills and hazardous accidents**

Uncontrolled disposal of medical waste from hospitals and clinics may result in hazardous accidents. Although this segment of waste is collected by specific medical waste removal companies it is still a huge risk.

#### 4.1.4 Other Environmental issues

There is no classified heritage sites in the Municipal area and no significant natural resources such as fenced wetlands

The Schuinsdraai Nature Reserve is located to the west and adjacent to Flag Boshielo dam and extends to over 9035 hectares, Leswena Nature Reserve located to the eastern side is to an extend of 1488 hectares forms part of eco-tourism in the area together with the Flag Boshielo dam

There is no environmental structure coordinating environmental issues in the Municipality but the Sekhukhune District Environmental Forum assists with the coordination of all environmental activities in the District. Main stakeholders are Provincial Environmental departments, District municipality and Local Municipalities

Environmental awareness campaigns are still a challenge but the environmental calendar days are celebrated in collaboration with the Provincial Department or District Municipality. The greening of the municipal area is ongoing with tree planting at schools and clinics.

All other chemical spills and related hazardous incidents is reported to the disaster management unit of the Sekhukhune District Municipality which deals with it in the correct and appropriate manner.

## 4.2 Social Analysis

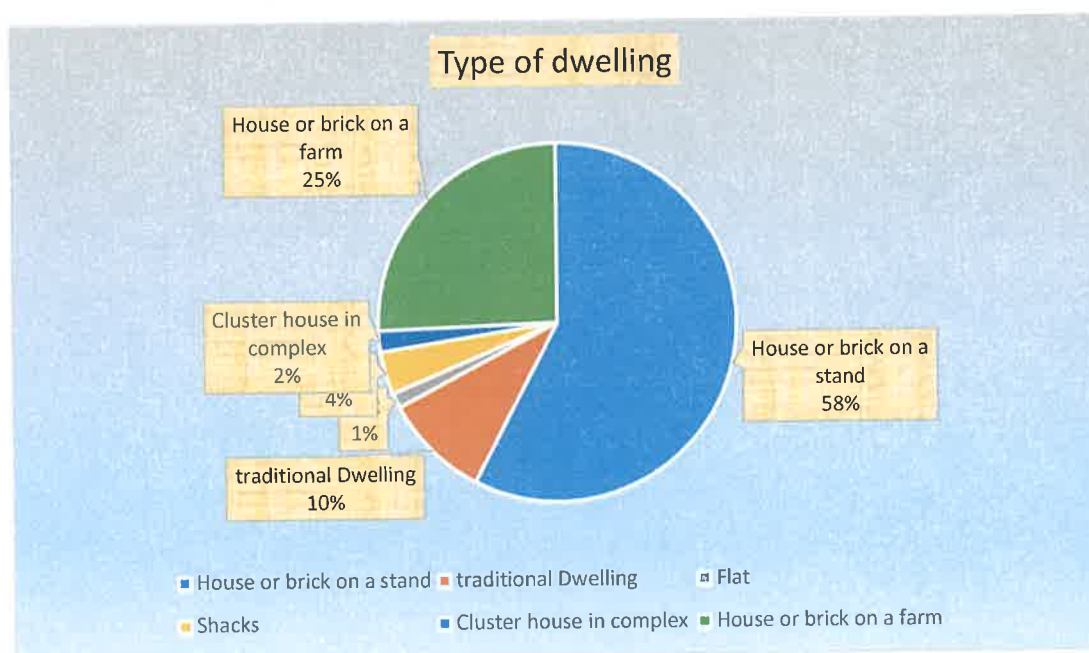
### Background

The historic imbalances in South African History resulted in the majority of our people living without land and housing, access to safe water sanitation for all, affordable and sustainable energy sources, illiteracy, poor quality education and training, poor and inaccessible health services. Here is the socio-analytic reflection of EPMLM.

#### 4.2.1 Integrated and sustainable Human Settlements

Housing is a mandate of COGHSTA and the municipality plays a facilitation role between the community and the department. 7250 (22.47%) of all households are residing in a formal dwelling and 78.53% resides in either informal or traditional or traditional dwelling.

##### 4.2.1.1 The following chart reflects the type of dwelling



##### 4.2.1.2 Housing backlog

The housing backlog is estimated at 7700 households which exists mainly in rural settlement. The Municipality adopted a housing chapter which indicates the backlog and outlines how the backlog will be eradicated.

#### 4.2.1.3 Challenges

- None availability of land in Marble Hall (economic hub) to build low costing housing as an attempt to build integrated human settlement.
- Poor quality of some RDP houses

#### 4.2.1.4 Informal Settlement

Currently there are no informal settlements within the municipality.

#### 4.2.2 Health and Social Development

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and a caring environment. Overall health care expenditure and access to health care in the municipality remain poor. 33% of the communities are within 20km from hospitals and 67% outside 20km, 47% of the communities have access to clinics within 5km and the majority (53%) is more than 5km away from clinics

##### 4.2.2.1 The following table indicates the Health facilities available in the municipality.

Facility	Standard Per households	Number of Households	Existing Nr
Hospital	1 : 10 000	31971	1
Health Centre	1 : 5 000	31971	2
Clinic	1 : 2 000	31971	11
Mobile Clinics	1 : 2 000	31971	28

#### 4.2.2.2. Social Welfare

##### Available Welfare Facilities and Services

Old age home	Child care	Disabled	Pension pay point	Services points
1	0	1	43	16

#### 4.2.2.3 Prevalence range of diseases

The municipality implemented the decentralised response to HIV & AIDS, having joined the CMRA support project in June 2007 as the 7<sup>th</sup> pilot site. The objectives of the municipality project were: (a) to establish a Local AIDS Committee on HIV & AIDS with a clear objective, mandate and responsibility. The municipality set aside budget for Awareness programme in order to increase the level of awareness to the community related to HIV & AIDS issues, and to advise the municipality on how to establish and/strengthen the ward based multispectral municipal HIV & AIDS platform involving all stakeholders (governmental and non-governmental) in the field of HIV & AIDS.

The municipality sit on the District Aids Council (DAC), which is a body that coordinates and oversee the issues on HIV/AIDS in the entire District. Preparation of departmental action plans on HIV & AIDS has been compiled. There is a good understanding. The LAC had been established and will be reporting directly to the mayor.

The project has already contributed significantly to raising awareness in the municipality with regard to mainstreaming of HIV & AIDS. HIV & AIDS is rife, with a prevalence rate of 16.7% in 2006. Limited access to basic services, unemployment, poverty and lack of access to primary health care due to the vastness and rural nature of the Municipality are some of the risk factors that affect the spread of HIV & AIDS.

The municipality has appointed one HIV & AIDS Coordinator who will anchor the programme within the municipality and champion HIV & AIDS issues within the municipality. The CMRA Project Coordinator should be working hand-in-hand with the municipal coordinator to impart valuable skills and experience to ensure sustainability. Resources (material and human) should be made available to support the activities of the LAC, and for the municipality to increase on the level of awareness in its communities.

#### 4.2.3 Safety and Security

The South African Police service (SAPS) is responsible for the safety and security in the municipality. The most common crimes in the area are assault and theft. There are Community Policing Forums (CPFs) and the Community Safety Forum was recently launched. For the municipality to achieve economic growth, safety and security is required to attract investments and thus create jobs and poverty alleviation. The municipality should jointly with the Department of Safety and Security, develop and implement crime prevention strategy.

##### 4.2.3.1 The following table indicates the facilities available in respect of police stations in the municipality.

##### Police and Magisterial Services Rendered

Ward	Former TLC	Location	Facility
1,2,3,5 & 6	Moutse 1		No Police station (Main PS in Dennilton and satellite in Matlerekeng)
4	Moutse 1	Matlerekeng	Satellite Police Station with 16 personnel
7	Marble Hall	Marble Hall	Police Station with cells and courtroom.6 Private Security Services.
8	Moganyaka/Leeuwfontein		No formal and local services.
9	Moganyaka/Leeuwfontein		No formal and local services.
10	Hlogotlou/Lepelle		No formal and local services.
11	Hlogotlou/Lepelle/Nebo		Satellite Police Station at Rakgwadi
12	Hlogotlou/Lepelle		No local Police Station
13	Middle Lepelle		
14	Middle Lepelle		No formal local services.
15	Middle Lepelle	Elandskraal	Police Station at Elandskraal
16	Middle Lepelle		

The challenges in respect of above are to move the Marble Hall police jurisdiction to include the areas outside Marble Hall police jurisdiction.

#### 4.2.4 Education

There are 80 primary schools and 45 secondary schools with approximately 80 000 learners. Marble hall which is the economic hub of the municipality has one public secondary school, the teacher pupil ratio is 1:60 on average in primary schools and 1:55 in secondary schools. Although the norm is 1:35

in secondary schools and 1:4 in primary schools, learner: teacher ratios are substantially higher than the national norm.

#### 4.2.5 Sports, Arts and Culture

Sports and Recreational activities are coordinated by the Department of Sports, Arts and Culture in liaison with the municipality. The development of sports in the municipality is still a challenge at the ward level. Sports council was established in the municipality which co-ordinates sporting activities (comprise by community members, Department of sports and officials from the municipality). The development of sports in the municipality is still a challenge. The municipality has two stadia namely Elandskraal and Malebitsa. There are also 3 hubs which are sponsored by the department of Sports, Arts and Culture namely: Elandskraal, Malebitsa and Moganyaka Arts and Culture Councils is also established.

#### 4.2.6 Post Offices and Telecommunication Services

Most of residents have access to telecommunication by using mobile phones. Telkom has minimal infrastructure with regard to house connections'. Postal services is also minimal

Formal Post Offices	Mobile Post Offices	Backlog	Challenges
2 (Marble Hall, Leeufontein & Elandskraal)	11 (Xipame, Rakgwadi, Tsimanyane, Matlelerekeng, Manapyane, Regae, Elandskraal, Matlala Ramoshebo, Strydmag and Dichoeung)	52 Villages have no access to post-office facilities	Some post offices had to close down due to the strike that was encountered last year

#### 4.2.7 Cemeteries and Cremation

Almost all the villages have cemeteries. There is no crematoria. There is a need for a new cemetery in Marble-Hall Town. There is a need for extension of cemeteries at Ward 2 (Rathoke)

#### 4.2.8 Social and Environmental SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Most households have access to at least RDP housing standards</li> <li>Access to social grants and services</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of some social facilities.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Intergovernmental relations.</li> </ul>	<ul style="list-style-type: none"> <li>Service delivery protests</li> </ul>

### 4.3 Economic Development Analysis

#### Background

To undertake a proper analysis of the political economy of the district, it becomes important to consider the background of the South African economy in general. Thus, the district economy needs to be viewed as an integral part of the provincial economy that is linked to the national. The national economy is part of the South African regional economy within the world economy. Thus Ephraim Mogale Local Municipality as part of Sekhukhune district is a constituent to the global economy positioned to take advantage of its comparative strengths in its relation to the other regions of the world

#### 4.3.1 The Structure of the Economy

The municipality is a major producer of citrus and table grapes. Cotton and vegetable production is also substantial. Cattle ownership among subsistence farmers is significant. Production areas are scenically attractive and, together with the Flag Boshie Dam; provide supply side opportunities for tourism



development. The Schuinsdraai Nature Reserve, which is adjacent to Flag Boshielo Dam, adds to this opportunity. Mining activity includes dolomite and dimension stone. Marble Hall town has a very large, but underutilized industrial park. The only manufacturer of note is McCain's and Tiger Brand Foods vegetable processing. Other tenants in the industrial park are mostly distributors and businesses that repair motor vehicles and other equipment. The local construction industry is very small, but is growing rapidly. Wholesale and retail trade development has always been overshadowed by facilities that are available in the adjacent Groblersdal. A large network of informal traders operates throughout the municipal area.

#### 4.3.2 Key Economic Sectors

The Municipality has a relatively small economy, contributing only 1% to the provincial value of production. 41.4% of the 31 294 are economically active (employed or unemployed but looking for work) people in the municipality are unemployed. Among the economically active youth (15-34 years) in the area, almost half (48, 8%) are unemployed. (Source Stats S.A., Census 2011)

##### 4.3.2.1 Employment Sectors

In the formal sector	12114
In the informal sector	3073
Private household	2640
Do not know	524
<b>Grand Total</b>	<b>18350</b>

##### 4.3.2.2 Development Corridors

Zamenkomst – Rathoke – Malebitsa is seen as a future development corridor with the main growth point at Rathoke. In a north/south direction, the main development corridor of the Greater Marble Hall area, is from Marble Hall to be along the N1 in an eastern direction to Leeuwfontein and then in a northern direction along road D4100, to Matseding. The Roads D4358 and from there along Road D3600 to Elandskraal and ending at Dichoeung in the north, the main proposed east/west development corridor along Road D4285 (Tsimanyane South, Ragaphela, Mmotwaneng) along a priority link road to link up with settlements (for example Maserumule Park) in the adjacent Greater Tubatse Municipality, as well as provide linkage with the north/south corridor.

#### 4.3.3 Competitive and Comparative Advantages

The municipality is designated a "provincial growth point" and is regarded as one of Limpopo's more economically developed local municipalities. Municipal area makes a significant contribution to the District GGP, mainly from public sector, agriculture, agro-processing, wholesale and retail, trade, services and transport, storage and communication sectors. According to STATS SA 2011 census, agriculture is the largest contributor to employment, followed by the public sector, private households, wholesale and trade. The local conditions (business environment) in which the local business operate from provides comparative advantage and disadvantages, favoring certain types of industry sectors. The municipality boasts a pleasant climate, particularly suitable for table grapes and citrus. Fertile soils, large dams and irrigation provide comparative advantage for production of a variety of crops and livestock. Municipality has limited mineral deposits, mainly marble and lime. The best natural tourism attractions are the Flag Boshielo Dam and the adjacent Schuinsdraai Nature Reserve, which are not yet utilized or developed as major tourist attractions. The municipality has well serviced transport routes in comparison to the rest of the province the existing tourism sector has grown around business visitors, a few game lodges and agricultural educational tours.

##### 4.3.3.1 Local Constraints to Growth

The municipality remains dependent on fiscal allocations from outside the province. The municipality's annual budget is over R 180 million, of which R 227 million is raised within the municipality. Within the

municipality 15,664 economically active people are required to support over 100,000 economically un-active people (2001 figures), a statistic that exposes the extent of under-development and dependency. Land ownership is the single biggest constraint to economic growth in the rural areas. The land issue permeates as a constraint through all sectors - from commercial level investment to undermining the scale and viability of emerging farmers and capital appreciation of property values for everyone living in the area. The current regulatory system creates investment uncertainty and slows or blocks the process of investment.

#### 4.3.3.2 Job Creation

Following table indicates jobs created in the municipalities through EPWP and LED initiatives from 2007.

Project	Jobs created		
	Men	Woman	Youth
Water reticulation	303	321	426
Mast lights	30	40	55
SLASH(fertilizer)	3	5	2
Brick paving manufacturing	7	8	5
Sports stadiums /community halls	38	45	17
Bakery and piggery	2	8	0
Bead making jewellery	0	8	7
Tar roads and storm water	305	335	369
Egg production	0	20	5
Organic farming	48	90	0
Cleaning campaign	10	7	3
Community Works Program	112	498	535

**Economic development projects can be established as follows:**

1. Eco tourism - Schuinsdraai Nature Reserve/ Flag Boshie: Community land Kgoshi Matlala
2. Industries – Marble Hall town: Council owned land
3. Cotton Cluster Initiative- the cluster consist of 5 primary cooperatives with interest of cotton production. The cluster will plant 575 ha on dry land and 115 under irrigation which will create 29 permanent jobs and more than 500 job opportunities.
4. Development of **Moloto Corridor** will contribute to economic growth

#### 4.3.4 SWOT analysis

##### KPA 3 Local Economic Development

Strength	Weaknesses
<ul style="list-style-type: none"> <li>LED Cluster committees are active and holding meetings</li> </ul>	<ul style="list-style-type: none"> <li>Hawker stands (bring in new businesses)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Growing retail and tourism sectors</li> </ul>	<ul style="list-style-type: none"> <li>Water shortage</li> </ul>

## CHAPTER 5: BASIC SERVICES

### Background

The Constitution of the Republic of South Africa in Section 152 (c) indicates that municipalities must “ensure the provision of services to communities in a sustainable manner”. The success of local economic development is tied to the provision of basic and other types of infrastructure to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development. Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy and housing provision, roads and public transport, waste management and telecommunications – all of which underpins socio-economic development and determines people’s quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the municipality.

### 5.1 Water and Sanitation Analysis

Ephraim Mogale local municipality is not a water service authority and water service provider. Sekhukhune District Municipality is the water service authority and water service provider with Lepelle Northern water and Dr J.S Moroka local municipality as water service providers appointed by the district.

#### 5.1.1 WATER SOURCES AND CATCHMENT

Water and sanitation provision:

The function is designated to Sekhukhune District Municipality and Ephraim Mogale municipality plays co-ordination and information facilitation role.

Water resources:

- There are 47 Boreholes in the municipality with 13 functional and 34 not functional.
- There are 2 Water Treatment works; Marble Hall 5ML, Flag Boshielo 8ML (Flag Boshielo was augmented by a package plant and 2 boreholes), and Lepelle Northern Water is the service provider appointed by SDM to operate these WTWs.
- Flag Boshielo east supplies 22 villages whereas Flag Boshielo West supplies 24 villages
- Leeufontein is reticulated from a new package plant
- Gareagopola is reticulated from a borehole and a service provider is appointed to refurbish the steel Reservoir. Booster pump and bulk line vandalised
- Moutse West extracts water directly from the JS Moroka Reservoir
- Frischgewaagd is reticulated from a well which pumps into 2 by 10 000 litres jo-jo tanks and 2 jo-jo tanks in the village
- The District municipality is currently in process of finalizing the bulk water system that will cover villages around Moutse area.

#### 5.1.2 Access and Backlogs

Water backlog:

- ▶ The water backlog is at 87 % (28 313 households)

Sanitation provision

- ▶ Sanitation backlog is at 90 % (29 346 households)

Table 1: Domestic water services with infrastructure at or above RDP levels

	SDM	EPHMLM
--	-----	--------



Total Number of hh (Dec. '08)	233067.59	28857
Total number of hh served	149902.00	26677
<b>Percentage Served</b>	<b>HH 67%</b>	<b>92%</b>

Source: Technical Services SDM

### 5.1.3 District Initiatives

The Sekhukhune District has prepared a Water Services Development Plan (WSDP) that was adopted in 2005 and updated annually. The WSDP is currently being implemented and will be reviewed on yearly basis. The District has also finalized its section 78 process and is presently implementing the outcomes of that exercise. The establishment of Water Service Department and the transfer of DWA staff to the District have been completed.

The raising of Flag Boshielo Dam by five meters has been completed by DWA. The dam will improve the state of water provision in the municipality and these will eventually tourism and other development opportunities in the area.

The District has developed a Community Water Supplies Master Plan. This enables the District and its implementing agents to achieve its WSDP objectives. The intention is also to investigate alternative technical options for supplying specific areas with water, and to ensure coordination and implementation of water supply infrastructure. Early findings of these studies reveal that groundwater is a major water resource for most Sekhukhune households – and will continue to do so in the future. 16% in Ephraim Mogale are solely reliant on groundwater.

### Access to piped water

Most of the households in the municipality do have access to piped water in the yard or through communal tap.

Table 4: Access to piped water

	Access to piped water inside dwelling/yard			Access to piped water on communal stand			No access to piped water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
<b>Ephraim Mogale</b>	7 909	9 980	22 759	4 257	6 063	4 343	7 385	8 146	5 181

Source: Census (2011)

### SANITATION

The provision of sanitation in Ephraim Mogale faces considerable challenges at present. The situation is more of a concern that it was the cases with water.

The municipality has different households that use different types of toilet facilities. In town the municipality uses flushing toilets while in the rural areas there are few households that use flushing toilets. The rest of the population in the rural areas of the municipality use pit latrines.

### Status Quo

Table 5: Sanitation level in 2013

Municipality	Total number of households	% Access RDP and above	% Backlog
Ephraim Mogale	57 855	34%	66%

Source: Infrastructure and Water Services Department at SDM (2013)

Table 6: Breakdown of Sanitation Backlog per Local Municipality A

Local Municipality	Households	Backlog
Greater Ephraim Mogale	32 304	16 576

**Source: STATS SA – 2007 Community Survey** There is a slight difference between the STATSSA information on sanitation backlog above and the WSDP information below. Therefore, it is the responsibility of the Water Services Authority to contact a verification process to test the accuracy of the information.

Table 7: Breakdown of sanitation backlog per local municipality B

Local Municipality	Household	Backlog
Ephraim Mogale	32 304	29 169

**Source: SDM WSDP**

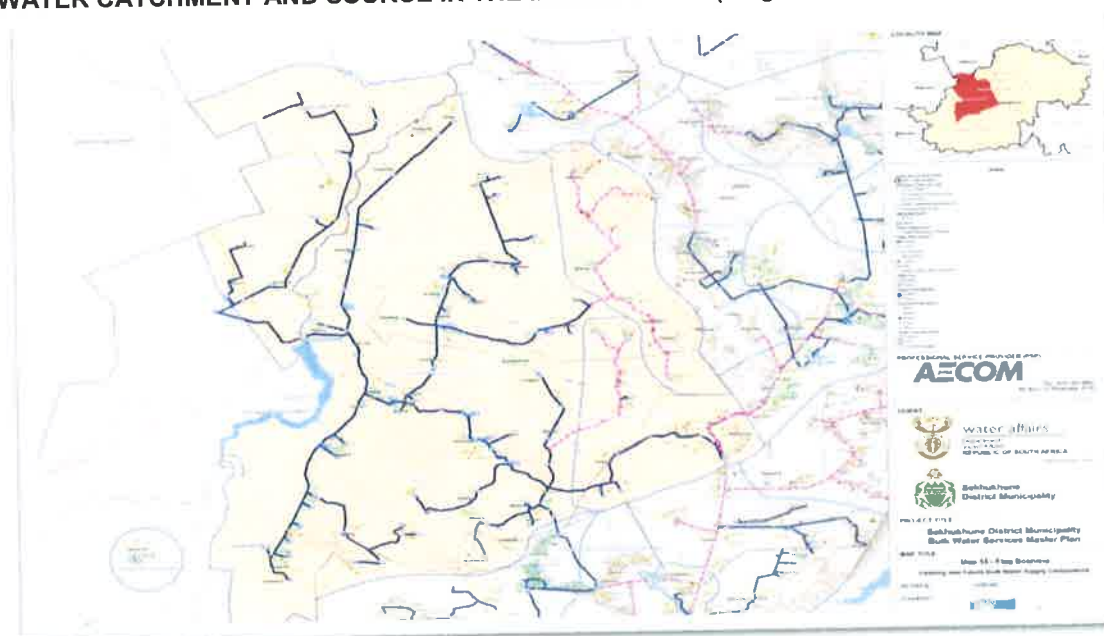
### Type of sanitation

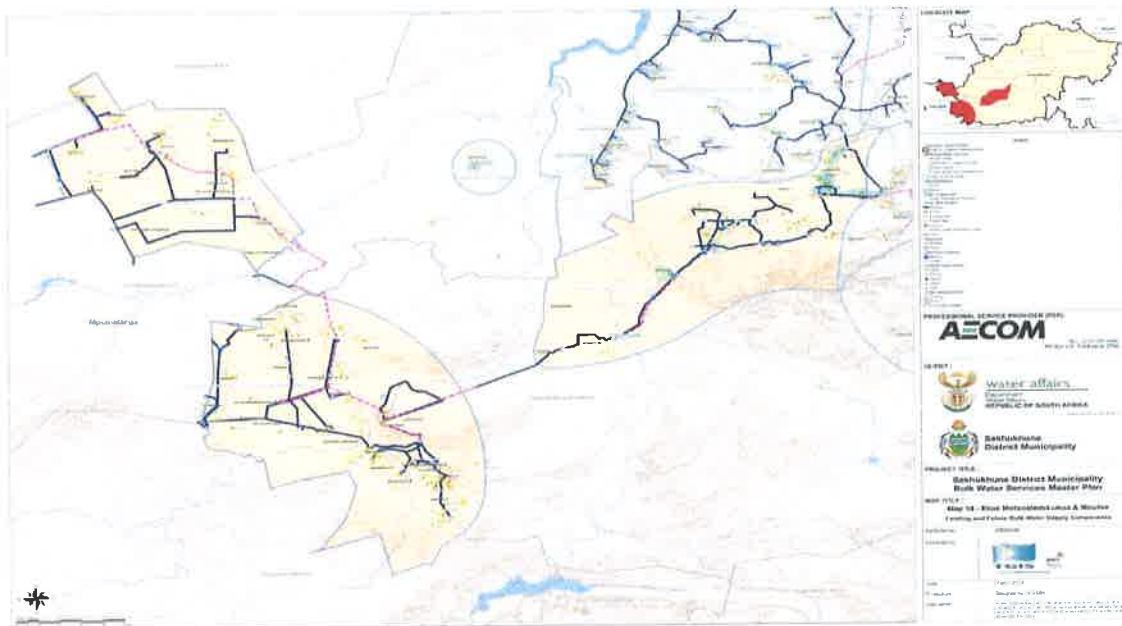
Table 8: Sanitation Type

MUNICIPALITY	Flush/chemical toilets			Pit toilets			Bucket			No toilets		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Ephraim Mogale	1 708	3 758	4 067	15 789	17 162	25 328	151	121	611	1 892	3 147	1 677

*Source: Census 2011*

### WATER CATCHMENT AND SOURCE IN THE MUNICIPALITY (Flag Boshielo Scheme)





### Challenges on Water and sanitation

- ▶ Spillages
- ▶ Smell from Sewage Plant
- ▶ Industrial effluent not up to standards(non- Compliance)
- ▶ Refuse removal Tariff for billing or classify as free basic service
- ▶ No provision of water quality reports by WSA
- ▶ No water SLA's between WSA and the Municipality

### 5.3 Free Basic Services

Indigent policy was reviewed by Council on 28 February 2013 which makes provision that an indigent is defined as the total income of all occupants is not more than R2500.00 per household. Indigent register was compiled in 2015,

Registered indigents receive free basic services for the following services

All registered indigents will receive 50 units of electricity per month free of charge. Unused free electricity units shall not be carried over to the next month. Any meter tampering or dishonesty shall result in the termination of the free service. Challenge is that 2387 was configured but non active have been de-configured now 2080. Average collection rate 1500/month. All villages covered 6975 applications received-R67 085 /month vat inclusive being paid out.

#### 1. Water

All registered and approved indigent consumers will receive the first 6 kilometers of water fully subsidized. Depending on the availability of funds for this purpose, a subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year for consumption in excess of 6 kilometers per month. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year. Challenge is for all indigents to register on the indigent register and to verify compliance with policy.



The district municipality is providing Free Basic Water, it is estimated that 79% of households within Sekhukhune receives free basic water

## 2. Refuse Removal

All registered destitute indigents shall be fully subsidized for refuse removal. All registered indigents shall be subsidized for refuse removal as determined and provided for by the Council in the annual budget from time to time. Depending on the availability of funds for this purpose a subsidy determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year. Challenge is for all indigents to register on the indigent register and to verify compliance with policy.

## 3. Sewerage

All registered destitute indigents shall be fully subsidized for sewerage services. All registered indigents shall be subsidized for sewerage services as determined and provided for by the Council in the annual budget from time to time. Depending on the availability of funds for this purpose a subsidy determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

The challenges are to update the indigent register in order to provide funds to cater for all the indigents

## 5.2 Energy and Electricity

### 5.2.1 Access and Backlogs

The municipality provide electricity reticulation in Marble Hall town and public lighting in the whole municipal area. ESKOM provide electricity reticulation outside the town of Marble Hall. All the villages in the Municipality have been electrified except for Manthole village (±33 households) that was added to the Municipality at a later stage. The backlog is currently around 1%.

**TABLE - Household electricity backlog**

No. of Households	Source of Energy	Coverage	Backlog	% of backlog
32 284 (2011)	Electricity	31 961	323	1%

All residential areas within the municipality will be electrified by 2017. The remaining backlog will be new developments.

**TABLE – Public lighting backlog**

No. of Villages	Source of Energy	Coverage	Backlog	% of backlog
56 (2011)	Electricity	22	34	60.71%

### 5.2.2 Sources of Energy

The main source of energy is Electricity which is supplied by ESKOM. It is distributed by ESKOM in the Municipal area except in the town of Marble Hall where it is distributed by the Municipality under a license issued by NERSA.

### 5.2.3 Alternative Sources of Energy

Alternative source of energy currently also in use in the Municipality:

- Wood – due to cost and availability
- Gas – Convenience of use and availability

- Paraffin - Ease of use
- Solar – High initial cost. Mainly geysers and a slow growth in Solar Electrical installations.

#### **Other energy/electricity projects**

Currently there are no other energy/electricity project that are initiated by other government department except electrification of households by Eskom through INEP.

### **5.2.4 Electricity and Energy Challenges**

- ▶ High cost of electricity
- ▶ High cost of electrical material
- New developments in villages not structured – increased costs
- ▶ Limited funding from INEP
- ▶ Delays in completion of ESKOM projects
- ▶ High cost of Solar Equipment
- ▶ Densification
- ▶ Old equipment
- ▶ Limited budget
- ▶ High cost of new ESKOM supply points and very long process
- ▶ Energy Master Plan
- ▶ Operation & Maintenance plans

### **5.2.5 Free Basic Electricity Status Quo**

Currently there is no approved beneficiaries in the town of Marble Hall. All the beneficiaries is therefore in areas being service by ESKOM. There is an agreement with ESKOM to distribute FBE on behalf of the Municipality. The current number of beneficiaries register with ESKOM is 1895 of which an average of 1599 collect tokens per month

## **5.3 ROADS AND STORMWATER DRAINAGE**

### **5.3.1 ACCESS AND BACKLOGS**

The only major route running through the municipal area is the N11 which links Marble Hall with Groblersdal to the south, and Mokopane via Roedtan and with the N1 between Polokwane and Pretoria to the west and north. Provincial roads links Marble Hall with the villages to the west and north. Maintenance of these roads by the relevant authorities is inadequate due to lack of manpower and equipment.

The internal roads in the villages are the responsibility of the Municipality. Information regarding exact status of the roads is available from the recent developed roads Master plan. Internal streets within the settlements are generally low quality gravel roads that were never properly planned and constructed. Basically no provision was made for storm water drainage. Some of the formal towns have a few



surfaced roads such as Leeuwfontein main roads that are partly tarred, but are deteriorating very quickly. The Majority of roads in our jurisdiction are gravel or dirt

The backlogs are per the Table below

SURFACED ROADS(KM)	GRAVEL / DIRT(KM)	TOTAL
137.9km	974km	1111.9km

### 5.3.2 ROADS CLASSIFICATION

The classification of roads into different operational systems, functional classes or geometric types is necessary for communication between engineers, administrators and the general public. Classification is the tool by which a complex network of roads can be subdivided into groups having similar characteristics.

A single classification system, satisfactory for all purposes, would be advantageous but has not been found to be practicable. Moreover, in any classification system the division between classes is often arbitrary and, consequently, opinions differ on the best definition of any class. There are various schemes for classifying roads and the class definitions generally vary depending on the purpose of classification.

Roads Agency Limpopo (RAL) completed classification of all roads in the Limpopo province, as per the Road Infrastructure Strategic Framework for South Africa (RISFSA) classification system. This process was concluded in March 2013, and it will be followed by the assignment of responsibilities between spheres of government. The assignment process will be led by National Department of Transport, and its conclusion date is unknown.

The RISFSA classification system classifies road in to 6 classes, in terms of strategic function and description of nature of roads. The classification system is done as per

The RISFSA Road Classification System		
Road Class	Strategic Function	Nature of Roads
Primary Distributor	High mobility roads with limited access for rapid movement of large volumes of people, raw materials, manufactured goods, and agricultural produce of national importance	Public Roads: - Between, through and within regions of national importance; Between, through and within provincial capitals and key cities; Between, through and within major city nodes, which have significant economic or social road traffic; Between South Africa and adjoining countries which have significant national economic or social interaction; Providing access to major freight and passenger terminals including major ports and airports.
Regional Distributor	Relatively high mobility roads with lower levels of access for the movement of large volumes of people, raw materials, manufactured goods, and	Public roads: - Between and through centers of provincial importance. Between provincial capitals, large towns and municipal administration centers.

The RISFSA Road Classification System		
Road Class	Strategic Function	Nature of Roads
	agricultural produce of regional importance in rural and urban areas	Between class 1 roads and key centers which have a significant economic, social, tourism or recreational role. Between South Africa and adjoining countries which carry limited economic or social road traffic. For access to transport hubs of regional importance.
District Distributor	Moderate mobility with controlled higher levels of access for the movement of people, raw materials, manufactured goods, agricultural produce in rural and urban areas of regional importance	Public roads: - Between centers, towns, and rural residential areas and villages. Between centers, towns and industrial/ farming areas. Between residential areas and local industrial/commercial areas. Between large residential areas. Which provide linkages between a Class 2 and/or Class 1 routes. Which provide linkage between centers, towns, rural residential, industrial/farming areas and Class 2 or Class 1 routes.
District Collector	High levels of access and lower levels of mobility for lower traffic volumes of people, raw materials, manufactured goods, agricultural produce in rural and urban areas of local importance	Public roads: - Between villages, farming areas and scattered rural settlements and communities, which primarily serve local social services as well as access to markets. Within a commercial, residential, industrial areas. Linking Class 3 roads.
Access Roads	High access and very low mobility routes for the movement of people and goods within urban and rural areas.	Public roads: Within a residential community. From a Class 3 or 4 to a residential community. To provide direct access to industries and businesses. To provide access to specific destinations such as heritage sites, national parks, mines, forests etc.
Non-motorized access ways	Public rights of ways for non-motorized transport providing the basic and dedicated movement	Public right of way: To provide safe access and mobility for pedestrians, cyclists and animal drawn transport. For social, recreational and economic access.

As per RAL's RISFSA Road Classification Report, the latest version of the draft TRH26 (August 2012) South African Road Classification and Access Management Manual (RCAM) was introduced, which builds and expands on the RISFSA functional road classification system. The TRH26 RCAM Manual is to become the official requirement for road classification and access management and supersedes both the draft National Guidelines for Road Access Management in South Africa (COTO, 2005) and the Manual for the Redefinition of the South African Road Network (DOT, 2008). The RCAM Manual has

made significant changes to the functional classification descriptions in Chapter 3 of the 2006 RISFSA. All six classes have been split into rural and urban classes with the following descriptions:

RURAL CLASSES	URBAN CLASSES
R1= Rural principal Arterial	U1= Rural principal Arterial
R2= Rural Major Arterial	U2= Rural Major Arterial
R3= Rural Minor Arterial	U3= Rural Minor Arterial
R4= Rural Collector Arterial	U4= Rural Collector Streets
R5= Rural local Arterial	U5= Rural local Streets
R6= Rural walkway	U6= Rural walkway

### 5.3.3 STATE OF ROADS AND STORMWATER

#### 5.3.3.1 ROADS

The total length of the road network under ownership of Ephraim Mogale Local Municipality is 1111,9km, of which 974,9km are gravel and 114,3km are surfaced. This excludes roads owned by SANRAL, Province, District Municipality, and Private Roads. This translates to only 10, 3% of the network being surfaced and the rest of network, i.e. 89, 7%, being gravel. The breakdown of roads in terms of road surface and conditions is indicated in the Table below.

Conditions of Road Network under the ownership of EPMLM						
ITEMS	Total Lengths (Kms)	Lengths Conditions				
		Very Poor	Poor	Fair	Good	Very Good
Surfaced	137.9	1.5	2.9	33.8	53.0	23.2
Gravel	974.	25.6	417.9	496.7	57.4	0.0
Overall	1111.9	27.1	420.8	530.4	110.3	23.2

#### 5.3.3.2 STORMWATER

Storm water structures were divided into the following three categories:

- Bridges / Culvert;
- Side Drains;
- Stormwater Pipes; and
- Kerb Inlets

Summary of the conditions of Stormwater Structures in Ephraim Mogale Local are summarized in the Table below showing different storm-water structures within EPMLM.

Conditions of the Stormwater Structures Conditions in EPMLM							
Items	Quantity	Unit measure	Condition Grading				
			Very Poor	Poor	Fair	Good	Excellent
Bridges / Culverts	9	No	0.0%	0.0%	77.8%	11.1%	11.1%
Stormwater Pipes	11056	(m)	2.0%	3.0%	18.0%	60.0%	17.0%
Side Drains	11698	(m)	0.1%	11.8%	21.4%	62.4%	4.4%
Kerb Inlets	68	No	7.4%	14.7%	45.6%	29.4%	2.9%

#### 5.3.4 ROADS AND STORMWATER CHALLENGES

The Municipality faces a lot of challenges with regard to the provision and maintenance of roads and Stormwater. The following are the challenges

- Planning data not available (RMS etc.)
- Aging infrastructure
- Huge backlog
- Lack of forward planning.
- Uncontrolled Storm water in villages
- Not enough equipment's for maintenance
- Limited budget for developing new infrastructure
- poor performance of Service providers

## **5.4 Waste Management**

### **5.4.1 Access and Backlogs**

Provision of kerbside waste collection service once a week is currently done in Marble Hall (965 Household), Leeuwfontein (1380 Household), Leeuwfontein RDP (725 households), Elandskraal (2182 Households) and 367 Households with communal bins at Schoeman Farms

Total of 5619 households

Total households in municipal area - 32 284

Backlog: 26 665 Households.

### **5.4.2 State of waste management**

Disposal is done at one permitted landfill site in Marble Hall. Informal recycling is done on site and at source at the businesses in Marble Hall. Some volunteers are also recycling in Elandskraal and Matlerekeeng.

### **5.4.3 State of Landfill Site**

The Landfill site is situated in Marble Hall town. The current airspace will be enough for at least 10 years and closure will then be done thereafter. The site is receiving an estimate of 15600 tons of waste annually. There is no weighbridge at the landfill, waste is there for estimated per tonnage. The site is permitted and it is classified as a GMB landfill site. There is a proper access road, the site is adequately fenced and some infrastructure like site facility, offices and cloakrooms are available.

Daily compaction of disposed waste is challenging but the site is rehabilitated on an annual basis. Site is open to the public weekdays and Saturdays from 6 am till 6 pm. On Sundays the site is closed. A recent external compliance audit was done as per the WASTE act and permit. The compliance is around 66% with the main challenge the monitoring of groundwater on the site. This will start in the 15'16 year. The statistics is also reported monthly on the SA Waste Information system.

### **5.4.4 Waste Management Challenges**

**Challenges** – Small rural municipality with little resources and accessibility of areas makes it difficult to do proper collection and recycling.

## **5.5 Public Transport**

### **5.7 Transport**

#### **5.7.1 Access and Backlogs**

The Municipality has Five formal taxi Rank namely Elandskraal; Zamenkomst; Tsimanyane; Leeufontein and Marble hall.

The backlog is standing at 57 taxi ranks since we have 63 villages.

#### **5.7.2 State of Public transport**

The Communities in Ephraim Mogale local Municipality relies on Taxis and Buses for transportation. The Municipality has Great North Transport that is operating in the area.



### 5.7.3 State of Public Transport facilities.

The four formal Taxi Ranks in our Municipal area are in fairly good condition considering that they have been existing for not more than 5 years but Elandsdraal Taxi rank has deteriorated so much that major maintenance works need to be done.

The Municipality also owns an Aerodrome but there are few activities that are happening; it is only used by farmers. The Municipality is not generating any income from the Aerodrome but in terms of the aviation law we are expected to maintain the aerodrome for annual renewal of the operating licenses.

The current taxi and Bus transport system is also linked with access to education particularly for the rural communities.

### 5.7.4 Transport Challenges

The Municipality is struggling with the transfer of a privately owned Taxi Rank in Marble hall back to the Municipality. The taxi ranks are in the control of the District Municipality hence the municipality is not generating revenue from Taxi Ranks and the Aerodrome. The buses operating in the Municipal areas need to be increased so that it covers the whole Municipal area.

The railway line between Marble Hall and Pienaarsrivier is out of commission and should be revived and together with air transport provides an opportunity that should be optimally utilised in order to improve the transport system in the area.

## 5.8 SWOT analysis

### KPA 2 Service delivery and Infrastructure Development

Strength	Weaknesses
<ul style="list-style-type: none"><li>• 97% of households have access to electricity</li><li>• 22 villages have at least some form of public lighting</li><li>• Enough capacity in license area</li><li>• Some Streetlights have energy efficiency fittings</li></ul>	<ul style="list-style-type: none"><li>• Poor performance of ESKOM on electrification</li><li>• Poor performance of ESKOM on new supply quotations and installation.</li><li>• 44 villages without public lighting</li><li>• High ESKOM cost of supplies</li><li>• Slow SCM processes</li><li>• Lack of funding for maintenance</li><li>• No stock in Municipal Stores</li><li>• Old equipment</li><li>• Lack of technical training</li><li>• Accurate backlog data not always submitted</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Electrification backlog can be eradicated.</li><li>• Some equipment can be retrofitted at lower cost</li><li>• Increase usage of LED fittings</li></ul>	<ul style="list-style-type: none"><li>• Service delivery protests because</li><li>• Unsafe equipment</li><li>• Frequent equipment breakdowns</li><li>• Lack of proper co-ordination of water services between the SDM and EPMLM</li></ul>



### BACKGROUND

The purpose of analyzing the financial status of the municipality is to determine the financial soundness of the institution so that the municipality can improve its financial management capacity and revenues. Financial viability is about being able to generate sufficient income to meet operating payments, debt commitments and, where applicable, to allow growth while maintaining service levels.

### 6.1 MUNICIPAL FINANCIAL MANAGEMENT LEGISLATIVE PRESCRIPTS

**MFMA Act 56 of 2003 seeks to:**

- Secure sound and sustainable management of financial affairs of the municipalities and other institutions in the local sphere of Government
- Establish treasury norms and standards for the local sphere of government and
- Provide matters connected therewith financial management.

**There are five underlying principles in the MFMA**

- Promoting sound financial governance by clarifying roles and responsibilities
- a strategic approach to budgeting and financial management
- Modernisation of financial management
- Promoting corporative governance
- Promoting Sustainability and improved performance

#### 6.1.1 Financial Management Policies

Financial management system comprises of policies, procedures, personnel and equipment. The municipalities budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following financial management policies and procedures were developed and reviewed;

- a. **Credit Debt Management Policy** - The implementation of this policy should be based on sound business practices. This includes credit worthiness checks when application for services is made, as well as debt collection through sanctions of warnings, disconnections, evictions and other legal processes.
- b. **Supply Chain Management Policy** - The purpose of this manual is to prescribe the policies and procedures relating to Supply Chain Management of the EPRHAIM MOGALE Municipality. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services.
- c. **Budget Policy** - The purpose of this policy is to provide an overview of the procedure for the structural process of Planning and Managing the Budget. The procedures include the development of budgets, including the preparation of the budget, revision, approval, monitoring and evaluation of budgetary performance for a financial year.
- d. **Indigent Support Policy** - to provide access and regulate free basic services to all indigent households.
- e. **Tariff and Rates Policy** –the purpose of this policy is to determine the tariffs which must be charged for the supply of the two major services, which are: electricity & refuse.
- f. **Property Rates Policy** – the purpose of this policy is to assist the municipality to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the

nation and which takes account of historical imbalances and the burden of rates on the poor. It be noted that the municipality is working on final draft.

- g. **Investment policy** – this policy prescribes for the management of cash and the investing of municipal money. Travel and Subsistence Policy
- h. **Travel and Subsistence** - This policy regulates the re-imbursement of travelling and subsistence cost to officials and councillors attending to official business.
- i. **Cell Phone Policy** - The aim of this policy is to: regulate the granting of cell phones allowance to the employees of Ephraim Mogale Local Municipality improve the communication in the workplace and to the public, in order to give a better service.

## 6.2 ASSESSMENT OF MUNICIPAL FINANCIAL STATUS

### 6.2.1 Grants and Subsidies

The Municipality will receive the following Grants as per the Division of revenue Bill:-

ITEM DESCRIPTION	ANNUAL BUDGET 2015 /2016	ADJUSTMENT BUDGET 2015/2016	DRAFT BUDGET 2016/2017	FORECAST 2017/2018	FORECAST 2018/2019
<b>REVENUE PER SOURCE</b>					
<b>GRANTS &amp; SUBSIDIES</b>					
EQUITABLE SHARE	118 546 000.00	118 546 000.00	117 556 000.00	127 003 000.00	135 210 000.00
GRANT: MIG	32 405 000.00	32 405 000.00	31 917 000.00	34 179 000.00	36 987 000.00
GRANT: MIG ROLL OVER	0.00	3 011 882.00	0.00	0.00	0.00
GRANT: MSIG	930 000.00	930 000.00	750 000.00	788 000.00	0.00
GRANT: FINANCIAL MANAGEMENT	1 675 000.00	1 675 000.00	1 810 000.00	2 145 000.00	2 400 000.00
EPWP INCENTIVE GRANT	1 157 000.00	1 157 000.00	1 258 000.00	0.00	0.00
<b>REVENUE GENERATED FROM OWN SOURCES</b>	<b>154 713 000.00</b>	<b>157 724 882.00</b>	<b>153 291 000.00</b>	<b>164 115 000.00</b>	<b>174 597 000.00</b>

### 6.2.2 Investments

- Investment policy was adopted by council on 29 May 2014, the reviewed policy has been submitted for approval with other budget related policies for 2016/17 - 2020/21 financial year.
- All investments will be made in line with the investment policy.
- On a quarterly basis the Chief Financial Officer submit to council report reflecting information on the council's investment portfolio, including the type of investment, interest rates, period of investment and a summary of the exposures to particular financial institutions. The CFO must submit once a year a certificate of compliance that no gifts, commission or other consideration was received for investments made.
- The CFO must keep an investment register for all investments made.

- The municipality is banking with the following institutions:
  - Absa - Primary Bank Account
  - Fnb - Grants Received
  - Nedbank - Investment

### 6.2.3 Audits

- Audit made by the staff of the Auditor General after the financial statements have been compiled by 31 August 2015.
- The audit on the financial statements for 2014/15 has been completed and a disclaimer was received from the Auditor General.

### 6.3 Revenue Management

- Revenue from own sources, which is total revenue excluding transfers represents 41% of total revenue in 2016/2021. This has reduced in comparison with the previous financial year and indicates that the municipality is still largely dependent on government grants. Total transfers from National Treasury represent a total of 59% of the municipal revenue in 2016/2021.
- Electricity and property rates remain the major source of own revenue for the municipality.
- The only municipal service charges the municipality provide to the community is refuse removal. Water and sanitation has now been taken fully over by the District Municipality.
- The outstanding debtors amounted to R 55, 5 million, the average payment rate is 75%. The municipality is implementing its Debt Management and Credit Control Policy using its own internal capacity.

Total revenue of R 261 768 865 has been budgeted for in the 2016/17 financial year which is an average increase of 1% from 2015/2016. The increase has decline drastically as compared to 15% in 2014/2015. This results from a decrease in government grants and subsidies. The municipal budget is still however funded.

ITEM DESCRIPTION	ANNUAL BUDGET 2015 /2016	ADJUSTMENT BUDGET 2015/2016	% OF BUDGET	DRAFT BUDGET 2016/2017	% OF BUDGET	FORECAST 2017/2018	FORECAST 2018/2019
<b>REVENUE PER SOURCE</b>							
GRANTS & SUBSIDIES	154 713 000.00	157 724 882.00	61%	153 291 000.00	59%	164 115 000.00	174 597 000.00
EQUITABLE SHARE	118 546 000.00	118 546 000.00	46%	117 556 000.00	45%	127 003 000.00	135 210 000.00
GRANT: MIG	32 405 000.00	32 405 000.00	13%	31 917 000.00	12%	34 179 000.00	36 987 000.00
GRANT: MIG ROLL OVER	0.00	3 011 882.00	1%	0.00	0%	0.00	0.00
GRANT: MSIG	930 000.00	930 000.00	0%	750 000.00	0%	788 000.00	0.00
GRANT: FINANCIAL MANAGEMENT	1 675 000.00	1 675 000.00	1%	1 810 000.00	1%	2 145 000.00	2 400 000.00
EPWP INCENTIVE GRANT	1 157 000.00	1 157 000.00	0%	1 258 000.00	0%	0.00	0.00
<b>REVENUE GENERATED FROM OWN SOURCES</b>	<b>102 461 350.69</b>	<b>101 416 979.60</b>	<b>39%</b>	<b>108 477 865.37</b>	<b>41%</b>	<b>114 986 537.37</b>	<b>121 885 730.06</b>

PROPERTY RATES	26 766 355.15	26 766 355.15	10%	28 372 336.46	11%	30 074 676.65	31 879 157.25
ELECTRICITY	50 356 628.20	50 356 628.20	19%	54 314 659.18	21%	57 573 538.73	61 027 951.05
REFUSE	4 158 040.09	4 158 040.09	2%	4 407 522.50	2%	4 671 973.85	4 952 292.28
INTEREST RECEIVED	4 692 135.18	5 492 135.18	2%	5 821 663.29	2%	6 170 963.09	6 541 220.87
INCOME FROM AGENCY SERVICES	7 621 188.00	7 621 188.00	3%	8 078 459.28	3%	8 563 166.84	9 076 956.85
LICENCES & PERMITS	4 650 385.54	3 203 557.54	1%	3 395 770.99	1%	3 599 517.25	3 815 488.29
FINES	684 411.45	684 411.45	0%	731 219.57	0%	775 092.74	821 598.31
RENTAL FACILITIES AND EQUIPMENT	197 429.90	197 429.90	0%	209 275.69	0%	221 832.24	235 142.17
OTHER INCOME	3 334 777.19	2 937 234.09	1%	3 146 958.41	1%	3 335 776.00	3 535 923.00
<b>TOTAL OPERATING REVENUE GENERETED</b>	<b>257 174 351</b>	<b>259 141 862</b>	<b>100%</b>	<b>261 768 865</b>	<b>100%</b>	<b>279 101 537</b>	<b>296 482 730</b>
LESS REVENUE FORGONE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL DIRECT OPERATING REVENUE</b>	<b>257 174 351</b>	<b>259 141 862</b>		<b>261 768 865</b>		<b>279 101 537</b>	<b>296 482 730</b>

#### 6.4 Expenditure Management

The current CPIX increase outlined within circular 79 to be utilized by municipalities in the estimation of their expenditure for 2016/17 is approximately 6.6%. Mainly the budget principle used was zero based budgeting where inputs were received from Departments and a trend analysis for the previous year's outcomes and mid-year performance for the current were considered. Where incremental budgeting was made it has been kept within 6%. The Operating expenditure is budgeted as follows:

ITEM DESCRPTION	ANNUAL BUDGET 2015 /2016	ADJUSTM ENT BUDGET 2015/2016	% OF BU DG ET	DRAFT BUDGET 2016/2017	% OF BU DG ET	FORECAS T 2017/2018	FORECAST 2018/2019
SALARIES WAGES AND ALLOWANCE	65 742 054.20	62 236 745.25	21 %	70 709 750.81	23 %	74 952 335.86	79 449 476.01
COUNCILLORS REMUNERATION	11 002 969.83	11 002 969.83	4%	11 663 148.02	4%	12 362 936.90	13 104 713.12
REPAIRS AND MAINTENANCE	13 545 812.27	12 729 542.35	4%	13 093 442.82	4%	13 879 049.39	14 711 792.35
GENERAL EXPENSE	64 228 190.03	65 128 399.37	22 %	68 351 688.78	22 %	71 338 710.10	75 745 332.71

BULK PURCHASES	27 220 941.14	27 220 941.14	9%	29 779 709.61	9%	31 566 492.18	33 460 481.71
CAPITAL CHARGES	3 561 812.00	2 761 812.00	1%	2 663 167.88	0%	2 822 957.95	2 992 335.43
DEPRECIATION	42 400 000.00	42 400 000.00	14 %	44 944 000.00	14 %	47 640 640.00	50 499 078.40
WORKING CAPITAL RESERVE:BAD DEBTS	6 900 000.00	6 900 000.00	2%	7 314 000.00	2%	7 752 840.00	8 218 010.40
<b>TOTAL OPERATING EXPENDITURE</b>	<b>234 601 779.47</b>	<b>230 380 409.94</b>	<b>77 %</b>	<b>248 518 907.91</b>	<b>77 %</b>	<b>262 315 962.39</b>	<b>278 181 220.13</b>
CAPITAL COST	70 815 213.20	68 454 956.05	23 %	65 507 957.50	21 %	68 937 414.95	73 830 919.85
<b>TOTAL BUDGET INCLUDING CAPEX</b>	<b>305 416 992.67</b>	<b>298 835 365.99</b>	<b>100 %</b>	<b>314 026 865.41</b>	<b>98 %</b>	<b>331 253 377.34</b>	<b>352 012 139.98</b>

There are six key factors that have been taken into consideration in the compilation of the 2016/21 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity
- The increase in the cost of remuneration by 7%.
- The 75% average payment rate.

The municipality is paying its creditors within 60 days as legislated.

## 6.5 Capital Expenditure

CAPITAL BUDGET - 2016/2017, 2017/2018, 2018/2019							
Dept	Item	Item Name	ANNUAL BUDGET 2015/2016	ADJUSTM ENT BUDGET 2015/2016	DRAFT BUDGET 2016/2017	FORECAS T 2017/2018	FORECAS T 2018/2019
<b>INTERNALLY FUNDED PROJECTS</b>							
220	3050 00	NEW ENTRANCE - BOOM GATES			250 000.00	265 000.00	280 900.00
220	3050 00	LEARNERS LICENSE SOFTWARE			284 000.00	301 040.00	319 102.40
220	3050 00	PALISADE FENCING			500 000.00	530 000.00	561 800.00
220	3050 21	EXTENSION OF OFFICES(CUBICL ES)	800 000.00	600 000.00	500 000.00	530 000.00	561 800.00
220	3050 25	MACHINERY AND EQUIPMENT	400 000.00	283 500.00	0.00	0.00	0.00
<b>REGISTRATION AUTHORITY</b>			<b>1 200 000.00</b>	<b>883 500.00</b>	<b>1 534 000.00</b>	<b>1 626 040.00</b>	<b>1 723 602.40</b>
225	3050 00	MACHINERY & EQUIPMENT(SPE ED CAMERA+FIRE ARMS)			190 000.00	201 400.00	213 484.00



225	3050 00	VEHICLES			500 000.00	530 000.00	561 800.00
<b>LICENCING AND TRAFFIC</b>			<b>0.00</b>	<b>0.00</b>	<b>690 000.00</b>	<b>731 400.00</b>	<b>775 284.00</b>
260	3050 00	MAST LIGHT CONNECTIONS			200 000.00	212 000.00	224 720.00
260	3050 00	ENERGY MASTERPLAN & OM PLAN			500 000.00	530 000.00	561 800.00
260	3050 00	DENSIFICATION EXT 1 & 3			930 000.00	985 800.00	1 044 948.00
260	3050 00	REPLACE MINISUBSTATION			0.00	0.00	0.00
260	3050 00	INUSTRIAL SUBSTATION SECOND SUPPLY PHASE 1			1 200 000.00	1 272 000.00	1 348 320.00
260	3050 00	UPGRADE EXT 2 PHASE 2			1 400 000.00	1 484 000.00	1 573 040.00
260	3050 00	MAST REPAIR/RETROIT, ENERGY EFFICIENCY- MATLALA RAMOSHEBO			430 000.00	455 800.00	483 148.00
260	3050 00	CHRISTMAS DECORATIONS			250 000.00	265 000.00	280 900.00
260	3050 00	GENERATOR FOR MUNICIPAL EVENTS 50KVA			0.00	0.00	0.00
260	3050 00	GENERATOR FOR OFFICE ADMIN 220KVA			0.00	0.00	0.00
260	3050 00	GENERTOR FOR OFFICE FIN 100KV			515 357.50	546 278.95	579 055.69
260	3050 20	DICHOEUNG HIGHMAST	250 000.00	24 717.06	0.00	0.00	0.00
260	3050 68	PURCHASING OF LIGHT VEHICLE	350 000.00	305 706.00	0.00	0.00	0.00
260	3050 70	MOHLOTSI HIGHMAST	250 000.00	560 428.00	0.00	0.00	0.00
260	3050 96	MOHLALAOTWAN E HIGHMAST	300 000.00	794 932.44	0.00	0.00	0.00
260	3050 97	MBUZINI/MORARE LA HIGHMAST	300 000.00	865 228.05	0.00	0.00	0.00
260	3051 13	TSHIKANOSHI HIGH MAST	300 000.00	26 887.00	0.00	0.00	0.00
260	3051 14	MOBILE TOILETS	100 000.00	88 344.30	0.00	0.00	0.00
<b>ELECTRICITY</b>			<b>1 850 000.00</b>	<b>2 666 242.85</b>	<b>5 425 357.50</b>	<b>5 750 878.95</b>	<b>6 095 931.69</b>
335	3050 00	RESURFACING OF TENNIS COURTS			250 000.00	265 000.00	280 900.00
<b>SPORTS, ARTS AND CULTURE</b>			<b>0.00</b>	<b>0.00</b>	<b>250 000.00</b>	<b>265 000.00</b>	<b>280 900.00</b>

360	3050 00	FENCING OF ACCESS ROAD			160 000.00	169 600.00	179 776.00
360	3050 00	WEIGHBRIDGE WITH SOFTWARE			700 000.00	742 000.00	786 520.00
360	3050 70	MACHINERY & EQUIPMENT			460 000.00	487 600.00	516 856.00
<b>SOLID WASTE</b>			<b>0.00</b>	<b>0.00</b>	<b>1 320 000.00</b>	<b>1 399 200.00</b>	<b>1 483 152.00</b>
425	3050 00	ELECTRONIC BILLBOARDS			200 000.00	212 000.00	224 720.00
425	3050 70	MACHINERY & EQUIPMENT	586 339.20	586 339.20	980 000.00	1 038 800.00	1 101 128.00
425	3050 71	LANDSCAPING & GREENING PROJECT	1 000 000.00	600 000.00	1 120 000.00	1 187 200.00	1 258 432.00
425	3051 11	EXTENSIONS TO CEMETERY	750 000.00	750 000.00	0.00	0.00	0.00
<b>PARKS AND CEMETERIES</b>			<b>2 336 339.20</b>	<b>1 936 339.20</b>	<b>2 300 000.00</b>	<b>2 438 000.00</b>	<b>2 584 280.00</b>
500	3050 00	RECORD MANAGEMENT			400 000.00	424 000.00	449 440.00
500	3050 51	MAINTANANCE OF FIRE DETECTORS	56 162.00	56 162.00	21 600.00	22 896.00	24 269.76
500	3050 53	FILE STORAGE CENTRE	350 000.00	350 000.00	0.00	0.00	0.00
500	3050 60	INSTALLATION OF FIRE DETECTORS	407 712.00	407 712.00	0.00	0.00	0.00
500	3050 65	PURCHASE OF FURNITURE	700 000.00	200 000.00	550 000.00	583 000.00	617 980.00
<b>ADMINISTRATION</b>			<b>1 513 874.00</b>	<b>1 013 874.00</b>	<b>971 600.00</b>	<b>1 029 896.00</b>	<b>1 091 689.76</b>
505	3050 00	MAYORAL VEHICLE			800 000.00	0.00	0.00
<b>COUNCIL GENERAL</b>			<b>0.00</b>	<b>0.00</b>	<b>800 000.00</b>	<b>0.00</b>	<b>0.00</b>
625	3050 00	PROVISION OF OFFICE SPACE		0.00	800 000.00	848 000.00	898 880.00
<b>HOUSING AND BUILDING CONTROL</b>			<b>0.00</b>	<b>0.00</b>	<b>800 000.00</b>	<b>848 000.00</b>	<b>898 880.00</b>
650	2601 49	BOMAG ROLLER	500 000.00	500 000.00	0.00	0.00	0.00
650	3050 00	REHABILITATION OF INTERNAL STREETS			2 500 000.00	2 650 000.00	2 809 000.00
650	3050 00	REHABILITATION OF LEEUFONTEIN INTERNAL STREETS			2 000 000.00	2 120 000.00	2 247 200.00
650	3050 00	CONSTRUCTION OF INUSTRIA ROAD			1 000 000.00	1 060 000.00	1 123 600.00
650	3050 25	CONSULTANCY SERVICES			200 000.00	212 000.00	224 720.00
650	3050 25	DUMPER X 2	650 000.00	650 000.00	0.00	0.00	0.00

650	3050 77	ROAD & STORM WATER MASTERPLAN	1 000 000.00	1 000 000.00	500 000.00	530 000.00	561 800.00
650	3051 14	MOBILE TOILETS	240 000.00	240 000.00	0.00	0.00	0.00
650	3051 44	DICHOEUNG INTERNAL ROAD	7 000 000.00	12 500 000.00	0.00	0.00	0.00
650	3051 45	MOGANYAKA ACCESS ROAD	8 500 000.00	8 500 000.00	0.00	0.00	0.00
650	3051 46	CONSTRUCTION: N 11 DUALISATION	5 000 000.00	1 700 000.00	6 900 000.00	7 314 000.00	7 752 840.00
650	3051 47	STORMWATER EXT: 6	7 000 000.00	2 400 000.00	6 000 000.00	6 360 000.00	6 741 600.00
650	3051 48	SAW CUTTER x 2	120 000.00	120 000.00	0.00	0.00	0.00
650	3051 51	LIGHT DELIVERY VEHICLE X2			400 000.00	424 000.00	449 440.00
650	3051 31	LETEBEJANE&DIT HOLONG INT ROAD	1 500 000.00	1 490 000.00			
<b>ROADS AND STORMWATER</b>			<b>31 510 000.00</b>	<b>29 100 000.00</b>	<b>19 500 000.00</b>	<b>20 670 000.00</b>	<b>21 910 200.00</b>
<b>MIG FUNDED PROJECTS</b>							
650	3051 41	UPGRADING OF ROAD MATILU	5 000 000.00	5 710 000.00	0.00	0.00	0.00
650	3051 42	UGRADING OF ROAD PULENG	5 000 000.00	7 380 000.00	0.00	0.00	0.00
650	3051 43	MOHLALAOTWAN E INTERNAL STREET	6 805 000.00	6 805 000.00	0.00	0.00	0.00
650	3051 37	ELANDSKRAAL INTERNAL STREETS	14 000 000.00	11 360 000.00	7 000 000.00	7 420 000.00	7 865 200.00
650	3050 00	PHETWANE INT ROAD			7 000 000.00	7 420 000.00	7 865 200.00
650	3050 00	RATHOKE INTERNAL STREET			7 000 000.00	7 420 000.00	7 865 200.00
650	3050 00	NGWALEMONG INTERNAL STREETS			7 000 000.00	7 420 000.00	7 865 200.00
650	3050 00	PLANNING AND DESIGN FOR MASHEMONG/MOI HOEK			1 200 000.00	1 618 980.00	2 473 378.80
650	3050 00	PLANNING AND DESIGN FOR MAMPHOGO SPORTS COMPLEX			1 200 000.00	1 272 000.00	1 348 320.00
300	2600 01	PMU ESTABLISHMENT	1 600 000.00	1 600 000.00	1 517 000.00	1 608 020.00	1 704 501.20
<b>MIG</b>			<b>32 405 000.00</b>	<b>32 855 000.00</b>	<b>31 917 000.00</b>	<b>34 179 000.00</b>	<b>36 987 000.00</b>

		<b>TOTAL FOR EPMLM</b>	<b>70 815 213.20</b>	<b>68 454 956.05</b>	<b>65 507 957.50</b>	<b>68 937 414.95</b>	<b>73 830 919.85</b>
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**Total capital expenditure for amounts 2016/2017: R 65 507 957.50**

#### **6.6 Asset and Liability Management**

**Asset management** is another key sub-function within the SCM division. Currently there is no designated personnel to deal with asset management including operational matters.

In general the community wealth of the municipality amounts to R 1 022, 5 million. The total assets amount to R 1 008, 0 whilst the total liabilities amount to R 14, 5 million

The municipality does not have any long term loans.

#### **6.7 SWOT Analysis**

<b>Strengths</b>	<b>Weakness</b>
Ability to collect outstanding debts with limited resources.  Billing and issuing of municipal accounts on time.  Sound cash flow management.	Negative audit opinion.  Lack of manual procedures  Lack of procurement plan
<b>Opportunity</b>	<b>Threat</b>
Billing of property rates  Enhanced communication with consumers.  Increased allocations.	Debts not collected within 3 years shall prescribe.  Loss of revenue for debts not collected within 3 years.  Ineffective implementation of the audit action plan.  Withholding of allocations due to roll overs.