MAHIKENG LOCAL MUNICIPALITY

2016/ 2017

MID – YEAR PERFORMANCE ASSESSMENT REPORT
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1. Overview of Municipality

The area is known as the Mahikeng Local Municipality, Demarcation code NW383. It is situated in the North West Province and is 20 kilometers south of the Botswana Border. It is the Capital City of North West Province and used to be known as the City Council of Mafikeng, Mafikeng Local Municipality. The Municipality is a considerably big local municipality as compared to other four local municipalities located within the area of jurisdiction of Ngaka Modiri-Molema District Municipality. Those neighbouring local municipalities which border the Ngaka Modiri-Molema District Municipality are: Ramotsere Moiloa Local Municipality, Tswaing Local Municipality, Ditsobotla Local Municipality and Ratlou Local Municipality.

2. The Municipal Area and Population

The total area of the municipality is approximately 3 703km². After August 2016 Local Government Elections it is divided into 35 Wards consisting 107 villages and suburbs. The 2011 official Census indicated that the population of Mahikeng Local municipality was 314 000 (Community Survey). It is estimated that the population growth has been 1.16%. The demographics indicate also that the municipality has a high population of women than men. Also refer to the population composite structure and pyramid. Statistics indicate that the municipality has the highest population of youth, therefore all programmes and budgeting must be directed at youth development and empowerment.
3. MID – YEAR PERFORMANCE REPORTING

This report presents the 2016/17 Mid – Year performance assessment for the municipality for the period July 2016 to December 2016.

Section 72(I) of the Municipal Finance Management Act stipulates that the accounting officer of a municipality must by 25 January of each year -

a) assess the performance of the municipality during the first half of the financial year, taking into account -

   i. the monthly statements referred to in section 71 for the first half of the Financial Year

   ii. the municipality’s service delivery performance during the first half of financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan:

b) and submit a report on such assessment to -

   i. the mayor of the municipality;
   ii. National Treasury and the relevant Provincial Treasury
The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (l) (b) of this section.

Section 72 (3) stipulates further that the accounting officer must, as part of the review:-

a) make recommendations as to whether an adjustments budget is necessary: and

b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

This mid-year report is therefore consolidated and tabled in compliance with the above stated legislative requirements.

4. OBJECTIVES AND STRATEGIES (POLITICAL PRIORITY ISSUES)

When the newly elected Council took office in 2011, they had expressed the political objectives and priorities for their term (2011-2016). Those Strategic objectives are summarized as follows:

- To increase access to basic services and infrastructure development;
- Water, sanitation, roads, refuse removal, housing and electricity,
- To create an environment that promotes development of the local economy and facilitates job creation.
- To promote the culture of participation, effective governance and accountability
- To improve financial viability and management

The above political priorities as identified at the beginning of the current term of Council for implementation for the next five years; must be institutionalised and achievements against each one be reflected in all municipal reports. They are presented as follows:

Objective / goal

Objective 1: To increase access to basic services and infrastructure development

The major priority on this area is to accelerate provision of basic services such as water, sanitation, refuse removal, electricity, housing and roads etc, specific priority to be given to backlogs, areas not adequately or not serviced previously; as well as maintenance of existing infrastructure.
The contributing department to this area includes directorates’ infrastructure, community services and public safety.

**Infrastructure development**

This directorate is responsible for facilitation and provision of water and sanitation, electricity, roads and storm-water; it is the department that is responsible for large infrastructure delivery within the municipality. The directorate is leading the municipality’s efforts in addressing all the basic service delivery backlog in terms of:

- Universal access to water,
- Universal access to sanitation,
- Universal access to roads,
- Universal access to electricity, and
- Eradication of informal settlement

The municipality had experienced numerous challenges in the past years thus being unable to achieve the as per the above, challenges ranged from limited / insufficient Municipal Infrastructure Gant (MIG), the municipality not being water and sanitation authority to not being licensed to distribute electricity. Therefore, in our endeavor to ‘improve local public services and broaden access to them’ the focus or priority must then be on **previously un-serviced rural areas** for instance:

**Roads and storm-water**

For the next 5 years, the focus on MIG allocation will be on improving rural roads infrastructure network. The municipality was also directed to leverage funds from relevant sector departments and other funding partner partners through Business Plans.

**Access to water and sanitation**

The priority here is to reduce services backlogs. Indications are that, of the 70 306 households within the municipality, 49 265 have access to water which forms 70,1% and leaves **21 041 households (29.9%)** below basic level of service as a backlog. Further that 20 030 urban households (28.5%) have access to basic sanitation (flush toilet connected to sewer system), while 9015 rural households (12.82%) have access to basic sanitation (2445 – flush toilets with septic tank, 6570 – pit latrine with ventilation VIP, 37 200 – pit latrine without ventilation), a total of **41 261 rural households (58.61%)** have no access to basic sanitation as a backlog.

**Access to electricity**
Eskom as the authority within our locality has managed to ensure that 76.1% representing 53,511 households have access to basic electricity while 16,795 households (23.9%) have no access to basic electricity (alternate the use of paraffin and candles). The municipality must explore alternative energy options (solar energy and bio-fuel) to ease the need towards eradicating it by 2013.

**Objective 2: To create an environment that promotes development of the local economy and facilitates job creation.**

The leading directorate with the delivery area is planning and development LED unit. During the next 5 years, the following will be the focus areas of the unit:

- Improvement of business development processes and practices,
- Provision of after-care/business support post intervention,
- Aggressively pursue inter-governmental opportunities to advance broad SMME development,
- Initiate/support focused cooperative development,
- Establish fresh food market for local farming by way of organizing it and through flea markets,
- Exploit potential arising out of Mafikeng’s heritage advantage

**Objective 3: To promote the culture of participation, effective governance and accountability**

The MSA and the MFMA provide that municipal governance programmes should incorporate participation processes that include community inputs in the IDP and Budget. For the next 5 years focus will be on ensuring effective governance and accountability through amongst others;

- Development and implementing a cogent and comprehensive Community Participation Strategy,
- Identify and manage emerging public issues – set up Community Intelligence Officer to proactively identify and attend community concerns as they arise,
- Strengthen Stakeholder relations,
- Empower community leaders to interact confidently with community issues,
- Provide outreach services, and improve communication with stakeholders.

**Objective 4: To improve financial viability and management**
Financial viability and management is one of the pillars of an institution, in order for the municipality to deliver on its services delivery mandate, for the next five years the following will be a priority:

- Compiling a GRAP compliant asset register,
- Addressing all audit queries towards Clean audit report (2014),
- Implementing the revenue enhancement strategy,
- Improving our billing system, and
- Increasing expenditure on all conditional grants (MIG, MSIG, FMG)

5. **2016/17 MID – YEAR PERFORMANCE REPORT**

The key focus of this report, for the period under review, will be on progress made on the implementation of the identified development objectives and Priorities as per the 2016/17 municipality’s SDBIP.

5.1 **Key Performance Highlights**

The abovementioned objectives and goals have been translated into the municipal Programme of Action for 2016/17 financial year on-wards. They have also been aligned or compounded within the broader Local Government KPA’s as prescribed to the municipal environment by DPLG Regulation R805, 2006:

- Basic Service Delivery and Infrastructure Development
- Municipal Transformation and Institutional (capacity) Development
- Municipal Financial Viability and Management
- Local Economic Development
- Corporate Governance, Public Participation and Ward Committee Systems

**BASIC SERVICES DELIVERY AND INFRASTRUCTURE INVESTMENT**
The key focus of this objective is on provision of basic services to areas that do not have any, sustaining provision to those that have been provided previously, and the eradication of backlogs with regard to these services.

a) Water and Sanitation

Ngaka Modiri Molema District Municipality (NMMDM) is a Water Services Authority (WSA) and the municipality is not a water and sanitation authority but a service provider. The WSA entered into a Service Level Agreement with the Mahikeng local municipality for the municipality to be the Water Service Provider (WSP) at the urban areas and for Sedibeng Water to be a bulk water supplier and Water Services Provider at the rural areas. Sedibeng Water is purifying water and provides Bulk to the municipality.

Water born sanitation is 100% in the urban and VIP in the rural areas. However the municipality has already acquired the yellow and the white fleet. The new fleet has brought about huge savings.

The community in the rural areas in 22 wards are provided with water through tankering by both the local and the district municipality. The community is also provided with water for funerals reported by ward councilors which is a function of the Ngaka Modiri Molema District municipality.

The Challenge is the continuous theft of the cables and the pumps that cost the municipality lot of funds to replace. During the IDP consultations it came out that there is high demand of proper sanitation and water systems in many rural areas.

b) Electricity (households and public lighting)

Household electrification

Mahikeng Local Municipality does not have an electricity distribution license. ESKOM is supplying electricity in the whole of the municipal area. The municipality has started the process of acquisition of the electricity license and to date two meetings were held with NERSA to fast track the process.
**Roads and Storm water**

The following roads projects have being implemented during the current year and are at various stages of completion as at December 2016.

<table>
<thead>
<tr>
<th>NAME OF PROJECTS</th>
<th>TIME FRAME</th>
<th>BUDGET</th>
<th>CURRENT STATUS</th>
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<tbody>
<tr>
<td><strong>PROJECT DESCRIPTION</strong></td>
<td><strong>SECTOR</strong></td>
<td><strong>Ward</strong></td>
<td><strong>Target Date for Implementation</strong></td>
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<tr>
<td>Construction of a bridge at Dithakong Tsaga Sehuba</td>
<td>Bridge</td>
<td>27</td>
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<tr>
<td>Upgrading of Setumo High School Road</td>
<td>Road</td>
<td>21</td>
<td>25/02/2016</td>
</tr>
<tr>
<td>Tarring of Mapetla taxi road</td>
<td>Road</td>
<td>18</td>
<td>15/03/2016</td>
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<td>Provision of a multipurpose centre in Ward 26</td>
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<td>26</td>
<td>11/03/2016</td>
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<tr>
<td>Provision of a multipurpose centre in Ward 29</td>
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<td>23/02/2016</td>
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<td>Tarring of a road from Seweding to Phatsima</td>
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<td>Description</td>
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<td>Amount Requested</td>
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<td>15/12/2016</td>
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<td>Provision of high mast lights in Ward 9, 10, 14 &amp; 15</td>
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<td>26/02/2016</td>
<td>26/10/2016</td>
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<tr>
<td>Provision of high mast lights in Ward 21, 24, 25, 28 &amp; 31</td>
<td>21</td>
<td>29/02/2016</td>
<td>29/10/2016</td>
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**2016/2017 ALLOCATION:** **R70 417 000.00**

<table>
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<tr>
<th>DATE</th>
<th>BUDGETARY ESTIMATE</th>
<th>ADVANCE REQUESTED</th>
<th>AMOUNT RECEIVED</th>
<th>ACTUAL EXPENDITURE</th>
<th>BALANCE</th>
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<td>R 31 200 000</td>
<td>R 31 200 000</td>
<td>R -24 414 796</td>
<td>R 6 785 204</td>
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<td>August-16</td>
<td></td>
<td></td>
<td>R -3 068 626</td>
<td>R 3 716 578</td>
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<td>October-16</td>
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<td></td>
<td>R -1 378 839</td>
<td>R 2 337 739</td>
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<td>November-16</td>
<td>R 23 080 000</td>
<td>R 23 080 000</td>
<td>R -29 207 040</td>
<td>R -3 533 137</td>
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<td><strong>TOTAL</strong></td>
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<td>54 280 000</td>
<td>54 280 000</td>
<td>-58 069 301</td>
<td>R -3 789 301</td>
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</table>
c) **Community facilities**

- **Libraries**
  
  There are currently 7 community libraries situated as follows:
  - 1X Ward 20 – Mmabatho Community Library
  - 1X Ward 7 – Mahikeng Community Library
  - 1X Ward 9 – Danville Community Library
  - 1X Ward 15 – Ratshidi Community Library
  - 1X Ward 4 – Ottoshoop Library
  - 1X Ward 3 – Miga Community Library
  - 1X Ward 21 – Lomanyaneng Community Library

  The municipality will continue to embark on library services awareness campaigns so as to increase new membership to empower residents with knowledge. The biggest challenge facing the libraries during midterm has been the inability of Department of Culture Arts and Traditional Affairs to pilot mobile library services in outlying wards as per their undertaking.

- **Community Halls**

  The municipality has continued to administrate the Civic Centre and manage bookings in the midyear under review. The Moshawane multipurpose Centre was also completed and handed over to the community by the Executive Mayor. This facility is now fully functional and the municipality periodically holds important events there such as the policy review workshop which took place in the midterm under review. However, there are some challenges which need to be addressed such as the lack of furniture, security and liaison with the community about the usage of the facility.

  The multipurpose center at Ward 4 (Tsetse) has been completed and only a borehole needs to be sunk to provide water to the facility, then it will be handed over for use.

**Refuse Removal / Waste Management**

During the midterm under review the municipality has continued to render refuse removal services to 15 000 urban households and trade premises. The municipality has also contracted New GX Enviro to render refuse removal services to 18 rural /peri-urban village wards. Moreover, New GX Enviro also do litter picking and removal of illegal dumps in major entrance routes into the city, while municipal staff and EPWPs concentrate on cleaning the CBD and inner suburbs.

The major challenge that faced the municipality in the midterm under review include the sustainability of the rural/peri-urban refuse removal model in view of the fact that rural/peri-urban households are currently not paying for these services.
Also, illegal dumping is still a major concern because as soon as an area is cleaned there is illegal dumping again, making the whole exercise unsustainable and futile. Clearly the municipality ought to speedup law enforcement to curb littering.

New GX is the contractor on the operation of the landfill site and has made good progress in managing and operating the landfill site. A concrete proposal has been submitted to DEA to amend the business plan of the composting facility so as to release some funds to fence the landfill site and improve access control among others.

e) Parks and Recreation

The municipality has been granted a funding of R12 000 000, 00 by Sports and Recreation South Africa (SRSA) in the midterm under review to improve sports facilities infrastructure within the municipality, such as the Lotlhakane and Montshiwa stadium. This project is currently unfolding. The North West Greening project, which comprise construction of parks and amenities at the Zeerust Road entrance, Danville entrance, Sports and Recreation South Africa (SPCA) entrance and Barolong Boo-Rratshidi has been completed and will be handed over to the relevant communities. The Montshiwa outdoor gym, which was constructed by SRSA, has also been completed and will be handed over to the community. The major challenge facing the municipality as regards Parks and amenities is lack of sufficient equipment to deal with grass and bush overgrowths due to heavy rains that fell in November and December.

SPATIAL PLANNING SYSTEM

Lack of developed residential areas

There has been lack of proper land management resulting in lack of available land for both business and residential development. This unfortunately has a negative effect on expansion of the town Mahikeng and attraction of investors, as they cannot relocate their families due to the shortage of housing. There is however the opportunity to rectify this through the rezoning of land and by making the land available for residential development.

There are many vacant privately owned stands both business and residential in the formal areas. There is a need for council to consider the process of revocation of the unused land for re-allocation in terms of the municipal by-laws. There is a need for strong and efficient Town Planning Scheme in MLM. The implementation of Spatial Planning and Land Use Management Act (SPLUMA) is very urgent as the municipality Spatial Development Framework is not SPLUMA Compliant. The municipality also needs to appoint a Municipal Tribunal as a matter of urgency to comply with Spatial Planning and Land Use Management Act (SPLUMA). There is a need to restructure and conduct an overhaul of Planning and Development Directorate to meet the challenges of development. Mahikeng Central Business District is land locked and consideration has to be made on the direction of the Zeerust road.
SPATIAL PLANNING SYSTEM

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The implementation of SPLUMA is very urgent as the municipality Spatial Development Framework is not SPLUMA Compliant. The municipality also needs to appoint a Municipal Tribunal as a matter of urgency to comply with SPLUMA. To achieve all the above the Mahikeng Local municipality is in the process of appointing a credible service provider to undertake the Professional Service in Town Planning for Mahikeng local municipality. This will include but not limited to the following core town planning activities,

- Revision of the Spatial Development Framework
- Compilation of the precinct plans/urban renewal proposals
- Revision of the Land Use Schemes (LUMS)
- Land Audit Report
- Land Use Analysis Reports
- Rezoning Applications
- Township Establishments
- Applicants for sub-divisions, consolidations, and re-layout of erven
- Housing Sector Plans
- Assist the municipality with the compilation of the business plans
- Planning advice to the municipality

Removal of illegal sign boards

The municipal council took a resolution many years ago that all illegal signs should remove as part of cleaning of the town and revenue enhancement. During the period under review the management appointed a service provider to management on behalf of the municipality the billboards and general advertising in the municipality. It can be reported that the process of removal of the boards as already started and will be completed by the end of the financial year. All adverts will be paid for and controlled in terms of the municipal by-laws.
INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The organizational structure
The process for the review of the organizational structure has been completed; critical positions that require urgent and immediate attention have also been identified for all directorates.

Recruitment processes
The positions of all senior managers including that of the Municipal Manager and the Chief Financial Officer has been advertised and in the process of recruitment. Two managers in the Municipal Manager’s Offices, two Audit Committee Members positions and 5 interns’ positions in the Budget and Treasury Office have been advertised and also in the process of recruitment. The municipality have been operating with contract workers in basic services delivery departments and Expanded Public Works Programme. The interview process for contract workers was completed and awaits the appointments. All the political offices have been temporarily fully staffed and the process of recruitment of substantives is also underway. The municipality also need to appoint the Risk Chairperson and Chief Audit Executive.

The municipality did not have policies and those available were in most cases outdated and needed review. The Municipality held two workshops to review the policies.

Local Labour Forum
The local labour forum has been established and the municipality in the half of 2016/17 held 2 local labour forum meetings. There is cordial relationship between the employer and the two unions (labour component).

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Establishment of Council
The municipality after local government election has managed to establish portfolio committees and Municipal Public Accounts Committee (MPAC) as per the requirements of the law. The Executive Mayor has also appointed Members of the Mayoral Committee and established the Mayoral Committee. The Speaker was elected. The office of the Speaker spearheaded the establishment of 35 ward committees and they were orientated and launched. The new council was provided with a hand over report and all the documents as per the MEC directive.

Audit Committee
The Audit Committee is functional and has thus far held 3 meetings. There was a challenge of the committee meetings due to the meeting not forming a quorum as a result of the two vacancies that existed. The municipality has since advertised the vacancies and are in the process of recruitment.

Functionality of Council
The Municipal Council for the period under review, held 2 normal and 2 special meetings in including the inaugural. The Mayoral Committee held 2 and 1 Portfolio Committees meeting. The public participation policy has been reviewed. 2017/18 IDP and Budget Schedule of Key Deadlines was developed and approved by Council in August 2016, this schedule contained all the statutory date to be adhered to as well as activities towards IDP and Budget compilation. Community and stakeholder consultative processes for the review of 2017/18 IDP and Budget compilation were conducted in all 35 wards through clusters.

**LOCAL ECONOMIC DEVELOPMENT AND JOB CREATION**

The key focus of this area is on attracting investments and job creation within the municipal area. The municipality will pair the international and investor attraction trips of the Premier (provincial government) with that of the Executive Mayor to give the Mahikeng Rebranding, Renewal and Reposition Programme effect. A task team between the municipality and the other government departments was established to address

A total of 650 jobs have been initially created through Expanded Public Works Programme (EPWP) for the current financial year. The municipality is in the process of reducing the number due to the budget constraints which by the end of the midterm had reduced to 550 EPWP jobs opportunities.

Hosting of the Southern African Inter Municipal Sport Association

The municipality had previously taken a resolution to spent an amount of R5 million in hosting the SAIMSA games. The National Treasury issued a directive that the municipality should not use its own funds to host the games. The municipality involved private sector to partner in funding the games. The municipal games were held on 24-30 September 2016 and was declared the most successful event ever held by SAIMSA with very minimal expenditure compared to the previous ones. The event had countries like Botswana, Namibia, Swaziland and Lesotho and other municipalities from South Africa. The local economy was boosted by the games i.e. hospitality sector, food outlets, SMME’s and other retailers.

**MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

Focus on this area of development is on Financial Performance;

Section 71 and 72 of the MFMA compels the Accounting Officer of a municipality to assess and table the municipal budget performance on a monthly basis and during the mid-year assessment respectively. A detailed assessment on the financial performance is the relevant Key Performance Area attached hereto. However the following performance highlights on financial viability is also important to be reported on.
**Payment of Bonuses**

The municipality used to pay bonuses to all employees at once during December month. This practice resulted in the drying off of municipal coffers with a very huge salary bill of up to R40 million. During each December/January the municipality will be left highly indebted and unable to pay its creditors. After consultation with the unions at the Local Labour Forum, the municipality resolved and paid bonuses on the day of engagement of employees and assisted to improve the cash flow of the municipality. As a result of that the new wage bill for December 2016 was R24 million.

**Collection of Revenue**

The municipal revenue before the implementation of the revenue collection campaign was about R14 million per month. After the municipality initiated a campaign of robust debt collection by switching off the water supply to owing consumers the income per month rose from R14 million per month to R21 million. The target debtors were initially business, government departments and schools and it later went down to able paying residents.

**Over payment of councilors bonuses**

The 2014/15 financial year, Mahikeng local municipality councilors were over-paid in terms of councilors remuneration upper-limits by R2.9 million. The municipality resolved that all councilors who benefitted should repay the money back to the municipality and thus far have been collected.

**The Revenue Enhancement Strategy**

The municipality did not have a revenue enhancement strategy. During the period under review the municipality developed the strategy and engaged in a process of adoption of it. All councilors both the previous and the new council were work-shopped on the strategies, community engaged and finally adopted by council.

**Debt Collection Call Centre**

In 2015/16 financial year, the relationship between the municipality and the service provider who are municipal debt collectors’ collapsed due to misunderstanding of contracts obligation like accommodation, debtors to be billed and etc. The relationship was resuscitated during 2016/17 financial year. The Service Level Agreement was revisited and there is clear understanding of obligations between the municipality and the service provider.
Payment of creditors

In 2016/17 the municipality has paid all its creditors to the current account including Sedibeng Water, Eskom, all the MIG projects contractors

6. CONCLUSION

The attached report as will be presented per Key Performance Area will give detailed and specific indication of the actual performance progress. It is evident from the above key highlights and the attached detailed report that some of the targets for the period under review (first two quarters of the 2013/14) have not been achieved and proposals are that they be reviewed and amended into the remaining two quarters of the financial year.

This brief analysis suggests therefore that an adjustment to the budget for the remaining two quarters is eminent and must be done accordingly.