



ANNUAL REPORT 2022/23

MOQHAKA LOCAL MUNICIPALITY

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VOLUME 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FOREWORD

Some say change is a pain but for its change is the introduction of the new opportunities.”

The period in which we table this annual report is characterized by “change” in a form of global economic recession, high interest rate affect markets, youth unemployment, loadshedding, high crime rate by climate change.

Local government in a sphere of government is not spared from these challenges and most importantly they happen in its space.

Provision of basic services remains our commitment as a municipality drawing it from the Supreme Law of the country, i.e. the Constitution of Republic of south Africa, Act No 108 Of 1996. Section 152 (1) (a) & (e) prescribes that, “the object of local government is – to provide democratic and accountable government for local communities and community organizations in the matters of local government”.

While appreciating provisions of other legislations governing local government it is worth referring to provisions of section 121 (2) (a) (b) (c) of the Local Government : Municipal Finance Management act, Act No 56 of 2003 which stipulated that; the purpose of an annual report is to provide s record of the activities of the municipality during the financial year to which the report relates to provide a report on performance against the budget of the municipality for the financial year, and to promote accountability to the local community for the decisions made throughout the year by the municipality.

The final budget and integrated development plan were adopted outside the prescripts of legislation, and this was a result of robust engagements coupled with other alignment issues that were later on attended. This was on the 30 June 2022 and the relevant communication with the MEC’s office was done.

Load shedding has had a negative impact on our budget in that it heavily affected our revenue as it is the main source. This prompted us to look into new revenue streams to ensure that we keep the municipality afloat financially. One of the measures is to cut on expenditure for both unauthorized and fruitless expenditure by ensuring that our Municipal Public Accounts Committee (MPAC) sits regularly and attend to these issues.


We have identified the provision of water as an important revenue stream and our program of installing meters is directed towards an improvement in this regard. We can report that there is a vast improvement in our water loss management which can be attributed to a concerted effort by the team responsible for water services. Awaiting the period under review we have managed to replace almost 500 water meters, replaced AC pipes to UPVC of almost 432 meters and drastically reduce our water loss by almost 52%.

Our Audit Action Plan for the year under review will be based on 2022-2023 outcome which we were planning to improve on to a much better unqualified, but we need to mention that there will be a lot of issues raised in terms of the Information, Communications and Technology (ITC) System which raised serious challenges. While an appropriate response is already being prepared through our Audit Steering Committee, there is still hope for improvement.

Municipal fleet, machinery and equipment remains a challenge for us to improve the quality services that we are providing. As we did in the previous financial year we will be buying in affordable batches throughout the year until we break even on our fleet.

Let us take this opportunity to thank all role players in municipal business and affairs for your contributions for thus are the reason why we exist. A democratic system of governance will not be real without you and we urge you to continue participating in our planning, budgeting and feedback sessions.

I Thank you



M E MOKATSANE
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

It is my pleasure to present to you the overview of the 2022/2023 Annual Report providing a brief outline on the operations of Moqhaka Local Municipality during the financial year. The year came with its inevitable challenges, however also the positives and achievements that must be noted. Financial constraints, inadequate operational resources, and to some extent staff shortages can be highlighted as the main challenges that had to be overcome during daily operations. However, the municipality adopted a constructive attitude and remained resolute in delivering services to the best of our ability considering the confines faced.

As the point of departure and being the main planning tool for the municipality, the Integrated Development Plan (IDP) forms the backbone and foundation for the municipal operations and budgeting. In accordance with legislative requirements Council adopted its five (5) year Integrated Development Plan (IDP) for the period 2022-2027 at its meeting held in June 2022. The first review of the IDP (2023-2024) was subsequently considered by Council in June 2023, along with the Service Delivery Budget Implementation Plan (SDBIP). This document was compiled bearing in mind strategic planning targets of the municipality and includes inputs from members of the community and various stakeholders in line with requirements of the Municipal Systems Act. The IDP inter alia covers areas such as the municipal vision and mission, assessment of existing level of development, Council's development priorities and objectives, the status of Local Economic Development, Council Development Strategies aligned to National and Provincial Sector Plans, Council's operational strategies, financial plan including budget projections, Disaster Management Plan and Key Performance Indicators as core components.

The municipal audit opinion for 2022/23 financial period has decline and this was somehow affected by financial system that was hacked towards the end of financial period and therefore the AFS we drafted under huge amount of pressure. The appointment of the Municipal Manager after the position has been vacant for some time contributes positively towards achieving this goal and supports administrative stability within the institution. Filling of the vacant senior management positions is regarded as high priority to ensure that the top administrative structure function as required, and provide the necessary leadership, stability and strategic guidance within the relevant Departments.

Adequate revenue collection provides the foundation for sustainable and quality services to the community of Moqhaka and budget targets cannot be achieved if actual income is not in line with requirements. It is however

the unfortunate reality that the high unemployment rate, limited economic growth, and increased cost of living makes it more and more difficult for people to honour their financial commitments. Another factor to take into consideration is the high indigence rate within the municipality. All considered it can be summarised that the municipality had to cope within an extremely adverse environment for financial sustainability. This constraint has in turn made it increasingly difficult for the municipality to balance its finances amongst its various obligations as evident in the difficulty experienced to fully comply with the Eskom payment arrangement. As was the case in previous financial years it is still a major limitation to collect revenue from areas predominantly receiving Eskom electricity supply, this being evident in the low collection rates of Viljoenskroon and Steynsrus. Notwithstanding the above and in line with its mandate the municipality focused all available resources towards efficiently addressing operational and routine maintenance requirements.

Providing quality and sustainable services to the people of Moqhaka remains top priority for the municipality and in this regard the most challenging has been Water & Sanitation services and in particular addressing the continued sewer spillages as well as the refurbishment of the Sewer Purification Plant. Service delivery challenges are however not only confined to this Section and in general all Sections are experiencing challenges predominantly as a result of capacity constraints both in terms of equipment such as availability of fleet and materials etc., as well as vacancies in key positions. To address these challenges, the acquisition of vehicles and advertisement of critical vacancies in service delivery Sections were prioritized. The municipality managed to procure 8 x LDVs that were allocated to the most critical services, however there is a need for the urgent acquisition of adequate fleet to ensure that services can be rendered effectively in all Departments.

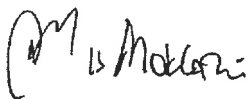
Increased levels of load shedding from Eskom has resulted in serious challenges for the municipality mainly with regards to water provision, this is due to the fact that the reservoir levels could not be maintained as required. The municipality consulted with Eskom and permission was granted for the municipality to do its own switching and the critical water provision infrastructure to be excluded from load shedding.

We recognise the importance of each and every consumer within our municipality and it is priority that the service delivery needs as well as associated complaints be addressed as promptly and efficiently as possible. In this spirit a meeting was held with the largest consumers which are predominantly industrial with the purpose to forge valued relations, share information, present challenges as well as communicate unresolved issues requiring attention. Individual meetings were then conducted with those companies who had unresolved complaints and the few matters not yet resolved are in process of being attended to. Further meetings will also be scheduled with other stakeholders to promote fruitful relations across the board. In addition to the above the municipality is privileged and proud to be part of the Ignite & Revive initiative that resulted in Kroonstad receiving the award for South Africa's Town of the Year initiative. The dedication and hard work from all involved are evident in the success achieved, and trusted that it will grow from strength to strength.

I wish to express my sincere appreciation and thank the community of Moqhaka for the positive contributions received and also again emphasise Moqhaka Municipality's commitment towards putting the people and their concerns first in ensuring constant contact with communities through effective public participation platforms. The communities are encouraged to actively participate at these platforms and provide the inputs so much needed for the municipality to effectively address their needs.

I also express my sincere gratitude and recognition towards the Honourable Executive Mayor and all members of Council for the leadership and support received, and further also towards the entire management team and all employees for their dedication and hard work throughout the year.

Thank you,

A handwritten signature in black ink, appearing to read 'IS. MOKGATLE', written in a cursive style.

IS. MOKGATLE
ACTING MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

INTRODUCTION

The area of jurisdiction of the Moqhaka Local Municipality is situated in the southern part of the Fezile Dabi District Municipality. The former Kroonstad, Steynsrus and Viljoenskroon Transitional Local Councils and sections of the Riemland, Kroonkop and Koepel Transitional Rural Councils are included in the Moqhaka Local Municipality.

The general tendency of migration from rural to urban areas is also occurring in the area, as is the case in the rest of the Free State Province. The majority of the rural population is active within the agricultural sector. Regarding the population distribution (see Table 1), the area is largely urbanized (78% urban and 22% rural). In comparison to the other municipalities within the Fezile Dabi District, it appears as if Moqhaka is significantly less urbanised. However, the large rural population of the concerned region is attributed to the fact that the population of the Vierfontein and Renovaal villages as well as the Vaal Reefs hostel complex and informal settlement (see Table 6) is included in the rural population of Moqhaka.

The Greater Kroonstad is the centre of a large agriculture community that plays an important role in the economy of the district. Industrial activities subsequently contribute significantly to the district's economy. The Department of Correctional Services and the School of Engineer's Military bases are situated in the town. Kroonstad has of late become a distinguished holiday destination due to the ultra-modern and popular holiday resort of Kroonpark, adjacent to the Vals River. The urban area is situated adjacent the N1 National Road and located adjacent one of the largest and most important four-way railway junctions in South Africa.

The Viljoenskroon/Rammulotsi urban area is located within an area of extreme agricultural significance. The urban area plays a significant role in providing residential opportunities to the adjacent Goldfields and mining activities in the North West Province. The provincial roads P15/1 and P15/2 from Kroonstad to Klerksdorp in the North West Province extend through the area from north to south. The Steynsrus/Matlwangtlwang urban area is situated approximately 50km east of Kroonstad, 140km west of Bethlehem. The major link road between Bethlehem and Kroonstad stretches adjacent to the urban area. The area is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. More specialised services are rendered by Kroonstad as a large service centre in close proximity. The accessibility of the town, due to the main road and railway line, further influences growth in the area.

In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Moqhaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

Figure 1: Moqhaka



In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Mqohaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

Vierfontein (referred to as “Vierfontein South”) is also a proclaimed town. The area was initially developed to provide residence for workers at the adjacent mine and electricity power station and was owned by Eskom. After mining activities ceased and the power station discontinued, a township establishment was done to formalize the existing town area during 1993. According to Proclamation No. 35 of 1995 (Provincial Gazette of 24 February 1995), the concerned area represented by General Plan SG No. 786/1993, was proclaimed a township under the name Vierfontein. The individual properties were sold and the majority of the inhabitants of Vierfontein are retired residents with a limited number of inhabitants that are employed in Viljoenskroon.

To the north of the town Vierfontein, a sectional title scheme was established that is referred to as “Vierfontein North”. As in the case of Vierfontein, this sectional title scheme also developed to provide residence for workers at the Vierfontein mine and power station, but most of the current inhabitants are also retired. The area was developed by the Dutch Reformed Church who was the initial property owner of the concerned farms. The concerned farms are currently the property of Vierfontein Developers Group Scheme who is also the current home owner’s association.

The Vaal Reefs hostel complex subsequently exists adjacent the Vaal River and in close proximity of Viljoenskroon. The hostels were developed by AngloGold who is the property owner of the concerned farms and provide residence to mine workers of the company. Although mining activities ceased on the Free State side of the Vaal River, the complex still exists and provides housing to approximately 9 000 residents. An informal settlement subsequently developed adjacent the Vaal Reefs hostels, consisting of approximately 720 residents.

Apart from the dominant role agriculture plays in the region, no other significant economic activity exists. The Mqohaka area, like the rest of the Fezile Dabi District, is not considered as a primary tourist destination, although the area is increasingly becoming a favourite weekend destination. The hunting and guesthouse industries displayed an exceedingly rapid growth the past few years. Recreation areas and facilities are predominantly

confined to the urban areas. The Kroonpark recreation and holiday resort in Kroonstad attracts interest throughout the region.

The Vaal River borders Moqhaka to the west. The Vals and Renoster Rivers drain through the area towards the Vaal River. These rivers play a significant role in providing the raw water supply to Kroonstad, Steynsrus and Viljoenskroon respectively. The topography of the area is particularly homogeneous with no prominent features and the area is characterised by extremely moderate slopes. The western areas, in the vicinity of Viljoenskroon,

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY OVERVIEW

Service delivery in Moqhaka Local Municipalities encompasses the provision of basic services such as water, electricity, sanitation and waste management. These services are crucial for the well-being and development of communities.

KEY SERVICES

1. Water and Sanitation

Access to clean drinking water and proper sanitation facilities is a priority. Challenges include aging infrastructure, water scarcity and financial constraints. Efforts are being made to improve water quality and expand access to informal settlements.

2. ELECTRICITY

Moqhaka Municipality is responsible for distributing electricity to households and businesses. Issues such as loadshedding, theft of infrastructure and maintenance of aging networks are common.

3. WASTE MANAGEMENT

Effective waste collection and disposal are essential to public health and environmental sustainability. Recycling initiatives and proper landfill site management are in place. Financial and logistical challenges often hamper efficient waste management.

4. ROADS

Maintaining and developing road infrastructure in our municipality is vital for economic activity and connectivity. On going projects focus on road maintenance, construction and improving the condition of our roads.

Moqhaka Local Municipality like other municipalities in South Africa struggles with limited budget, impacting on the ability to deliver services. Aging infrastructure require significant investment for upgrades and maintenance.

Moqhaka Municipality has experienced an increase in the demand for housing in recent years. The provision of additional houses would imply the need to upgrade and expand bulk infrastructure to accommodate additional developments. Hence, it is anticipated that there will be an increase in capital infrastructure expenditure for the provision of bulk infrastructure and servicing of new stands over the next five financial years.

Various service delivery targets have been set in the municipality's IDP to ensure that access to basic services is realised in line with the National Government's target dates. Free basic services are provided to indigent households according to the municipality's Indigent Policy. These includes 10kl of water, 50kWh electricity, free sanitation and refuse removal per month.

The following projects are currently under design, construction and others have been completed during the 2022/23 financial year:

- ✓ Rammulotsi: Construction of 0.83km paved road from 4274 – 4218 and 0.33km from 4756 – 4902 with V-drain storm water (MIS:338433). (Construction).
- ✓ Construction of 4km water pipeline at 11th Avenue and repair sluice gate at Bloemhoek dam (Construction)
- ✓ Maokeng Selection Park: Upgrading of roads 1.34km with storm water (MIS:373417) the project was completed in August 2022.
- ✓ Rammultosi (Northleigh): Construction of 1km storm water and channeling of vlei area (MIS:373437) (Construction)
- ✓ Maokeng/Nyakallong: Upgrading of Community and Sports Facility – Phase 2 (MIS:371233) (Construction)
- ✓ Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street (MIS:373419). Completed in June 2023.
- ✓ Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure (MIS:373418)(Construction)
- ✓ Maokeng Selection Park: Upgrading of roads 1.34km with storm water (MIS:373417) Completed August 2022/2023
- ✓ Rammultosi (Northleigh): Construction of 1km storm water and channeling of vlei area (MIS:373437) (Construction)
- ✓ Maokeng: Installation of 8 High mast Lights (MIS:373162)
- ✓ Maokeng/Nyakallong: Upgrading of Community and Sports Facility – Phase 2 (MIS:371233) (Design)
- ✓ Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street (MIS:373419) (Design)
- ✓ Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure (MIS:373418) (Design)
- ✓ Rammulotsi: Development and fencing of new landfill site – Phase 2 (MIS:412457) (construction)

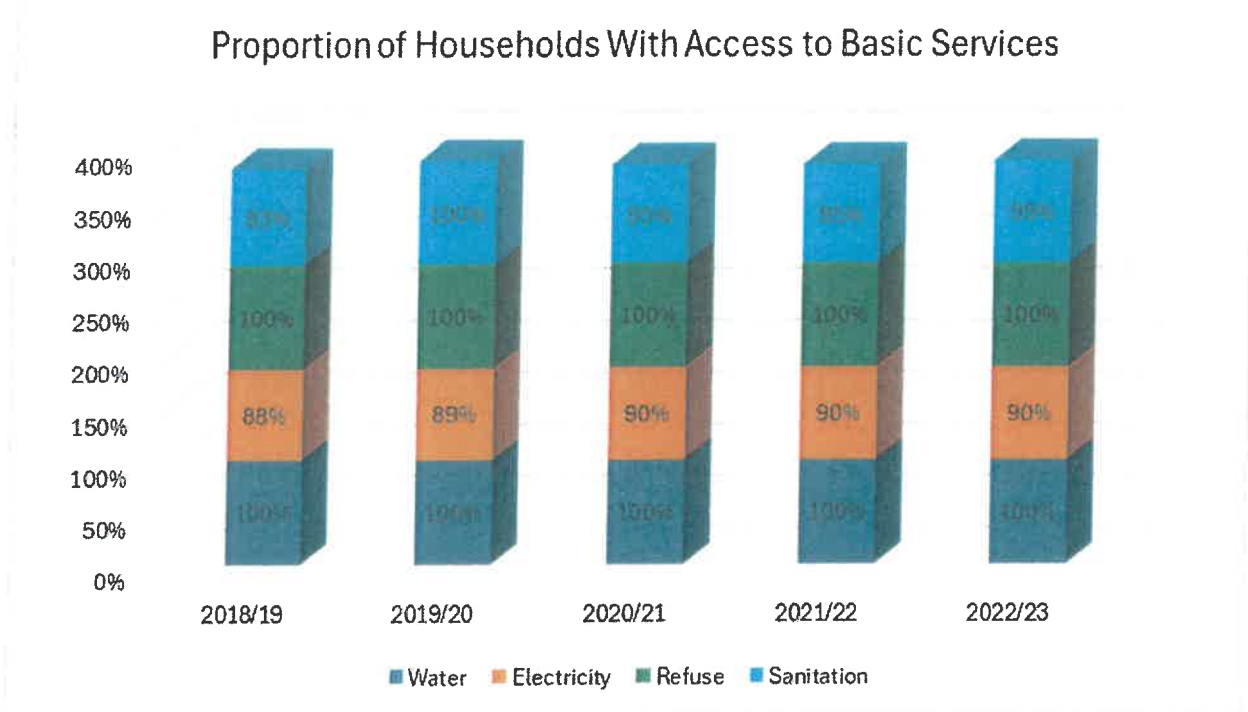
COMMENT ON ACCESS TO BASIC MUNICIPAL SERVICES

The municipality has set targets for achieving the national outcomes for basic services in the 2022 - 27 approved Integrated Development Plan (IDP). By the end of 2022/23 financial year, 100% of the households in the municipal area had access to piped water within 200m from their dwelling. With regard to access to basic sanitation, 99% of households had access to basic sanitation, and 100% of households received a weekly refuse removal service. Hundred percent (100%) of the households located in the Municipality's area of jurisdiction have access to electricity, namely: Kroonstad, Maokeng, Viljoenskroon and Steynsrus.

There is a 10.4% backlog of access to electricity in the Eskom distribution area, namely: Rammulotsi and Matlwangtlwang.

The figure below shows the progress made with regard to service delivery in the 2022/23 financial year.

Graph 1: Access to services



1.4 FINANCIAL OVERVIEW

The municipality submitted its Annual Financial Statements to the Auditor-General of South Africa very late due to the Finance System been hacked. The municipality reviewed all the existing finance related policies. The cash position of the municipality slightly improved when compared to the 2021/22 financial year. Due to the municipality’s decline in collection rates, not all creditors were paid within 30 days as required by the MFMA. The municipality made arrangements to honour its loan commitments towards the end of the 2022/23 financial year.

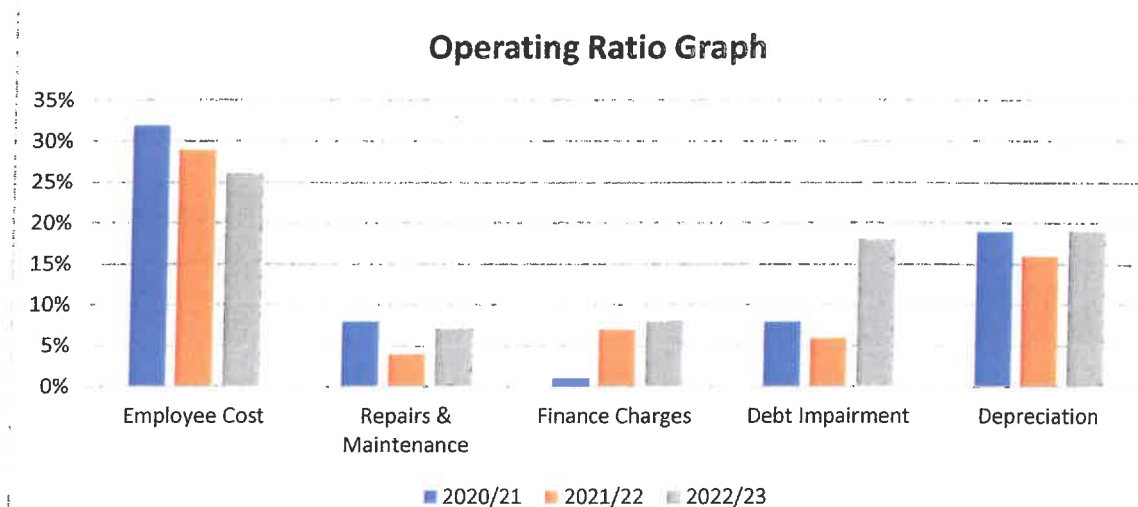
Table 1: Financial Overview

Financial Overview: 2022/23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	261 818 000	261 818 000	261 818 000
Taxes, Levies and tariffs	788 546 606	788 546 606	675 366 749
Other	66 379 000	66 379 000	42 274 663
Sub Total	1 116 743 606	1116743606	979 459 412
Less: Expenditure			
Net Total*	1 116 743 606	1116743606	979459412
* Note: surplus/(defecit)			T 1.4.2

Table 2: Operating Ratios

Detail	Operating Ratios		
	2020/21	2021/22	2022/23
	%	%	
Employee Cost	32%	29%	26%
Repairs & Maintenance	8%	4%	7%
Finance Charges	1%	7%	8%
Debt Impairment	8%	6%	18%
Depreciation	19%	16%	19%

Graph 2: Operating Ratio Graph



COMMENT ON OPERATING RATIOS

Employee cost represents 26% of the total expenditure. This is in line with the accepted norm as required by MFMA Circular No. 71. The employee cost bill is still high and it has increased by R32 million from 2021/22 to 2022/23. The decline of 3% as indicated above was due to increase of total operating expenditure which is the base used to calculate the ration.

Repairs & Maintenance ratio is still within the acceptable norm of 8% as per MFMA Circular No 71 but this acceptable practice won't be realised in the near future due to cash flow constrains to replace the capital assets.

The **Finance Charges** ration norm is between 6% to 8% of the operational expenditure and for the past two financial period there is sharp increase of 7% due to high interest cost charged by Eskom.

Debt impairment for 2022/23 has increased by 12% due to increase of R191 million on debtors write-off.

Depreciation acceptable norm is between 5% to 15% and is assessed on the basis of the revenue raised. This shows that the municipality is not operate within the acceptable norm due to rapidly aging capital assets

Table 3: Total Capital Expenditure

Total Capital Expenditure			
	R'000		
Detail	2020/21	2021/22	2022/23
Original Budget	84 344	63 934	55 884
Adjustment Budget	76 503	63 934	57 004
Actual	51 879	80 618	67 439

COMMENT ON CAPITAL SPENDING

The municipality spent the funding in line with the capital budget requirements, despite some challenges which affected the municipality's ability to spend 100% of the allocated budget.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The effective provision of predictable good quality and sustainable public services hinges on the capacity and effective functioning of the structures or institutional arrangements adopted by the government institution under consideration. Moqhaka Local Municipality recognises the importance of human resource management and development in the quest to meet the service delivery demands and the growth and development objectives within its jurisdiction. The Municipality acknowledges that without an effective institutional form, well developed and relevant skills, knowledge, and experience public services cannot be delivered effectively.

The current organisational structure of the municipality has a total number of 1 892 positions. By end of financial year, the municipality had a total of 831 employees and a vacancy rate of 56,1%. The high vacancy rate is due to the review of the organisational structure that resulted in addition of new positions for council support services.

The turnover rate stood at 3,4%. The municipality rate of turnover was due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations whilst certain departmental vacancies could not be filled due to the lack of plant and equipment.

Appointments within the municipality are made taking into consideration the implementation of the Employment Equity Plan and Employment Equity Act 55 of 1998. According to the demographic profile of the municipality, African employees constitute 91% of the workforce, Coloured 2.8% and Whites 6.1%.

The Municipality ensures compliance with its policies, collective agreements and relevant legislation with regard to –

- Organisational design
- Recruitment, selection and appointment;
- Labour relations;
- Employment Equity;
- HIV/AIDS;

- Training and development;
- Occupational health and safety;
- Main and Divisional collective agreements

1.6 AUDITOR GENERAL REPORT

AUDITOR-GENERAL REPORT: 2022/23

The Auditor General Report for 2022/23 financial year is fully detailed out in Chapter 6 of the Annual Report.

Table 4: Total Capital Expenditure

Financial Year	Audit Opinion
2019/20	Qualified Audit Opinion
2020/21	Qualified Audit Opinion
2021/22	Unqualified Audit Opinion
2022/23	Qualified Audit Opinion

Please see Chapter 6 – Auditor-General Audit Finding – Component A and B for the Audit Report of the current and the previous financial year.

1.7 STATUTORY ANNUAL REPORT PROCESS

According to Legislation, the Annual Report of a municipality must be tabled in the Municipal Council on or before 31 January each year. In order to enhance Councils oversight function, the municipality should submit their Annual Reports as soon as possible after the financial year-end ideally this ought to be the end of August. Both the draft Annual Financial Statements and the Annual Report were submitted by the end of August to the Auditor-General. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2022/23 Annual Report process. It is expected that the entire process should be concluded by the end of December.

The anticipated process for the creation, submission, review and approval of the 2022/23 Annual Report is set out in the table below.

Table 5: Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July/August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to Municipal Manager	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Executive Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - November
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	January-March
13	Executive Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	March/April
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	February/March

COMMENT ON THE ANNUAL REPORT PROCESS

The municipality has been able to meet the deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. The Annual Report 2022/23 is aligned to the format and guidelines issued by the National Treasury. Moqhaka Municipality always adheres to the timelines of the compilation of the unaudited Annual Report.

The municipality appreciates the importance of alignment between the IDP, Budget and Performance Management System and the process to ensure proper alignment is continuously being reviewed and implemented.

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Moghaka Municipality through the 2022/23 financial year participated in a number of Intergovernmental Forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government.

POLITICAL STRUCTURE	Function
EXECUTIVE MAYOR Cllr E M Mokatsane	Overall political responsibility for sound governance and service delivery.
SPEAKER Cllr S V Khiba	Public participation, ward committees and managing Council and Committee meetings.
COUNCIL WHIP Cllr MM Semakale	Ensures discipline among Councillors; Managing relations between political parties and representation on Committees.
MAYORAL COMMITTEE Cllr Ramajoe LE Cllr Khotle MA Cllr Lulama MR Cllr Tshabalala MP Cllr Ntsala TM Cllr Ramathibe BS Cllr Ramovha S Cllr Phamotse EP	Corporate Services Portfolio Committee. Community and Social Services Portfolio Committee. IDP Portfolio Committee. Spatial Development and Human Settlement Portfolio Committee. Finance Portfolio Committee. Technical Services Portfolio Committee. Monitoring, Evaluation and Policy Development Portfolio Committee. Public Safety and Transport Portfolio Committee.

POLITICAL STRUCTURE	Function
Cllr Tau RD	Local Economic Development and Planning Portfolio Committee.
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE Adriaan Vernon Botha Mzimkulu Nelson Baba Mohlolo David Rankokosane Kamla Jackson Roderick Thabo Gregory Mofokeng Lebohang Sekhesa Sidney Henrey Pittaway Leah Van Schalkwyk Abraham Jacobus Visagie Dibetso Jan Serapelo	Provides oversight on all compliance matters in the Municipality. Roles and responsibilities are outlined by Section 129 of the MFMA and the National Treasury guidelines.
PETITIONS & RULES COMMITTEE Itumeleng Samuel Sesing Buti Solomon Ramathibe Mohlolo David Rankokosane Kamla Jackson Roderick Dibetso Jan Serapela Lousanne Van Heerden Leah Van Schalkwyk Nicholas David Muller	The Petitions and Rules Committee is responsible for establishing a process detailing the procedures by which petitions will be dealt with in an effective and efficient manner. The committee also develops and monitor the implementation of procedures and rules for the effective functioning of the Committees of Council.
SECTION 32 COMMITTEE Thabo Gregory Mofokeng Lebohang Sekhesa Itumeleng Samuel Sesing Moeketsi John Ramoolla John Meko Abraham Jacobus Visagie Christopher Mark Dalton	The Committee is responsible for investigating and promptly reporting all instances of unauthorised, irregular and wasteful expenditure.
FINANCE, AUDIT AND RISK MANAGEMENT PORTFOLIO COMMITTEE Tshokolo Mathews Ntshala Moleleki Paul Makoko Mohlolo David Rankokotsane Thabo Gregory Mofokeng Mzimkhulu Nelson Baba Hendrina Maria Elizabeth Boeije Mmopeng Palesa Emily Mpele Christiaan Jacobus Saaiman Lebohang Sekhesa John Meko	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors, Make recommendations for consideration by the Mayoral Committee.

POLITICAL STRUCTURE	Function
IDP PORTFOLIO COMMITTEE Moipone Rahaba Lulama Moleleki Paul Makoko Mohlolo David Rankonkosane Thabo Gregory Mofokeng Sello Tsoto Geldenhuis johan Shadrack Mahlomola Motsoeneng Linda Louwrens Abraham Jacobus Visagie Champ Tloome	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
MUNICIPAL INFRASTRUCTURE AND TECHNICAL SERVICES PORTFOLIO COMMITTEE Buti Solomon Ramathibe Mohlolo David Rankonkosane Thabo Gregory Mofokeng Mzimkhulu Nelson Baba Tsoto Sello John Meko Johan Geldenhuis Christopher Mark Dalton Lousanne Van Heerden Elliot Maphoba Morena Thebe	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
LED AND INVESTMENT PORTFOLIO COMMITTEE Ramasimong Daniel Tau Thabo Gregory Mofokeng Moeketsi John Ramoolla Itumeleng Samuel Sesing Mmopeng Palesa Emily Mpele Roderick Kamla Jackson Sepatala Matthews Chabalala Shadrack Mahlomola Motsoeneng Abraham Jacobus Visagie Mokgethi Elias Morake	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee.
CORPORATE SUPPORT SERVICES PORTFOLIO COMMITTEE Enoch Lehlohonolo Ramajoe Mzimkhulu Nelson Baba Itumeleng Samuel Sesing Thabo Gregory Mofokeng Moleleki Paul Makoko	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

POLITICAL STRUCTURE	Function
Ntswaki Sylvia Lebone Linda Louwrens Mmopeng Palesa Emily Mpele Elliot Maphoba Morena Thebe Christiaan Jacobus Saaiman	
PUBLIC SAFETY AND TRANSPORT PORTFOLIO COMMITTEE Emmanuel Pule Phamotse Moeketsi John Ramoolla Kamla Jackson Roderick Joseph Sello Marapo Lebohang Sekhesa Nicholas David Muller Leah Van Schalkwyk Nnana Mercy Nolo Abraham Jacobus Visagie Mokoena Palesa Salphinah	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
SPATIAL DEVELOPMENT AND HUMAN SETTLEMENT PORTFOLIO COMMITTEE Moeketsi Phillip Tshabalala Lebohang Sekhesa Joseph Sello Marapo Itumeleng Samuel Sesing Nicholas David Muller Sepatala Matthews Chabalala Lousanne Van Heerden Champ Tloome Dibetso Serapela Sello Tsoto	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
POLICY DEVELOPMENT AND MONITORING PORTFOLIO COMMITTEE Siphiwe Ramovha Kamla Jackson Roderick Moeketsi John Ramoolla Mzimkhulu Nelson Baba Moleleki Paul Makoko Christopher Mark Dalton Nokudekwalapha Mbalientle Mnaba Champ Tloome Ntswaki Sylvia Lebone	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
COMMUNITY SERVICES PORTFOLIO COMMITTEE Mamodiehle Audrey Khotle Itumeleng Samuel Sesing	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

POLITICAL STRUCTURE

	Function
Tsoto Sello Mzimkhulu Nelson Baba Joseph Sello Marapo Hendrina Maria Elizabeth Boeije Nokudekwalapha Mbalientle Mnaba Nnana Mercy Nolo Lousanne Van Heerden	

COUNCILLORS

The municipality has 44 Councillors, 22 are Ward Councillors and 22 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings) in **Appendix A**. Further, note that **Appendix B** sets out committees and committee purposes.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Local Government carries a legislated mandate, which is to serve the interest of public through equitable service provision. Local Government may be described as that sphere of government close to its constituents and involved in rendering a wide range of services that materially affect the lives of the inhabitants residing within its area of jurisdiction.

Each municipality must ensure that it administers its affairs to strive to achieve as set out in the Constitution of the Republic of South Africa.

The constitutional mandate of Local Governments in South Africa, which are to:

- Provide democratic and accountable governments for local communities.
- Ensure the provision of services to the communities in a sustainable manner,
- Promote social and economic development,
- Promote a safe and healthy environment, and
- Encourage the involvement of communities and community organisations in matters of Local Government.

The above is inter alia achieved through effective administrative governance, which in short can be described as the administrative activities concerned with governing and in accordance with the administrative and legislative requirements to give effect to policies and objectives.

TOP ADMINISTRATIVE STRUCTURE

POST DESIGNATION		FUNCTION	PERFORMANCE AGREEMENT SIGNED YES/NO
1.	1 July 2022 – 28 Feb 2023 Adv. M M Mofokeng 1 March 2023 to 23 March 2023 Mr J Maswanganyi 24 March 2023 – 8 May 2023 P H Tshabalala 9 May 2023- 30 June 2023	Accounting Officer and Head of Administration.	Yes
2.	DIRECTOR: CORPORATE SERVICES Mr. R Odendaal Acting Director Corporate and Support Services 1 July 2022 – 31 December 2022. Ms T Maqena Acting Director Corporate Services 1 January 2023 – 30 June 2023	Human Resources, Auxiliary and Legal Services, Council Support, Information and Communications Technology (ICT).	Yes

	POST DESIGNATION	FUNCTION	PERFORMANCE AGREEMENT SIGNED YES/NO
3.	ACTING CHIEF FINANCIAL OFFICER Mr J Maswanganyi- Acting CFO 1 July 2023 – 31 December 2023 Mr .R D Buys 1 Jan 2023 – 30 June 2023	<i>Expenditure, Revenue, Assets & Liability Management, Budgeting & Reporting.</i>	Yes
4.	ACTING DIRECTOR: COMMUNITY & SOCIAL SERVICES Mr T A Qhena A 1 July 2022 – 31 December 2022 Ms Darrel 1 January 2023 – 31 March 2023 Mr M P Gavhi 1 April 2023 – 30 April 2023 Mr M A Rakgase 1 May 2023 – 30 June 2023	<i>Waste Management, Sport & Recreation, Arts & Culture, Public Safety and Parks.</i>	Yes
5.	DIRECTOR: TECHNICAL SERVICES Mr Isaac Sonnyboy Mokgalle	<i>Water, Sanitation, Electricity, Roads & Storm water, Project Management unit, and Fleet Management.</i>	Yes
6.	ACTING DIRECTOR: LED & PLANNING Mr S T Leie Planning. 1 July 2022 – 31 December 2022 Mr G. Mogorosi 1 January 2023 to 31 March 2023 Ms L Mapane 1 April 2023 – 30 June 2023.	<i>Local Economic Development, Town and Regional Planning, and Housing.</i>	Yes

2.3 INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Moghaka Municipality through the 2022/23 financial year participated in a number of Intergovernmental Forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government.

2.4 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality inter alia participated in the following National Structures:

SALGA
CIGFARO
Institute of Traffic Officers (ITLMPO SA)

Participation in these structures ensures that the municipality is on board with the developments regarding all relevant issues presented in accordance with the different areas of expertise of the various platforms

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality inter alia participated in the following forums:

- Premier's Coordinating Forum (PCF)
- MECLOGA.
- SALGA Working Groups
- IDP Managers Forum
- PMS Forum
- Inter-Governmental Relations Forum
- Technical Inter-Governmental Forum (DWS/DOE etc.)

The municipality did participate in these structures, and this has promoted good inter-governmental relations, best practices and information sharing amongst stakeholders.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality participated in District Intergovernmental Structures such as the District Energy Forum (DEF) etc. which is specifically focused on the relevant service delivery aspects of the relevant service.

This provides a platform for interaction with other Municipalities as well as Sector Departments involved and improves intergovernmental relations between all spheres involved during these engagements.

The Acting Municipal Manager also attended the weekly COVID-19 meeting that was conducted through virtual platform by the District Municipality. The purpose of this meeting was to give report on all aspects of service delivery and also the preventative measures implemented by the municipality and the consequent impact of the virus in the municipality.

2.5. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality improved on the responsibilities mentioned above as indicated in the 2022/23 IDP by:

- Providing feedback to different communities on issues people raised during the first round of public engagements.
- Providing progress report on funded projects implemented in the different Wards.
- Providing opportunity for communities to making input to the 2022/23 IDP process.
- Providing Ward Committee an opportunity to prioritise inputs received from the different wards.
- Encouraging Ward Councillors and Ward Committees to do further consultation about community's service delivery priorities.
- Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

The staff is allocated wards to work with and report on their activities. There are also members of ward committees responsible for different sections in their wards. These measures have helped as members of community reports issues related to service delivery at their earliest occurrence.

2.6 PUBLIC MEETINGS

KEY PURPOSES OF WARD COMMITTEES

- Create formal unbiased communication channels and co-operative partnerships between the Municipality and the community within a ward.
- Ensure contact between the Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.

- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality uses loud hailing, print media, posters, as well as physical delivery of invitation such as IDP and Budget Roadshow which are on semester interval. These meetings are inclusive of representative from Safety, Business, NGO'S, CBO's and all other Stakeholders.

Table 6: Public Meetings

Public Meetings						
Nature And Purpose Of Meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community Meeting (Voorwaarts Primary School)	13 February 2023	1	1	69	Yes	N/A
Community Meeting (Brentpark Community Hall)	20 February 2023	1	1	67	Yes	N/A
Stakeholders Meeting (Adeline School)	22 February 2023	3	1	25	Yes	N/A
Community Meeting (Relebohile)	23 March 2023	1	00	110	Yes	N/A
Constituency Meeting (Seven De Laan)	13 March 2023	1	0	112	Yes	N/A
Stakeholders Meeting (Matlwangtlwang)	02 May 2023	2	1	70	Yes	N/A

Public Meetings						
Nature And Purpose Of Meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community Meeting (David Malan Plot)	02 May 2023	3	2	23	Yes	N/A
Community Meeting (Back of Nkemi)	03 May 2023	1	2	23	Yes	N/A
Community Meeting (Ha Smith)	03 May 2023	2	3	24	Yes	N/A
Community Meeting (Phomolong Sports Ground)	04 May 2023	1	1	66	Yes	N/A

COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS HELD

Public Meeting are sitting as Scheduled. Ward Councillors are always availing themselves for the meetings. Service delivery issues are being discussed in respective wards by the Ward Councillor together with Community in respective wards. Community members are attending the Public meetings even though the attendance at times is not satisfactory. The Public meetings are effective because Community members are getting the opportunity to discuss service delivery issues that are affecting them.

2.7 IDP PARTICIPATION AND ALIGNMENT

Table 7: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes

IDP Participation and Alignment Criteria*	Yes/No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align directly to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated periods?	Yes
*Section 26 Municipal Systems Act 2000	

2.8 OVERVIEW OF CORPORATE GOVERNANCE

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance.

This includes the establishment of a risk management function, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

No	Governance Structures	Functional? (Yes/ No/ Partial)
1	Audit and Performance Committee	Yes
2	Risk Management Committee	Yes
3	Audit Steering Committee	Yes
4	Internal Audit	Yes
5	Risk Management	Yes
4	MPAC	Yes
5	Finance Portfolio Committee	Yes
6	IDP Portfolio Committee	Yes
7	Technical Services Portfolio Committee	Yes
8	LED Portfolio Committee	Yes
9	Corporate Support Service Portfolio Committee	Yes
10	Public Safety Portfolio Committee	Yes
11	Human Settlement & Spatial Planning Portfolio Committee	Yes
12	Performance Monitoring & Evaluation Portfolio Committee	Yes
13	Community Services Portfolio Committee	Yes
14	Local Labour Forum	Yes
15	Employment Equity Committee	Partial
16	ICT Steering Committee	Partial
17	IDP Steering Committee	Partial
18	Spatial Intergovernmental Steering Committee	Partial

2.6 RISK MANAGEMENT

Risk Management assist the organization to identify potential risks and threats which can affect the municipality from achieving its objectives.

Risk management assist in implementation of KPI targets as to track the progress made in as far as achieving targets.

Risk management is also embedded into day and day activities.

KEY RISKS

- ✓ Vacancy of Section 56 Managers
- ✓ Lack of proper back-up equipment and software
- ✓ Non eradication and implementation of disaster recovery site and disaster recovery plan.
- ✓ Inadequate cash flow
- ✓ Payments not made within 30 days.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD

The municipality has reviewed and approved the following strategic documents for fraud:

Fraud Management Policy
Fraud Management Strategy
Whistle Blowing Policy

The municipality has effective Risk Management Committee which is chaired by independent chairperson and the committee sits quarterly.

The municipality has effective Audit Committee which sits quarterly, matters relating to risk management and fraud are standing items in their meetings.

2.8 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT POLICY TO COMPLY WITH PRESCRIBED FRAMEWORK

Section 112. (1) of the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost- effective and comply with a prescribe regulatory framework for municipal supply chain management.

REVIEW OF SCM POLICY

Moqhaka Local Municipality adopted its Supply Chain Management Policy on the 27 February 2007. This was in compliance with Section 111 of the Municipal Finance Management Act (Act No. 56 of 2003).

In compliance with Regulation 3, of reviewing, adoption and amendment of Supply Chain Management Policy, the process of reviewing the Supply Chain Management Policy was completed and approved on 28 June 2022. Both the Political leadership and the management of the municipality have been workshopped on the Policy.

SUPPLY CHAIN MANAGEMENT UNIT

SCM Reg.3 states the following

- Each Municipality must establish a Supply Chain Management Unit to implement its supply chain management policy;
- An SCM Unit must, where possible, operate under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of Section 82 of the act.

The Supply Chain Management unit is under the direct supervision of the CFO. There is an organisational structure in place to allow for the establishment of the unit.

However, the structure developed does not allow for the proper establishment of all the elements of supply chain. The Supply Chain Management Unit in terms of the legislation is responsible for the following prescribed functions:

- Demand management;
- Acquisition management;
- Disposal management;
- Logistics management;
- Performance management; and
- Risk Management

ESTABLISHMENT AN ANNUAL PROCUREMENT PLAN

Section 10.2 of the MLM SCM Policy: The Supply chain management shall after consultation with the SDBIP of the municipality, compile a schedule of capital projects in respect of each financial year. The schedule of capital projects must be for a financial year and be reviewed when the IDP is reviewed. During consultations between SCM and all other departments, all reasonable efforts shall be made to determine:

- a. The desired date and time at which a specific project must be awarded;
- b. The desired date and time when the implementation or delivery of goods and services must take place;
- c. The place where delivery must be effected;
- d. The quantity and quality of any goods to be supplied; and
- e. any other relevant matter.

The Range of SCM Threshold is as follows:

PURCHASE VALUE

Petty Cash Up to R2 000 [VAT included]

REQUIRED PROCESS

one (1 verbal quotation from the list of suppliers on the municipal data base Approved by the Head of Department

R2001 to R30 000.00 [VAT included]

At least three (3) formal written price quotations (on a rotational basis from the list of suppliers on the municipal data base)

R30 001 to R200 000 [VAT included] Competitive Bidding

At least three (3) formal written price quotations (which will be obtained by the Request for Quotations (RFQ's) seven (7) days advertisements

Over R200 000 [VAT included]

Competitive Bidding Process

Bid Committees

The following bid committees are established to allow for the smooth implementation of the competitive bidding process:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee

Members of all bid committees were appointed by the Accounting Officer, (procurement above R200, 000) are dealt with by all three (3) bid committees.

SCM PERSONNEL

There are currently five (5) full time officials employed in the Supply Chain Unit and Six (6) full time officials are at Logistics.

CHALLENGES

- SCM Structure were reviewed to address staff shortages.
- SCM Functions are not yet centralised due to staff shortages.

REPORTING

- All Monthly and Quarterly SCM Reports are submitted on time to Provincial and National Offices for compliance Purposes.
- The municipality only do business with suppliers who is registered on the Central Supplier Database (CSD).

The following table provides a view in terms of the deviations that were incurred during the 2022/23 financial year;

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D1	Hiring	E	Technical Services	Water and Sanitation	Thitibi Projects	SPV-25976	R 443 800,00	18-Jul-22	Due to the urgent situation of water interruptions caused by the high lift pump which was flooded with water during the replacement of a bulk meter and pipeline in Viljoenskroon water plant. The situation caused the community to be without water for weeks and this contravenes the Water Service Act. Three quotations were attached and the cheapest one selected.
D2	Hiring	U	Technical Services	Roads and Stormwater	Wilson & Sons Trucking CC	SPV-29878	R 234 600,00	18-Jul-22	No grader was available at the service providers on the panel. The municipality had to hire a grader to prevent serious accidents that cause injury to the community. Three quotations were attached and the cheapest one selected.
3	Hiring	U	Technical Services	Roads and Stormwater	Wilson & Sons Trucking CC	SPV-39652	R 259 440,00	18-Jul-22	No grader was available at the service providers on the panel. The roads were inaccessible after the heavy rain. This is huge danger to the community. Three quotations were attached and the cheapest one selected.
D4	Hiring	E	Technical Services	Water and Sanitation	Ulwandle Lwandle Trading and Projects	SPV-39553	R 201 365,00	18-Jul-22	Roads needed to be graded due to heavy rains. It was getting dangerous for the community as water was flooding in their homes. Some artificial to schools and grave sites also required grading. Three quotations were attached and the cheapest one selected.
D5	Anti-Virus	U	Corporate Services	ICT	Netsec	SPV-26265	R 416 132,67	02-Aug-22	The anti-virus has expired prematurely. The initial calculation of the anti-virus period included the 3 months trail we were provided by MALWAREBYTES when we tested the software. This has unfortunately fallen short with one month. We therefore urgently need to renew our anti-virus software licence, to prevent any exploits or data loss.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D6	Hiring	U	LED and Planning	Housing	Nthwana Thwana Trading	SPV-27011	R 5 280,00	02-Aug-22	The Provincial Department of Human Settlement invited Macking residents to be registered on NHNR database and due to huge turnout of residents we found it ideal as Municipal Housing Department that we hire mobile toilets so that our residents can be able to relieve themselves while waiting to be registered. The process was anticipated to take one week but due to huge turnout it had to be extended. As the section we had to act swiftly in terms of assisting our people as the need was sever and couldn't have tie to outsource other quotes as the amount exceeds R 2000.00.
D7	Hiring	U	Political Offices	Speaker's Office	Ilirele Tent Hire	SPV-34866	R 38 500,00	02-Aug-22	A seven-day advert could not be placed, there was a directive from National Treasury not to advertise. However these service were needed, as the Speaker Office consultation is a compliance matter.
D8	Hiring	U	Political Offices	Speaker's Office	Ilirele Tent Hire	SPV-34868	R 67 700,00	02-Aug-22	A seven-day advert could not be placed, there was a directive from National Treasury not to advertise. However these service were needed, as the Speaker Office consultation is a compliance matter.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D9	Accommodation	U	Corporate Services	Human Resources	Size Khaya	SPV-36353	R 36 000,00	04-Aug-22	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroonpark. This procedure could however not be followed in this instance because of bookings done in Kroonpark, such as for the "Bokkie week" where the whole of Kroonpark was booked for more than a week. The accommodation in Kroonpark was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge. You are kindly requested to effect payment for the duration of the Acting Municipal Manager's stay at Ize Khaya Guest Lodge.
D10	Repairs	U	Community and Social Services	Solid Waste	Kornet Beleggers	SPV-27132	R 46 984,00	05-Aug-22	The repairs to the Crane of the Refuse Truck Mercedes Benz BZP694FS were of utmost importance to maintain service delivery regarding refuse removal to the community.
D11	Accommodation	U	LED and Planning	Kroonpark	Rose Villa House	SPV-35673	R 7 500,00	19-Aug-22	The municipality normally provide outside employee with 3 months accommodation at Kroonpark resort, due to the bookings that were already made at the resort the municipality had to send employee to Rose Villa Guest House because it was the only

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D12	Accommodation	U	Corporate Services	Human Resources	Ize Khaya	SPV-36355	R 37 200,00	22-Aug-22	place that can assist by providing our employee with accommodation at a short notice, other guest houses were fully booked due to the Bokkie week event. The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroonpark. This procedure could however not be followed in this instance because of bookings done in Kroonpark, such as for the "Bokkie week" where the whole of Kroonpark was booked for more than a week. The accommodation in Kroonpark was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge. You are kindly requested to effect payment for the duration of the Acting Municipal Manager's stay at Ize Khaya Guest Lodge.
D13	Mail Processing	U	Finance	Billing	CAB Holdings (Pty) Ltd	SPV-23022	R 22 218,00	22-Aug-22	The municipality is currently not able to print and fold account statements. The current folding machine is broken and procurement processes are underway with SCM. We need the services of a service provider to print, fold

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D14	Repairs	U	Community and Social Services	Traffic	Sprayair and Power (Pty) Ltd	SPV-09544	R 17 767,50	27-Sep-22	and sort the account statements. The purpose of this is preparation for distribution.
D15	Screening	U	Corporate Services	Human Resources	Managed Integrity Evaluation (MIE)	SPV-09544	R 7 553,71	29-Aug-22	Strip & Quote Section 1,4 (1,4,1) of Mqohaka Local Municipality Fraud Management Policy that, 4,1 Implementation Plan Mqohaka Local Municipality strives towards a preventative approach in dealing with anti-fraud and anti-corruption by eliminating the opportunities for the perpetrators to commit fraud. Therefore, the Municipality will follow several steps to reduce the chances of fraud and corruption for taking place within the Municipality. These steps include but not limited to these: 1.4.1 Pre-screen of potential employees. The municipality is in the process of recruitment of the Municipal Manager, as a result pre-screening of potential employees is required. The above matter refers to ITR Technology as the service provider that provides us with the AD Audit and Incident Management application software. The software that we require is solely provided by ITR Technology.
D16	Licence	SS	Corporate Services	ICT	ITR Technology	SPV-26263	R 41 382,75	29-Aug-22	Strip & Quote
D17	Repairs	U	Community and Social Services	Parks	Lawnmower Sales & Services	SPV-34629	R 96 167,87	29-Aug-22	

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D18	Competency Assessment	U	Corporate Services	Human Resources	Gijima Holdings (PTY) Ltd	SPV-09545	R 21 600,00	31-Aug-22	Local Government: Regulations on appointment and conditions of employment of Senior Managers states: Regulation 16: Candidates recommended for appointment to the post of a senior manager must undergo a competency assessment. Time frames for completion of recruitment process is three months which expires on the 10th of September 2022, as a result appointment of this position had to be conducted as a matter of urgency.
D19	ZOOM Communication	SS	Corporate Services	ICT	ZOOM Video Communication	SPV: 26267	R 34 436,77	29-Sep-22	The municipality has been using Zoom since 2020 for virtual meetings. Virtual meetings are more accessible for everyone who needs to be there, whether they join from home or another country. This increases participation for those who may experience travel restrictions.
D20	Repairs	U	Community and Social Services	Parks	Lawnmower Sales & Services	SPV: 34633	R 44 596,60	29-Sep-22	Strip & Quote
D21	Accommodation	U	Corporate Services	Human Resources	Izekhaya Guest Lodge		R 37 200,00	29-Sep-22	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroonpark. This procedure could however not be followed in this instance because of bookings done in Kroonpark, such as for the "Bokkieweek" where the whole of Kroonpark was booked

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D22	Advertising	U	Finance	Supply Chain	Mela Matla (Dumelang Media)	SPV: 00067	R 21 964,80	07-Oct-22	for more than a week. The accommodation in Kroonpark was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge. You are kindly requested to effect payment for the duration of the Acting Municipal Manager's stay at Ize Khaya Guest Lodge.
D23	Advertising	U	Finance	Supply Chain	Mela Matla (Dumelang Media)	SPV: 00068	R 8 442,00	07-Oct-22	Vrystaat Kroon could not assist with a quotation because of outstanding payments. The tenders needed to be advertised urgently so that service delivery should not be jeopardised hence the one quote from Dumelang news were used.
D24	Sanitisers	E	Community and Social Services	Disaster Management	Khethakanye Trading & Projects	SPV: 08967	R 132 508,75	07-Oct-22	The service provider has never been paid for sanitisers delivered in 2020. The Disaster Coordinator attached a signed memo detailing as to what transpired.
D25	Advertising	U	Finance	Supply Chain	Mela Matla (Dumelang Media)	SPV: 36369	R 12 151,13	07-Oct-22	Vrystaat Kroon could not assist with a quotation because of outstanding payments. The tenders needed to be advertised urgently so that service delivery should not be jeopardised hence the one quote from Dumelang news were used.
D26	Accommodation	U	Corporate Services	Human Resources	Size Khaya	SPV-36371	R 37 200,00	20-Oct-22	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroonpark. The accommodation in Kroonpark was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge.
D27	Accommodation	SS	Community and Social Services	Traffic Management	A+ Academy	SPV-33074	R 34 000,00	26-Oct-22	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.
D28	Accommodation	SS	Community and Social Services	Traffic Management	A+ Academy	SPV-33075	R 34 000,00	26-Oct-22	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D29	Repairs	SS	Led and Planning	Kroonpark	Servies	SPV-24502	R 41 229,67	26-Oct-22	Servies are the sole suppliers and agents to work on John Deer Tractors and machineries.
D30	Repairs	SS	Community and Social Services	Parks	Pump Shop Africa	REQ-08163	R 43 182,50	26-Oct-22	Strip and Quote
D31	Advertisment	SS	Corporate Services	Human Resources	Media Torque & Events	SPV-24502	R 52 164,00	03-Nov-22	On Thursday 12 May 2022 Council took a resolution to re-advertise vacant positions of Directors. Media Torque was approached to source three quotations as the advertising agency. The department opted to advertise on city press because it is a national newspaper that thus a high level rate of readership.
D32	Hiring	U	Led and Planning	Housing	Nihwana Trading	SPV-27018	R 11 760,00	21-Nov-22	The Provincial Department of Human Settlements invited Mookeng residents to be registered on the NHNR database. Mobile toilets had to be hired so that residents can be able to relieve themselves while waiting to be registered.
D33	Calibration	SS	Community and Social Services	Security Services	Alcohol Breathalyser (Pty) Ltd	SPV-22263	R 3 996,02	30-Nov-22	The breathalyser needs to be calibrated. This company is a sole supplier and the certificate is attached.
D34	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-33080	R 34 000,00	01-Dec-22	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D35	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-33081	R 34 000,00	01-Dec-22	The municipality received correspondence from Majlisabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.
D36	Catering	U	Political Offices	Speaker's Office	Aruba Delights	SPV-34879	R 49 600,00	24-Nov-22	It was requested that all committee members were having to serve as advancement of capacity building to all collective ward committee. Catering had to be organised. Three quotations were attached and the cheapest one selected.
D37	Mailing	U	Finance	Revenue	CAB Holdings (PTY) Ltd	SPV-23032	R 44 436,00	19-Dec-22	The municipality is currently not able to fold and sort account statements. The folding machine is broken, and procurement processes are under way with SCM. We need the service of a service provider to fold and sort the account statements as currently we can print it ourselves. The purpose of this is preparation for distribution to continue and not affect the billing processes of the Municipality.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D38	Services	U	LED and Planning	Kroon park	AWJ Dry Cleaners	SPV-24583	R 14 312,85	12-Jan-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days.
D39	Accommodation	U	Corporate Services	Human Resources	Size Chaya Guest House	SPV-36381	R 37 200,00	19-Jan-23	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroon park. The accommodation in Kroon park was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D40	Accommodation	U	Corporate Services	Human Resources	Ize Khaya Guest House	SPV-36381	R 37 200,00	19-Jan-23	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad on a short notice. The usual procedure is that employees be accommodated in Kroonpark. The accommodation in Kroonpark was not suitable for the Acting Municipal Manager also taking into account his physical height. The suitable accommodation was then arranged on the urgent basis as indicated above, for the Acting Municipal Manager in Ize Khaya Guest Lodge.
D41	Network Services	U	Corporate Services	ITC	NETSEC (PTY) Ltd	SPV-26282	R 40 227,00	31-Jan-23	Moghaka Local Municipality onsite exchange server is unstable. The department requested proposals with pricing from different service providers. The proposals/suggestions were so different in scope and price that it was impossible to compile a clear specification for tender purpose. However, the quote/proposal provided by NETSEC NETWORK SECURITY SERVICES seems to resolve our issues and is within budget. This proposal eliminates the risk of email being unavailable, by duplicating the two Microsoft Online platform (Cloud).

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D42	Dry Cleaning Services	U	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-24589	R 13 967,10	31-Jan-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days.
D43	Dry Cleaning Services	U	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29508	R 8 158,55	13-Feb-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days.
D44	Catering	U	Political Offices	Speakers Office	Tina VM trading	SPV-27248	R 42 000,00	29-Mar-23	Moghaka Local Municipality hosted the Fezile Dabi Youth Career Expo and was informed very late that we must cater for 100VVIPS LUNCH.
D45	Assessment	SS	Corporate Services	Human Resources	Gijima Holdings	SPV-09553	R 14 400,00	15-Mar-23	Gijima is the service provider approved by COGTA to assist with the competence assessment of the applications for Municipal Manager.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D46	Catering	U	Political Offices	Speakers Office	Tina VM trading	SPV-27249	R 34 000,00	29-Mar-23	Moghaka Local Municipality hosted the Fezile Dabe Youth Career Expo and was informed very late that we must cater for 100/VIPS BREAKFAST.
D47	Training	SS	LED and Planning	Spatial Planning	Institute of Timber Construction	SPV-37763	R20 872,50	03-Apr-23	The Institute of Timber Construction South Africa is the sole SAQA recognised professional body in terms of Section 13(1)(i)(ii) of the National Qualifications Framework Act of 2008 as well as the sole ECSA recognised Voluntary Association Category B in terms of Section 25(1)(3) of the Engineering Professions Act 2000 for the Prefabricated Timber Roof Truss Sector.
D48	Accommodation	U	Corporate Services	Human Resources	Ize Khaya Guest Home	SPV-36391	R28 800,00	03-Apr-23	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad.
D49	Air conditioner	SS	Corporate Services	Auxiliary	Climate Air Conditioners	Req-13646	R73 760,00	17-Apr-23	Three (3) quotations were requested from 1. Climate Air, 2. Babs Steyl and 3. Penguin Elektrics. See attached the e-mails to this effect. The other service providers did not submit quotations and when called they indicated that they are no longer interested in doing business with the Municipality, only Climate air conditioning submitted quotations.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D50	Accommodation	U	Corporate Services	Human Resources	Ize Khaya Guest Home	SPV-36390	R37 200,00	04-Apr-23	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad.
D51	Accommodation	U	Corporate Services	Human Resources	Ize Khaya Guest Home	SPV-36389	R37 200,00	04-Apr-23	The urgency of the matter was such that the Provincial Government nominated/seconded the Acting Municipal Manager for appointment. It follows from this urgent appointment that the Acting Municipal Manager had to be accommodated in Kroonstad.
D52	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-34913	R 34 000,00	24-Apr-23	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.
D53	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-34912	R 34 000,00	24-Apr-23	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.

Deviations for the 2022/2023 Financial year								
DEVIATIONS SUMMARY								
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date
D54	Software License	SS	Technical Services	Electricity	Civil Designer SA	SPV-28541	R8 337,50	22-Apr-22
D55	Repairs	U	Community and Social Services	Parks	Legegeru Industries CC	SPV-34666	R160 025,00	09-May-23
D56	Services	SS	Community and Social Services	Fire Brigade	Marce projects	REQ-23066	R18 975,00	09-May-23
D57	Services	SS	Community and Social Services	Fire Brigade	Marce projects	REQ-23067	R12 736,25	09-May-23
D58	3 Slides	SS	LED and Planning	Kroonpark	G7 Technology	SPV-29524	R440 314,83	09-May-23
D59	Tents	E	Community and Social Services	Disaster Management	Lebisang Kattlehong	REQ-13427	R357 950,00	10-May-23
<p>Description of Services and/or products required</p> <p>Annual renewal of allycas software subscription. This company is the sole supplier of the software.</p> <p>On 15 February 2022, Legegeru was appointed to construct a welded mesh anti-climbing high security fence at Westpark cemetery. Some of the fence was stolen and damaged. The division choosed the service provider to repair the fence as they have done the work before and the damage fence had to be repaired.</p> <p>Service of the TNT Rescue Set for the Marce fire engine can only be serviced by Marce.</p> <p>Service of the BA Compressor of silinders mounted on the Marce fire engine can only be serviced by Marce.</p> <p>A tender for the water slides was advertised but there was no successful bidder and only two companies tendered. G7 Technologies are a South African Company and one of the only two manufacturing companies that manufacture big swimming pool water slides for resort and water theme parks. A letter attached the confirms that G7 Technology owns the tooling and fiberglass moulds for the slides.</p> <p>The classification of a National Disaster in terms of the section 23 of the disaster management act. The National Disaster Centre has received reports ranging from flood of homes and vehicles being swept away etc. The communities had to be provided with emergency accommodation.</p>								

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D60	Advertisement	SS	Corporate Services	Human Resources	Media Torque & Events	SPV-09555	R 115 920,00	12-May-23	On Thursday 03 May 2023 Council took a resolution to re-advertise vacant positions of Directors. Media Torque was approached to source three quotations as the advertising agency . The department opted to advertise on city press because it is a national newspaper that thus a high level rate of readership.
D61	Advertisement	SS	Municipal Manager	Communications	Free State Sun	SPV-36168	R65 700,00	17-May-23	The free state sun is the only news paper in the Free State that attends all the municipal programmes and do advertisements for the municipality. Attached is all the adverts and pictures relating to the aforementioned.
D62	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-34917	R34 000,00	15-May-23	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D63	Accommodation	U	Community and Social Services	Traffic Management	A+ Academy	SPV-34916	R34 000,00	15-May-23	The municipality received correspondence from Matjhabeng Traffic Training Academy, indicating that the 2022 calendar year (Jan-Dec) will be the last year of intake for the Basic Officer's Course for employees older than 37 years of age. There will be a cost saving as Council does not have to pay travelling costs for these 4 officials. Three quotations were attached and the cheapest one selected.
D64	Catering	U	Political Offices	Speakers Office	Reabiloe Projects	SPV-34712	R 32 500,00	15-May-23	Lunch for the office of the Speaker at the ward committee forum held on 14 March 2023 at Constanica Hall. Three quotations were attached and the cheapest one selected.
D65	IF P30/2 No Valves	SS	LED and Planning	Kroonpark	Collins Fibreglass Plastics	SPV-29525	R 97 750,00	23-May-23	Collins Fiberglass is the sole provider that manufactures the required swimming pool filters. The Sole provider letter is attached to the deviation.
D66	Repairs	SS	Community and Social Services	Parks	Afri Turf	SPV-34675	R 4 370,00	23-May-23	Strip and Quote. Repair of the line marking machine.
D67	GIS Software	SS	LED and Planning	Spatial Planning	ESRI South Africa	SPV-38376	R 747 749,24	25-May-23	ESRI South Africa is the sole supplier and owner of ArcGIS. A fully fetched ArcGIS license will ensure that the municipality can fast track the capturing of critical spatial data, such as infrastructure.
D68	ZOOM Communication	SS	Corporate Services	ICT	ZOOM Video Communication	SPV: 00389	R 38 626,68	25-May-23	The municipality has been using Zoom since 2020 for virtual meetings. Virtual meetings are more accessible for everyone who needs to attend, whether they join from home or another Country.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D69	Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29528	R 7 567,55	26-May-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays die to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days. AWJ Drycleaners has been place one the sole supplier list four approval by Council.
D70	Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29562	R 18 023,60	26-May-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays die to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days. AWJ Drycleaners has been place one the sole supplier list four approval by Council.

Deviations for the 2022/2023 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D71	Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29570	R 5 560,50	26-Jun-23	Kroonstad currently have two equipped laundry and dry cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on weekdays. AWJ Drycleaners has been placed one the sole supplier list four approval by Council.

2.9 BY-LAWS

Table 8: By-laws introduced

By-laws Introduced during 2022/23					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
NONE					
Comment on By-Laws: Extensive public participation processes are followed in Viljoenskroon, Rammulotsi, Kroonstad, Maokeng, Steynsrus and Matlwanglwang when by-laws are developed. Both Councillors as well as officials from the user departments and legal section attend these public participation processes. The processes of developing additional by-laws are continued with.					
<i>*Note: See MSA section 13.</i> T 2.9.1					

COMMENT ON BY-LAWS

There were no new by-laws developed in the year under review.

Table 9: List of By-laws Developed

List of Bylaws Developed	
1. Building Regulations By-law	
2. Commonage By-law	
3. Control of Collections By-law	
4. Electricity Supply By-Law	
5. Encroachment of Property By-Law	
6. Fences and Fencing By-Law	
7. Public Amenities By-Law	
8. Sporting Facilities By-Law	
9. Taxi Ranks By-Law	
10. Unsightly and Neglected Buildings By-Law	
11. Control of Public Nuisance By-Law	
12. General Street By-Law	
13. Refuse Removal By-Law	
14. Water restrictions By-Law	
15. Dumping and Littering By-Law	
16. Numbering of Buildings By-Law	
17. Standard Storm By-Law	
18. Water Services By-Law	
19. Municipal Land Use Planning By-Law	
20. Property Rates By-Law	
21. Credit Control and Debt Collection By-Law	
22. SPLUMA By-Laws	
23. Standing Rules and Orders By-Law	
24. Keeping of Bees By-Law	
25. Graffiti By-Law	
26. Public Parks By-Law	

2.10 WEBSITE

A municipal website <http://www.moghaka.gov.za/> is a key communication mechanism in terms of service offering, information sharing and public participation and should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the Annual Budget, Adjustments Budgets and budget related documents and Policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Table 10: Municipal Website: Content and Currency of Material

Municipal Website: Content and Currency of Material	2021/22	2022/23
Documents published on the Municipality's / Entity's Website	Yes / No	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes	Yes
All current budget-related policies	Yes	Yes
The previous annual report	Yes	Yes
The annual report (2022/23) published/to be published	Yes	Yes (Draft)
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2022/23) and resulting scorecards	Yes	Yes
All service delivery agreements	N/A	N/A
All long-term borrowing contracts	No	No
All supply chain management contracts above a prescribed value (give value) for 2022/23	Yes	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year.	No	No
Contracts agreed in 2022/23 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	NO
Public-private partnership agreements referred to in section 120	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d)	Yes	No

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipality's website is managed and maintained by the ICT Section. The content management and updating of the website is done by internal ICT staff.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Although no official surveys were undertaken by the municipality the inputs from the community on service delivery issues were received through platforms such as the IDP and budget public participation processes.

These platforms were successful in communicating with the public on key issues of inter alia service delivery and were noted accordingly.

Table 11: Satisfaction Surveys undertaken

Satisfaction Surveys Undertaken during: 2022/23				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	No surveys conducted			
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Sanitation Supply				
(f) Information supplied by municipality to the public				
(g) Opportunities for consultation on municipal affairs				

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The purpose of this chapter of the report is to provide information on service delivery on a service-by-service in line with the approved Integrated Development Plan (IDP) and Service Delivery and the Budget Implementation Plan (SDBIP) of the municipality for the 2022/23 financial year. This chapter therefore aims to demonstrate what has been achieved and what remains outstanding as initially planned in terms of the Municipality's IDP.

COMPONENT A: BASIC SERVICES

For the year under review, the Municipality continues to make significant strides in extending access to basic services such as water; wastewater (sanitation); electricity; solid waste management; roads, storm water and housing services, to its communities. Various service delivery targets have been set in the municipality's IDP to ensure that access to basic services is realised in line with the National Government's target dates. Free basic services are provided to indigent households according to the municipality's Indigent Policy. These includes 10kl of water, 50kWh electricity, free sanitation and refuse removal per month.

Strategic objectives are set out in planning and budgeting tools such as IDP and SDBIP in order to properly plan and achieve targets. Priority areas regarding basic service delivery are as follows:

- Access to water,
- Water loss,
- Water quality,
- Access to sanitation,
- Access to electricity,
- Energy efficiency,
- Access to refuse removal,
- Access to municipal surfaced roads,
- Storm water management.

The Municipality achieves the provision of basic services through the integrated planning, development and management of infrastructure assets as indicated below:

1. Water and waste water services

- Water purification plants,
- Water storage dams,
- Water reservoirs,
- Water and sewage reticulation networks,
- Sewerage treatment plants,
- Water and sewer pump stations.

2. Electricity

- Electricity distribution,
- Electricity network maintenance and upgrading,
- Electricity consumption care and metering,
- Public lighting.

3. Solid waste management

- Refuse removal,
- Street cleansing,
- Management of public ablution facilities,
- Management and maintenance of landfill sites.

4. Roads, storm water, railways and public works

- Roads design, construction
- Maintenance of paved roads
- Maintenance of gravel roads,
- Maintenance of storm water drainage system,
- Construction of new storm water drainage systems,
- Railway sidings and maintenance and safety permit applications,

- Bridges and culverts.

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Municipalities have a Constitutional responsibility for providing sustainable and viable water services to the communities within their areas of jurisdiction. Moqhaka local municipality is both a Water Services Authority (WSA) and a Water Services Provider (WSP). According to the Water Services Act No. 108 of 1997, Water Services Authority means any municipality, including a district or rural council responsible for ensuring access to water services. The WSA is both the owner of the works and is the elected representative of the customers. The Water Services Provider (WSP) means a person or organization that provides water services to the consumers or to another water services institution.

Water supplied by water services providers intended to be used for drinking or domestic purposes (potable water) must be of a quality consistent with SANS 241 (Specifications for Drinking Water), as may be amended from time to time.

Basic water supply facility is:

The infrastructure necessary to supply 25 litres of potable water per person per day supplied within 200 metres of a household and a minimum flow of 10 litres per minute (in the case of communal water points) or 6000 litres of potable water supplied per formal connection per month (in case of yard or house connections).

The top three priorities for water provision are:

1. Sufficient water supply for communities.
2. Connections to individual stands with provision for indigents.
3. Provision of water within legal requirements (Drinking water standard SANS 241 standards).

The challenge in water supply remains the balance between the available raw water and demand from the community. Although we have three dams and one weir in the Vals River with an off channel storage dam in Kroonstad and off channel storage dam in Steynsrus. The Renoster River in Viljoenskroon is utilised to augment the water from the Vaal River when required, however we still have a challenge when flow in the river is minimal as in the case of a drought or even low rainfall during certain times of the year.

The municipality through DWS funding has construction 4 km pipeline on the 11th Avenue Brentpark which is 90% completion to ensure continuous and reliable water supply for Brentpark, under the same projects the is replacement of sluice gate at Bloemhoek Dam.

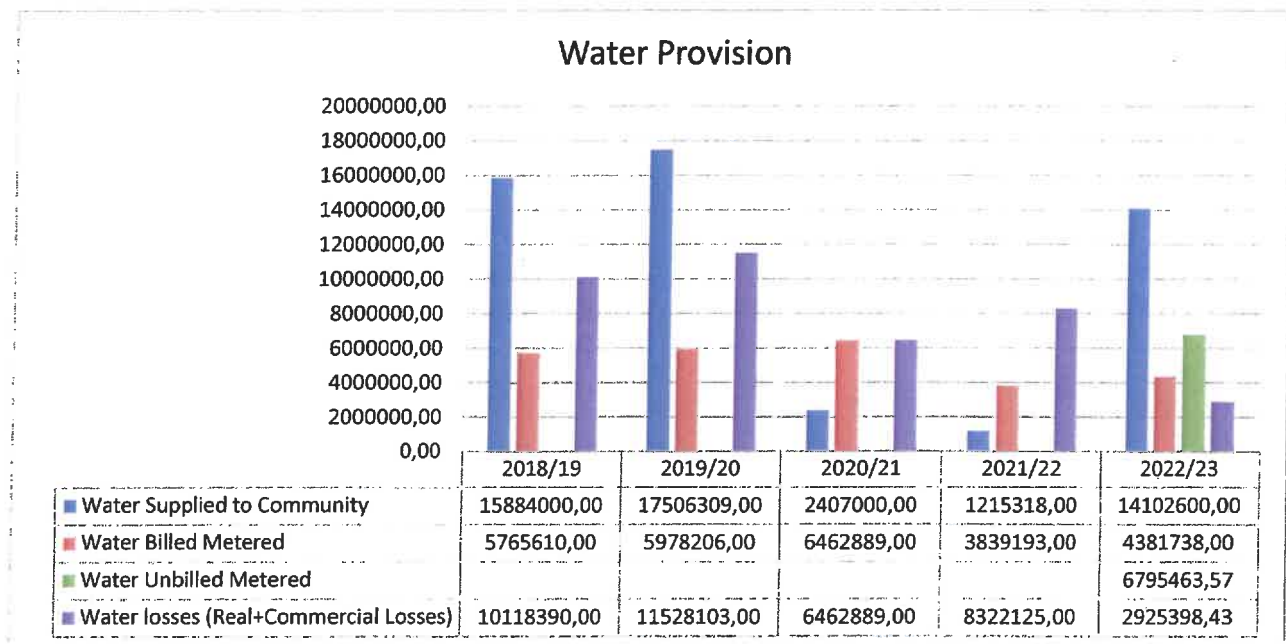
Municipality through MIG is currently implementing water supply projects for Phomolong to ensure consistent water supply in the area.

Municipality refurbished Kroonstad activated sludge plant to ensure compliance with the discharge effluent under phase 1.

Phase 2 of the BNR plant is currently under refurbishment with DWS RBIG funding.

Municipality is complying with drinking water standards and sans241 as set by the Department of water and sanitation regulations.

All formal areas of Moqhaka available for occupation are provided with water networks for pre-installed connections and consumers moving onto unconnected stands are connected on application



Graph 2: Total use of water

COMMENT ON WATER USE BY SECTOR:

Water demand currently exceeds the supply in both Steynsrus as well as Viljoenskroon due to the following:

1. In Steynsrus the raw water supply from the Vals River is affected by the fact that the seasonal flow in the river is unreliable and the limited raw water storage capacity in the off channel storage dam cannot keep up with the demand that originated from the installation of waterborne toilets in Matlwangtlwang.

2. In Viljoenskroon the placement of residents in the Northleigh is placing pressure on the water supply as the treatment works can only provide a limited volume of water thus placing the supply under pressure and impacting on supply and pressure. Because of these some high lying areas are without water during certain periods of the day the municipality is completed a pressure tower project to address the water demand in high laying areas, however raw water source is still a challenge as a results the municipality is unable to fill the pressure tower.

The Municipality is currently on tender process for upsizing of raw water pumps, equipping of boreholes and package plants for augmentation of water supply to the tower, the project will address the water challenges in high laying areas.

3. In Kroonstad the Raw water source is not a problem, the only challenge is that the is no 48hr storage in case of water interruptions caused by pipe burst or power outage.

Table 12: Water Service Delivery Levels

Description	Ref	2018/19	2019/20	2020/21	2021/22	2022/23
		Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)						
Piped water inside yard (but not in dwelling)		34 020	34 434	34 883	34 883	34 883
Using public tap (within 200m from dwelling)	2	205	0	449	449	449
Other water supply (within 200m)	4	—	—	-34 883	34 883	34 883
Minimum Service Level and Above sub-total		34 625	34 639	34 883	34 883	34 883
Minimum Service Level and Above Percentage		100%	100%	100%	100%	100%
Water: (below min level)						
Using public tap (more than 200m from dwelling)	3	0	0	0	0	0
Other water supply (more than 200m from dwelling)	4	0	0	0	0	0
No water supply		0	0	0	0	0
Below Minimum Service Level sub-total		0	0	0	0	0
Below Minimum Service Level Percentage		0%	0%	0%	0%	0%
Total number of households*	5	34 625	34 639	34 883	34 883	34 883

* - To include informal settlements

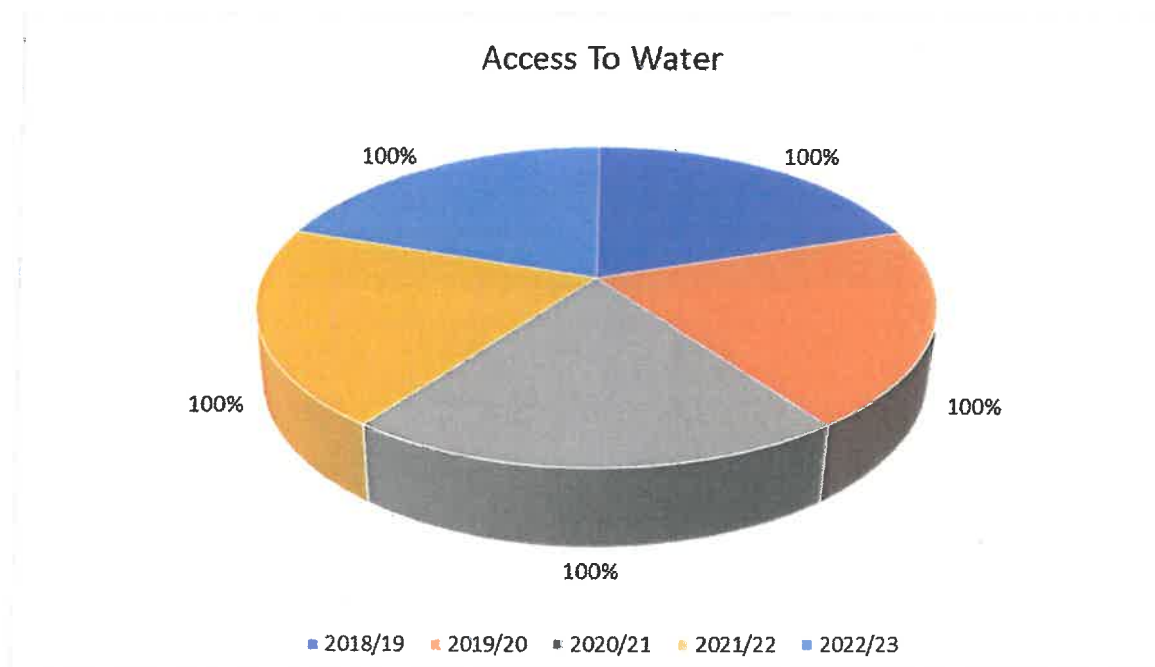
Table 13: Households - Water Service Delivery Levels

Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.			Actual No.	Actual No.
Formal Settlements					
Total HH	34 625	34 625	34 883	34 883	34 883
Households below minimum service level	0	0	449	449	449
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total households	25	25	30	30	30
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
		T 3.1.4			

Table 14: Access to water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of indigent households receiving 10kl free#
2015/16	100%	100%	39%
2016/17	100%	100%	44%
2017/18	100%	100%	47%
2018/19	100%	100%	46%
2019/20	100%	100%	45%
2020/21	100%	100%	45%
2021/22	100%	100%	43%
2022/23	100%	100%	39%
T 3.1.5			

All households are supplied with water as per regulation. Minimum requirement is that a Communal standpipe must be within 200m.



Graph 4: Access to water

Note: All households in the municipal area of responsibility have access to water.

Policy Objectives taken from IDP and SDBIP
Municipal Scorecard Perspective: Basic Service Delivery
KPA: Basic Service Delivery and Infrastructure Investment
IDP Priority 1: Water provision

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 21	By ensuring access to portable water by 2027 to include small holdings and surround plots.	Basic Service Delivery.	Number of HH in formal settlements including plots and small holdings that meet the minimum water services standard.	Number of HH with access to water within 200m	Director Technical Services	34 846	34 846	34 846	34 896	34 846	Target not achieved. The annual result is the figure achieved in the 2020/21 financial year.	The municipality requested assistance from the Department of Human Settlements to assist with funding for installation of services.	Evaluation Roll Report.	New connections will be done in the 2022/23 financial year. 5360 even have been identified for installation of services.
TL 165	By reducing water loss in the municipal distribution area	Basic Service delivery	Percentage reduction in water losses in the municipal distribution area.	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water	Director Technical Services	30%	46%	60.9%	30%	21%	Target achieved.	None.	Water Balance report	Although we could not determine the annual result. The performance of the Municipality

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 166	By ensuring access to portable water by 2027 to include small holdings and surrounding plots.	Basic Service Delivery	Number of new water connections meeting minimum standards.	Sum of new water connections meeting minimum standards.	Director Technical Services	NEW KPI	0	0	120	8	Target not achieved	Encourage the consumers or owners of stands to apply for services especially for newly developed areas.	Application forms for new water connections	By improved greatly. This is a new KPI no comparison could be made.
TL 167	By ensuring that water quality is monitored throughout the supply network to ensure compliance with applicable standards	Basic Service delivery	Number of samples tests conducted to measure the water quality	Sum of sample tests conducted.	Director Technical Services	1769	1769	1544	500	1001	Target achieved	None	Lab reports	The Municipality maintained its performance
TL 168	By ensuring that water quality is monitored throughout the supply network to ensure	Basic Service delivery	Percentage of Drinking Water Compliance to SANS241	Number of samples compliant/ total number of samples taken	Director Technical Services	88%	88%	87.15%	90%	75.5%	Target not achieved.	Continuous monitoring of drinking water quality to ensure compliance	Lab reports from Service Provider.	This target has not been achieved in the last two

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	compliance with applicable standards											with SANS 241 regulation.		financial years.

Table 15: Employees Water Services

Employees: Water Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	2	2	1	1	50%
4 - 6	6	7	12	6	6	50%
7 - 9	33	12	42	33	9	21%
10 - 12	9	16	34	9	25	74%
13 - 15	41	60	120	74	46	38%
16 - 18	32	40	91	0	91	100%
19 - 20	0	0	0	0	0	0%
Total	122	137	301	123	178	59%

T3.1.7

Table 16: Financial Performance Water Service

Financial Performance 2022/23: Water Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	112 994	155 264	231 398	232 199	180 052	-29%
Expenditure:						
Employees	18 438	21 831	21 756	24 108	23 602	8%
Repairs and Maintenance	2 830	4 575	2 748	3 601	3 329	17%
Other	26 376	52 428	102 512	60 857	150 001	32%
Total Operational Expenditure	44 644	78 835	127 016	88 566	176 932	28%
Net Operational Expenditure	(65 349)	76 429	(104 382)	(143 633)	(3 120)	-3246%

T3.1.8

Table 17: Capital Expenditure Water Service

Capital Expenditure 2022/23 Water Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
11th Avenue Pipeline and Bloemhoekdam sluice gate	10 292	-	10 292		24 189
Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure	6 266		6 266		9 992

T3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality is continuously replacing faulty and leaking water meters through repairs and maintenance budget in an effort to eliminate water losses and to enhance revenue.

Replacement of 4km AC pipeline to HDPE pipeline in Brentpark 11th Avenue and repair of sluice gate in Bloemhoek dam.

The municipality is continuously replacing of Asbestos pipe with UPVC to reduce the water loss, through operation and maintenance budget.

3.2 WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

MLM residents enjoy 99% sanitation service coverage and 100% water service provision. In alignment with the National Policy and Emergency Housing Service Guidelines, the municipality met the minimum level of service for sanitation. These is included in the provision of a basic sanitation infrastructure facility necessary to provide a sanitation service which is safe, reliable, private, protected from the weather, ventilated, keeps smells to the minimum. It is easy to keep clean, minimises the risk of the spread of sanitation-related diseases by facilitating the appropriate control of disease-carrying flies and pests, and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner.

Sanitation needs are determined via the consumer base on the ground. Blockages and spillages are monitored, and future needs are based on results. Further inputs from the community and political offices are compared with departmentally identified issues and included in the IDP as needed. National government targets are also included in future planning.

The top three priorities with regards to sanitation are:

1. Access to sanitation for all
2. Connections to individual stands
3. Reduction of spillages

MLM has taken great efforts towards the reduction of spillages, through the replacement of several collapsed sewer pipelines and refurbishment/upgrading of sewer pump stations. The municipality has completed phase 1 refurbishment Kroonstad activated sludge plant funded by WSIG (DWS) in 2022/23 financial year, the is the collapsed pipeline that is connecting to the pump station will be replacement under phase 2 refurbishment of Kroonstad BNR project. Again, through DWS WISG funding the municipality completed the refurbishment

projects of Wastewater Treatment Works Activated sludge plant. The Municipality is currently implementing the replacement of 1075m of collapsed sewer line in Caswell Koe Koe funded by MIG which 90% completion. Efforts have been made to source funding for phase 2 refurbishment of Kroonstad BNR WWTP which is currently under refurbishment to ensure compliance for discharge effluent.

Table 18: Sanitation Service Delivery

Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome	Outcome	Outcome	Outcome	Outcome
	No.	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>					
Flush toilet (connected to sewerage)	32 128	32 128	34 231	34 231	34 231
Flush toilet (with septic tank)	450	450	450	450	450
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	1 200	1 460	1 653	1 653	1 653
Other toilet provisions (above in-service level)					
Minimum Service Level and					
Above sub-total	33 778	34 038	36 334	36 334	36 334
Minimum Service Level and					
Above Percentage	99,4%	99,4%	99,4%	99,4%	99,4%
<u>Sanitation/sewerage: (below minimum level)</u>					
Bucket toilet	0	0	0	0	0
Other toilet provisions (below in-service level)	205	205	205	205	205
No toilet provisions					
Below Minimum Service Level					
sub-total	205	205	205	205	205
Below Minimum Service Level					
Percentage	0,6%	0,6%	0,6%	0,6%	0,6%
Total households	33 983	34 243	36 539	36 539	36 539

Table 19: Sanitation Service Delivery below the Minimum

Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	34 625	34 625	34 639	34 639	34 639
Households below minimum service level	587	587	454	454	454
Proportion of households below minimum service level	1.7%	1.7%	1.3%	1.3/5%	1.3/5%
Informal Settlements					
Total households	205	205	205	205	205
Households ts below minimum service level	205	205	205	205	205
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
T 3.2.4					

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 2: Sanitation provision

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 20	By ensuring that basic sanitation standards are communicated and known to the community and the municipality adheres to them.	Basic Service Delivery	Number of HH with access to basic sanitation.	Sum of HH with access to basic sanitation.	Director Technical Services.	34 713	34 713	34 713	34 763	34 713	Target not achieved. The annual result is the figure achieved in the 2020/21 financial year.	The municipality requested assistance from the Department of Human Settlements to assist with funding for installation of services.	Evaluation Roll Report	New connections will be done in the 2022/23 financial year. 5360 even have been identified for installation of services.
TL 162	Develop a credible Sanitation Master Plan by partnering with sector departments to assist in this	Basic Service delivery	Sanitation master plan that meets prescribed requirements developed and	Date Master Plan approved.	Director Technical Services	0	0	0	30 June	0	Target not achieved.	Develop Sanitation Master Plan.	None.	There has been no movement. This target was not achieved in the last three

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	project/programme		approved by Council											financial years.
TL 163	By expanding sanitation services to cover any back log and roll it out to newly established settlements	Basic Service delivery	Number of new sewer connections meeting minimum standards.	Sum of new sewer connections meeting minimum standards.	Director Technical Services	20	0	18	120	8	Target not achieved.	Encourage the consumers or owners of stand to apply for services especially for newly developed area	Application forms for new sewer connections	The performance of the Directorate declined compared to the 2021/22 financial year.
TL 164	By improving quality of sewerage effluent.	Basic Service delivery	Wastewater quality compliance according to the water use license.	Wastewater quality test results from an accredited laboratory	Director Technical Services	61.11%	65.3%	61.11%	90%	51.5%	Target not achieved.	Improvement on operational and environment Compliance	Lab reports from Service Provider.	The performance of the Directorate declined compared to the last two financial years.

Graph 3: Access to sanitation

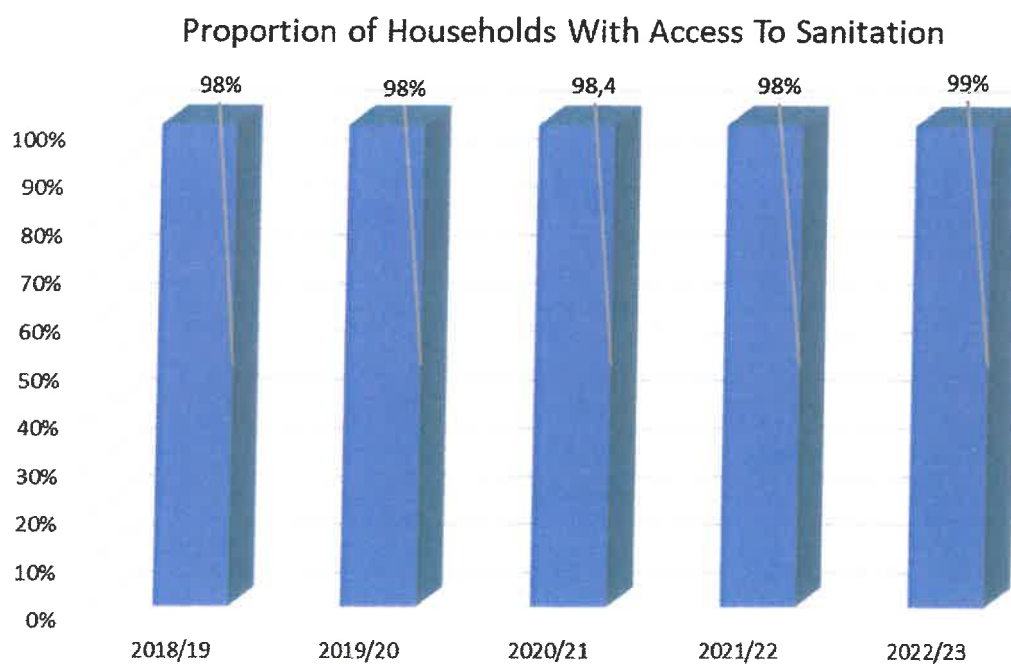


Table 20: Employees: Sanitation Service

Employees: Sanitation Services						
Job Level	2020/21	2021/22	Posts	2022/23		
	Employees	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	Refer to Table 15.					
4 - 6						
7 - 9						
10 - 12						
13 - 15						
16 - 18						
19 - 20						
Total						

Table 21: Financial Performance: Sanitation Service

Financial Performance 2022/23: Sanitation Services						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	47 821	59 472	92 340	92 340	78 249	-18%
Expenditure:						
Employees	26 297	27 647	29 165	33 033	33 674	13%
Repairs and Maintenance	15 166	816	1 279	2 868	3 200	60%
Other	1 955	39 878	27 036	48 255	69 124	61%
Total Operational Expenditure	43 418	68 341	57 480	84 156	105 998	46%
Net Operational Expenditure	-4 403	8 869	-34 860	-8 184	27 749	226%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
						T 3.2.8

Table 22: Capital Expenditure: Sanitation Service

Capital Expenditure 2022/23 Sanitation Services					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14	14	–	0%	
Kroonstad Waste Water Treatment Plant - Phase 2	10	10		0%	105
Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street	4	4		0%	4

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

The biggest challenge about sanitation is frequent sewer spillages as a result of foreign objects thrown into the sewer network, collapsed sewer pipes, and malfunctioning sewer pump stations. These spillages pose health risks to the surrounding communities of Moqhaka and also pollutes the water resources.

In order to eliminate the backlog related to access to sanitation in formal areas of Moqhaka, a project funded and implemented by Rand Water Foundation for the past three financial years for the installation of on-site dry sanitation toilets in Rammulotsi and Matlwangtlwang. This type of sanitation technology is especially suitable in areas that experiences water shortages such as Steynsrus. The municipality has appointed a consultant to perform full assessment in order to source funding for upgrading of WWTP to the latest technology and also accommodates new developments.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipality as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a safe and healthy environment. The Electricity section is also responsible for the operation, maintenance, extension, and upgrading of the infrastructure. In so doing it promotes and catalysis the economic development within the area. Service provision is mainly the development, extension, and maintenance of infrastructure. However, the municipality has an infrastructural base that is in a state of decay, with a large percentage of aged and outdated technology. The backlogs in terms of maintenance and upgrading are colossal and the available resources are simply not adequate for the task.

CORE RESPONSIBILITIES

- Providing quality and uninterrupted supply of electricity to all domestic, business, industrial and rural consumers within its area of distribution.
- Maintaining the electricity distribution network to adhere to the prescribed standards.
- Upgrading of the electricity distribution network to accommodate population growth as well as business and industrial development.
- Monitoring the electricity consumption of consumers by means of effective metering and visual inspections to minimize electricity losses.
- Maintaining all public lighting and traffic lighting.
- Providing accurate feedback to the monitoring authority National Energy Regulator South Africa (NERSA) pertaining to the quality of service and quality of supply to adhere to license conditions.

During the 2022/23 financial year, the Electricity Section has addressed various challenges mainly relating to the high and medium voltage supply, reticulation, public lighting, and house connections. Due to insufficient resources such as budget, personnel, vehicles, and equipment such as vehicles, etc., the routine maintenance of the existing infrastructure is neglected which is a major concern. Note must be taken that with the scarce resources available the following objectives were achieved:

- Replacement of faulty meters,
- New electricity connections,
- Attending to general daily complaints,
- Maintenance of public lighting.
- Maintenance and repairs to low, medium, and high voltage network

Table 23: Electricity Service Delivery Levels

Electricity Service Delivery Levels					
Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.			Actual No.
Energy: (above minimum level)					
Electricity (at least min.service level)	1 952	1 952	1 893	1 821	1 821
Electricity - prepaid (min.service level)	28 969	28 969	29 156	29 258	29 258
Minimum Service Level and Above sub-total	30 921	30 921	31 049	31 049	31 049
Minimum Service Level and Above Percentage	89.3%	89.3%	89,6%	89,6%	89,6%
Energy: (below minimum level)					
Electricity (< min.service level)	3 704	3 576	3 595	3 823	3 823
Electricity - prepaid (< min. service level)					
Other energy sources					
Below Minimum Service Level sub-total	3 704	3 576	3 595	3 823	3 823
Below Minimum Service Level Percentage	10.7%	10.3%	10.4%	0	0
Total number of households	34 625	34 639	34 644	34 902	34 902
					T 3.3.3

Table 24: Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum					
Description	2018/19	2019/20	2020/21	2021/22	Households 2022/23
	Actual No.	Actual No.	Actual No.		Actual No.
Formal Settlements					
Total households	34 625	34 639	34 644	34 902	34 902
Households below minimum service level	11 578	14 448	14 329	13 886	13 886
Proportion of households below minimum service level	33%	42%	41%	40%	40%
Informal Settlements					
Total households	205	205	205	205	205
Households ts below minimum service level	205	205	205	205	205
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
T 3.3.4					

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 4: Electricity and Energy

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 5	To expand the electrification Programme to any remaining areas and roll out solar energy in any identified areas at prescribed standards	Basics Service Delivery	Number of HH in municipal supply areas that meet electricity service standards (connected to the national grid)	Sum of HH with access to electricity (connected to the National grid).	Director Technical Services.	25 774	25 794	25 794	25 844	25 797	Target not achieved. There was no new electricity infrastructure installed in this financial year.	Electricity network will be installed when there is 80% occupancy at the new sites as required by the Department of Mineral Resources and Energy.	Valuation Roll Report	New connections will be done in the 2022/23 financial year. 5360 even have been identified for installation of services.
TL 158	By rolling out electrification of newly established	Basic Service delivery	Number of new electricity connections meeting	Sum of new electricity connections.	Director Technical Services	NEW KPI	0	0	10	116	Achieved above target	None	Maps	New KPI no comparison could be made

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	settlements and those with a backlog		minimum standards.											
TL 159	Reduce electricity losses by improving inspections and Maintenance	Basic Service delivery	% Electricity distribution losses (KWH billed/KWH acquired) (MFMA Circular 71	(Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or generated) x 100	Director Technical Services	7.09	7.09	16.88%	7%	17.80%	Target not achieved.	New connections will be done in the 2022/23 financial year. 5360 even have been identified for installation of services.	Meter inspection/ installation/ replacement report (Meter numbers of faulty and bypassed meters) and financial records of purchases and billings	The target has not been achieved in the last two financial years.

Table 25: Employees - Electricity Services

Employees: Electricity Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	4	7	4	3	43%
7 - 9	20	14	36	13	23	64%
10 - 12	6	7	28	7	21	75%
13 - 15	12	10	41	8	33	80%
16 - 18	11	8	25	8	17	68%
19 - 20	0	3	27	4	23	85%
Total	52	51	165	45	120	73%

T 3.3.6

Table 26: Financial Performance - Electricity Services

Financial Performance 2022/23: Electricity Services						
Details	2018/19	2019/20	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	275 037	371 380	446 710	441 994	344 500	-30%
Expenditure:						
Employees	17 738	21 471	24 968	24 978	22 927	-9%
Repairs and Maintenance	20 219	38 692	1 782	1 690	1 414	-26%
Other	186 912	286 004	381 370	392 635	410 281	7%
Total Operational Expenditure	224 869	348 167	408 120	419 303	434 622	6%
Net Operational Expenditure	-50 168	-25 213	-38 590	-22 691	90 122	143%

T 3.3.7

Table 27: Capital Expenditure: Electricity Services

Capital Expenditure 2022/23: Electricity Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26 075	0	26 075	0%	
Rammulotsi: Development and fencing of new landfill site - phase 2	26 075	0	26 075	0%	31046

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The Electricity Section consists of three (3) Divisions namely Distribution, Consumption Care, and Administration/Technical Support. One hundred and sixty-five (165) positions are on the organizational structure of this Section although only 28% of the positions are currently filled.

The operation of the Electricity Section is entirely dependent on the annual operating budget allocation, with electricity sales as the main source of income.

Projects such as the installation of high mast lights are funded by the Municipal Infrastructure Grant (MIG). Electrification projects and bulk upgrades such as the high voltage 66kV overhead line project (from Main- to South Substation) are funded by the Department of Mineral Resources and Energy (DMRE). The Municipality did receive funding of R1,500,000.00 from DMRE for the Electrification of Maokeng Extension 10 for the 2021/22 financial year. The materials were bought in the 2021/22 financial year and due to a shortfall, the project was completed on 14 December 2023 with own funding that was refunded by DMRE.

DESCRIPTION	QUANTITY	
Area	High mast	Streetlight
Brentpark	5	245
Maokeng	73	1469
Kroonstad	1	4054
Viljoenskroon	3	490
Rammulotsi	37	15
Steynsrus	1	198
Matlwangtlwang	14	0
Total	134	6471
Traffic Lights		20 crossings

Meters go faulty daily due to weather conditions, tampering, etc. The frequency of bypassing/replacing these meters is very high. Inspections are done daily (on request of the Finance section, tipoff from the community, and random spot checks). A fine system is used for tampered meters. In total 1 534 meters were inspected/repaired/replaced. The high maintenance cost of electronic energy meters may affect the income of the Municipality negatively.

Constraints:

- A serious shortage of vehicles (Mechanical problems with vehicles and standing time involved. The average age of the vehicles is more than 20 years).
- A serious shortage of staff. Overworking of staff due to staff shortages, in turn, negatively impacts the health of employees.
- A serious shortage of materials (including minimum stock items at Stores) and equipment.
- Lengthy processing time of requisitions and vouchers, and non-availability of funds to purchase materials and pay service providers.
- Vandalism, theft, and attempted theft of cable and transformers, in addition, the damage to the network extends much further than only the portion of cable or equipment that was damaged and, in some cases, requires specialized repairs.
- Aged and outdated infrastructure.
- A backlog of replacement of faulty/tampered meters and new installations (assistance of Service Providers reduced the backlog).
- Insufficient funding for capital projects.
- Insufficient funding for general maintenance and repairs.
- High-risk working environment and conditions.
- Risk of service disruptions due to aged and outdated infrastructure.
- Risk of losing grant funding due to slow procurement processes.

The above-mentioned constraints all influenced service delivery negatively due to additional workload, unproductive standing time, the long waiting period for spares and equipment, and limited preventative maintenance hence unnecessary and unavoidable damage to the infrastructure.

The municipality only maintains the electricity services in the municipality's area of responsibility for which the municipality holds the license. All households (including the ESKOM distribution area) that have access to electricity are 34 644 (25 797 Municipal area).

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The Solid Waste Management mandate is derived from Chapter 2, Section 24 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Environmental Management: Waste Act (NEMWA), 2008 (Act 59 of 2008) is the core legislative guide for the delivering a quality Solid Waste Management service. The Section is comprised of the following divisions; Refuse Removal, Street Cleansing, Public Toilets and Landfill sites.

VISION

To create a better environment, activate cooperation between the municipality and the community towards better solid waste management, protection and sustainability of the environmental and natural resources, and contribute to improve the quality of life.

MISSION

Optimal use of resources, building capacity to contribute into sustainable development, development of policies to improve the level of services by addressing the challenges of solid waste management, and promote community awareness and partnerships.

Table 28: Solid Waste Service Delivery Levels

Solid Waste Service Delivery Levels					
Description	2018/19	2018/19	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.		Actual No.
<u>Solid Waste Removal: (Minimum level)</u>					
Removed at least once a week	34 020	34 639	34 886	35 117	35 117
<i>Minimum Service Level and Above sub-total</i>	34 020	34 639	34 886	35 117	35 117
<i>Minimum Service Level and Above percentage</i>	100,0%	100,0%	100,0%	100,0%	100,0%
<u>Solid Waste Removal: (Below minimum level)</u>					
Removed less frequently than once a week					
Using communal refuse dump					
Using own refuse dump	0	0	0	0	0
Other rubbish disposal					
No rubbish disposal					
<i>Below Minimum Service Level sub-total</i>	0	0	0	0	0
<i>Below Minimum Service Level percentage</i>	0,0%	0,0%	0,0%	0,0%	0,0%
Total number of households	34 020	34 639	34 886	35 117	35 117

Table 29: Households - Solid Waste Service Delivery Levels below the minimum

Households - Solid Waste Service Delivery Levels below the minimum					
Description	2019/20	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.		Actual No.
Formal Settlements					
Total households	34 020	34 639	34 886	35 117	35 117
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total households	0	205	205	205	205
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
					T 3.4.3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 7: Solid Waste Management

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 19	By ensuring access to solid waste removal services to all HH within the municipal area by 2021	Basic Service Delivery	Number of households in municipal area with access to refuse removal.	Sum of households in municipal area with access to refuse removal.	Director Social Services.	34 846	34 639	35 114	35 164	35 114	Target not achieved. The annual result is the figure achieved in the 2021/22 financial year.	The municipality can only collect refuse in areas occupied. Refuse removal service at new sites will be done when the sites have been occupied.	Evaluation Roll Report.	There were no new developments in the year under review.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Public Participation and Social and Community Development.

IDP Priority 7: Solid Waste Management

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 146	To curb the incidence of illegal dumping which could lead to a disaster.	Social Services and Community Development.	Number of waste awareness campaigns conducted.	Sum of awareness sessions held	Director Community & Social Services	4	4	3	4	4	Target achieved.	None	Traffic Systems Report	The Directorate increased its performance.

Table 30 Employees: Waste Management Services

Employees: Solid Waste Magement Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	1	1	1	0	0%
7 - 9	2	2	2	2	0	0%
10 - 12	16	6	16	6	10	63%
13 - 15	59	59	59	57	2	3%
16 - 18	27	27	27	27	0	0%
19 - 20	2	35	63	35	28	44%
Total	108	131	169	129	40	24%

T3.4.5

Table 31: Employees: Waste disposal and Other Services

Employees: Waste Disposal and Other Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	2	2	1	2	-1	-100%
10 - 12	2	1	5	1	4	80%
13 - 15	2	12	12	12	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	20	67	20	47	70%
Total	6	35	85	35	50	59%

T3.4.6

Table 32: Financial Performance: Waste Management Services

Financial Performance 2022/23: Solid Waste Management Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(37 336)	55 937	65 206	66 326	49 666	-31%
Expenditure:						
Employees	22 447	24 674	40 707	31 622	31 114	-31%
Repairs and Maintenance	2 033	2 005	2 605	2 819	2 177	-20%
Other	18 886	7 912	10 117	17 217	26 113	61%
Total Operational Expenditure	45 190	34 591	53 429	51 658	59 404	10%
Net Operational Expenditure	-6 331	-21 346	-11 777	-14 668	9 738	221%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						
						T 3.4.7

Table 33: Financial Performance: Waste Disposal and Other Services

Financial Performance 2022/23: Waste Disposal and Other Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0	0%
Expenditure:						
Employees	4 597	6 064	1 804	1 834	1 360	-33%
Repairs and Maintenance	139	394	398	398	210	-90%
Other	2 967	5 654	7 930	8 370	2 741	-189%
Total Operational Expenditure	7 703	12 112	10 132	10 602	4 311	-135%
Net Operational Expenditure	7 703	12 112	10 132	10 602	4 311	-135%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						
						T 3.4.8

Table 34: Capital Expenditure: Waste Management Services

Capital Expenditure 2022/23: Waste Management Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0

COMMENT ON THE OVERALL PERFORMANCE OF WASTE MANAGEMENT SERVICES

Due to continuous breakdowns and shortage of vehicles, the service of hired refuse compactor trucks has been extended to Viljoenskroon. Two (2) refuse compactor trucks have been hired. The 2 hired trucks in Viljoenskroon have proved that if the municipality can procure its own vehicles for refuse removal there would be a drastic reduction of overtime. As hiring of vehicles is not a solution, finances have been put aside for the procurement of refuse compactor trucks in the 2022/23 financial year. With the assistance of the Acting Chief Financial Officer, 2 trucks have already been procured in the current financial year.

The municipality can pride itself that it manages to do refuse removal on daily basis but that is not sufficient. There must be enough refuse compactor trucks to remove the refuse within the shortest time on daily basis. The refuse that is left in the streets for the whole day becomes a favourable place for vectors and contributes to the illnesses caused by filthy environment.

The serious shortage of vehicles causes the refuse removal section to have very high overtime. This is a serious challenge as it leads to burnout on employees. The only unit that does not have overtime is Steynsrus. The Unit Manages to finish the day's work within normal working hours. We are still experiencing challenges with the use of non-compliant refuse receptacles, mainly in Matlwangtlwang and Rammolutsi.

MISA Innovative Solid Waste Management Project

The Municipal Infrastructure Support Agency (MISA): Innovative Solid Waste Management Project is a project that ran for four (4) months in the municipality starting in December 2022. Moqhaka Municipality was one (1) of the 4 municipalities that were identified to benefit from the project. KhaboKedi Waste Management was the

appointed Project Implementor. About four hundred beneficiaries were appointed to benefit from the project. Together with the beneficiaries, there were also Small, Medium and Micro Enterprise (SMME) businesses that were appointed. 2 SMMEs were appointed per town, 1 to remove illegal dumping and the other to remove waste and recyclables collected by the beneficiaries.

Each Ward had around seventeen beneficiaries and amongst the beneficiaries, there were Public, Information, Education and Relations (PIER) groups. The work of the groups was to do awareness in the areas that were going to be cleaned or were cleaned. These beneficiaries did a sterling job when their contracts were still in place. Figure: 2 below shows the PIER Educators in action.





Figure 4: PIER Educators doing Awareness Education at different premises.

The areas where very serious challenges were experienced are the collection of waste and the removal of illegal dumping by the SMMEs. This caused challenges because the SMMEs were allowed to only work 2 days a week for 4 hours a day while the beneficiaries were working five (5) days a week, which was later reduced to 4 days. This meant that the beneficiaries collected waste which would stand in the streets for days before being removed. This ended up being an opportunity for the community to empty the bags standing in the streets and taking the bags for themselves.

Cleaning of Towns

This is a project that ran for a period of three (3) months starting in January 2023 through the Department of Economic, Small Business Development, Tourism and Environmental Affairs. Steynsrus is the town that was identified and participated in the project. Twenty (20) beneficiaries were appointed for the project.

Street Cleansing

The Street Cleansing section is doing well with the limited staff they have. The only challenge is the street refuse receptacles that are frequently getting stolen. Where a plan has been made to secure the receptacles it becomes a challenge to empty and clean them.

LANDFILL SITES

Consultants have been appointed for the relocation of the Kroonstad Landfill Site. The relocation will follow all the required legal processes. A service provider has also been appointed for the fencing of the Kroonstad landfill site. The fact that it will be decommissioned means that it must be left in a secure state to avoid illegal use of it. The decommissioning will be a process; it might take longer than the envisaged time.

The new landfill site will be operational soon, before the end of 2023. The rehabilitation of the old landfill has already started. Figure 1 below shows progress at the new landfill site in Viljoenskroon.



Figure 2: Pictures showing progress at the new landfill site in Viljoenskroon

The permit of the Steynsrus landfill site has successfully been converted to licence with the help of the Department of Water and Sanitation, Department of Forestry, Fisheries and the Environment (DFFE) Local Support and DESTEA.

ILLEGAL DUMPING

Illegal dumping remains a continuous challenge in the entire municipality. A service provider has been appointed to assist with the removal of illegal dumping spots. It is disappointing that the spots that have been recently cleaned got polluted with illegal dumping within a few days of being cleaned. The “No Illegal Dumping” board are continuously being planted but get vandalized and stolen by the community.



Figure 3 below shows illegal dumping being remove.

3.5 HOUSING

INTRODUCTION TO HOUSING

The National Housing Needs Register (NHNR) has registered about 18 627 housing needs for Moqhaka Municipality. NHNR is a central database that offers households the opportunity to register their need for adequate shelter by providing information about their current living conditions, household composition & to indicate the type of housing assistance they require from government. Previously Municipalities used waiting lists to capture the housing demand and Moqhaka Municipality’s housing waiting list goes as far back as 2006. The waiting lists were successfully exported into the National Housing Needs Register as the single recognized database for registered needs countrywide. There have not been significant strides made to decrease this housing need, particularly in the Kroonstad/Maokeng town.

The Census Statistics is another set of data that can be used for planning purposes. It should be noted that the 2021 Census was concluded in 2022, however, not published. This data will also provide close to accurate

statistical information in as far as the housing need is concerned (using the number of informal dwellings/traditional dwellings/backyard dwelling and other).

The trend has also been that the household size is shrinking this could cause an increase in the housing backlog/need within the municipality.

The Moqhaka Municipality is in a process of being Accredited to Level 1 by the National Department of Human Settlements. Currently the municipality is dependent on housing or top structure allocations made annually by the Free State MEC for Human Settlements. These allocations are funded and administered by the Free State Department of Human Settlements through a conditional grant called the Human Settlements Development Grant (HSDG).

Moqhaka Local Municipality is at pre-assessment phase, conducted by National and Provincial official, this also included self-assessment by the municipality. The main aim of this process is to provide a transparent and uniform basis for MECs responsible for Human Settlements to make decisions as to whether a municipality applying for accreditation meets the qualifying criteria as outlined in the National Accreditation Framework of 2017.

Table 35: Households - Access to basic housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2014/15	31 520	31 347	99%
2015/16	32 794	32 544	99%
2016/17	32 794	32 544	99%
2017/18	33 391	33 159	0%
2018/19	33 391	33 159	99%
2019/20	34 639	34 434	99%
2020/21	34 902	34 697	99%
2021/22	45 661	40 495	89%
2022/23	45 661	40 495	89%
			<i>T 3.5.2</i>

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Local Economic Development

KPA: Local Economic Development

IDP Priority 7: Housing

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 22	To review the Housing Sector Plan.	Local Economic Development.	Housing Sector Plan reviewed and approved by Director Annually	Date Housing Sector Plan approved.	Director LED.	30 June	30 June	30 June	30 June	30 June	Target achieved	None	Signed Housing Sector Plan	Target achieved.

Table 36: Employees: Housing

Employees: Housing Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	3	3	3	0	0%
7 - 9	1	1	1	1	0	0%
10 - 12	2	3	3	3	0	0%
13 - 15	0	11	12	11	1	8%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	5	19	20	19	1	5%

T 3.5.4

Table 37: Financial Performance: Housing

Financial Performance 2022/23: Housing Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 833	10 213	11 984	11 939	5 672	-111%
Expenditure:						
Employees	5 529	7 187	7 259	7 081	7 318	1%
Repairs and Maintenance	-	-	44	44	-	0%
Other	50	145	1 277	1 147	436	-193%
Total Operational Expenditure	5 579	7 332	8 580	8 272	7 754	-11%
Net Operational Expenditure	-254	2 881	3 404	3 667	-2 082	263%

T 3.5.5

Table 38: Capital Expenditure: Housing

Capital Expenditure 2022/23: Housing Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total	0	0	0	0%	0

OVERALL PERFORMANCE OF HOUSING FUNCTION

The Section managed to achieve a lot of set targets in the year under review 2022/23 through the following developmental activities.

TITLE DEEDS RESTORATION PROGRAMME

The Title Deeds programme performed well as compared to the previous financial years. This gesture is aimed at restoring the dignity, through land and property ownership to the previously disadvantaged communities.

Number of Title Deeds Issued

QUARTER (2022/23)	NUMBER OF TITLE DEEDS ISSUED
Quarter 1: July – September 2022	903
Quarter 2: October – December 2022	446
Quarter 3: January – March 2023	208
Quarter 4: April – June 2023	0
TOTAL	1 557

In trying to redress the injustices of the past, the Municipality has ensured the accelerated issuing-out of title deeds in the reporting period and the commitment is anticipated to be sustained in the ensuing reporting periods.

The following number of title deeds were issued out as part of promoting security of tenure:

The section through its consumer education programmes specifically targeted at title deeds and the processes involved continues to raise awareness around succession issues in the case where the registered title deed's rightful owner is late, the families most of the time fails to conclude the estate of the late (to which the title is registered). By implication, the title would not be issued to the surviving family members.

Informal Settlements Upgrading

The MLM, with the assistance of the Free State Department of Human Settlements and the Housing Development Agency (HDA), identified and recognised 7 informal settlements (Brickfield and Marabastad is combined on the

tale) within the municipal area of jurisdiction, and developed an informal settlement upgrading programme (refer to table below). The latter recommended that these settlements be relocated as they are located in areas that are unsuitable for the development of human settlements.

INFORMAL SETTLEMENTS	NO OF HOUSEHOLD	FARM/TOWNSHIP
Brickfields/Marabastad informal Settlement	227	Maokeng/Kroonstad
Block A informal Settlement	44	Matlwangtlwang/Steynsrus
Block B informal Settlement	99	Matlwangtlwang/Steynsrus
Block C informal Settlement	22	Matlwangtlwang/Steynsrus
Block D informal Settlement	25	Matlwangtlwang/Steynsrus
Block E informal Settlement	15	Matlwangtlwang/Steynsrus
Total	432	

Informal Settlements in Moqhaka

The two towns that requires upgrading are Matlwangtlwang in Steynsrus that consist of 205 households and Brickfield and Marabastad consisting of 227 households.

There is a clear plan underway of creating sites in Matlwangtlwang for the upgrading of informal settlements, through consolidation, rezoning and subdivision of erf 1396 and erf 3358 Matlwangtlwang, respectively. The prospective project is envisaged to yield about 103 sites which will potentially absorb all the three (3) informal settlements in the area.

ALLOCATION OF SITES

In the main, lack of bulk infrastructure (in most areas) and reticulation has been the biggest impediment to enable the Municipality to allocate sites. The provision of top structures across different housing programmes (BNG, Military Veterans, Social and Rental Housing) remains the competency of the Provincial Department of Human Settlements through Human Settlements Development Grant (HSDG). The implementation of the mentioned housing programme by the Department has been few and far between.

The Free State Provincial Department of Human Settlements is responsible for the servicing of Maokeng Ext 10 and 13 with a total of 5126 residential sites utilising the Human Settlements Development Grant.

Additional areas were identified in Kroonstad town, Viljoenskroon and Steynsrus for those who can afford to build for themselves to purchase the erf/erven. The municipality is responsible for the servicing of identified planned and pegged areas:

Area	Number of Sites Available Planned and Pegged	Number of Sites Installed with Water and Sewer	Number of Sites Allocated	Outstanding Sites	Challenges
ELANDIA	200	50	50	150	24 Sites installed with water 126, sites no water and sewer installed
TUINHOF	109	20	20	89	89 sites, no water and sewer installed
HEUWILSIG	167	0	0	167	Insufficient Bulk infrastructure. 167 no water and sewer installed
VILJOENSKROON (TOWN)	109	0	0	109	109 sites, no water and sewer installed

Matwangtlwang/Steynsrus has major challenge of water supply mainly from the source. This has an implication in the development of the town and consequently the economic development of the town. There are 831 sites where township establishment is completed, however, the installation cannot take place due to the challenge sighted above. This also poses a challenge on allocation of sites for professionals. There is a high demand of sites for professionals that can unlock revenue for the Municipality.

MUNICIPAL ACCREDITATION PROGRAMME

Moqhaka Local Municipality is one of the five (5) municipalities identified in the Free State to apply for level 1 accreditation. The Accreditation Business plan (ABP) for Moqhaka has been prepared and approved by Council in December 2018. The pre-assessment process is an advanced stage and supporting documents (POE) are ready for submission. The vacancies that exist in the Housing Section were filled. The organogram of the Housing section is depicted in the ABP.

Between the financial years 2021/22 and 2022/23 a total amount of R 3 447 303.10 has been transferred to Moqhaka LM through the Municipal Accreditation Support Programme.

The Municipality has made great strides in demonstrating commitment to this programme.

The following activities has unfolded in the period of the past four (4) years:

- Municipality was instrumental in the concluding a comprehensive Accreditation Business Plan (ABP) with clear recommendations, endorsed by Council (30 January 2019);
- The Free State Provincial Department of Human Settlements (FSHS), through the Housing Development Agency procured computer equipment (desktops, laptops) as part of the gaps identified in the ABP;
- Establishment of a fully-fledged Housing section through appointment (in 2021) of staff (Clerks, Data Capturers);
- Compilation of the Housing Sector Plan by the HDA and FSHS, adopted by council;
- FSHS intensified capacity building of the new appointees and existing staff with short courses and trainings/workshops (such as, NHNR, HSS, Housing Policy, Training the Trainer Programme for Consumer Education, Basic Computer Skills Training).
- Establishment of the Accreditation Steering Committee appointed by the Municipal Manager comprising of Acting Directors.

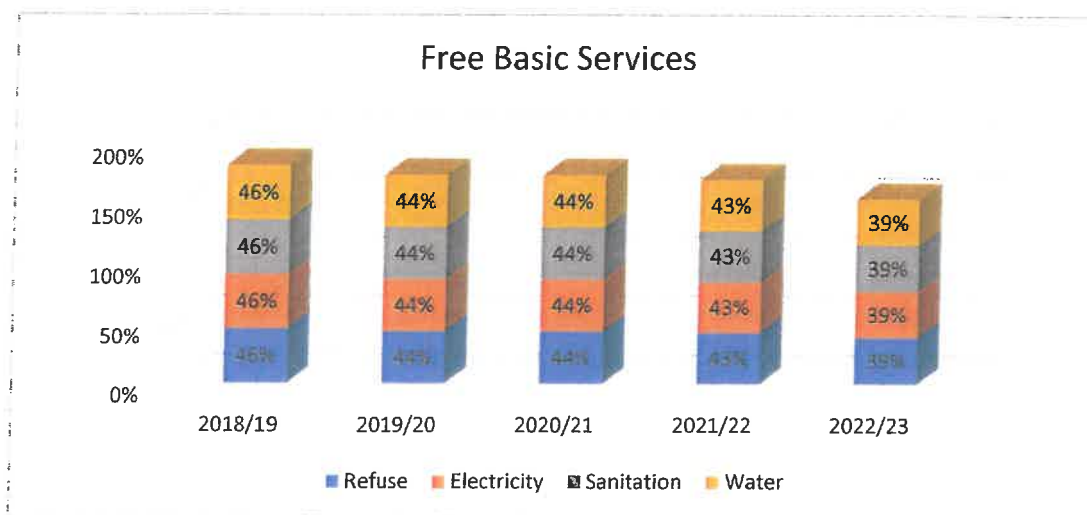
The National Department of Human Settlement, SALGA, and Provincial Department of Human Settlements has planned to externally assess the Municipality in the current financial year (2023/24). The appointment of the Municipal Manager and consequently Senior Managers has provided the Department of Human Settlements with confidence that the Municipality will reach a point of stability.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provides 10kl of water per household per month, free sanitation and refuse removal as well 50 kWh units of electricity per indigent household per month. There is also Property Rates exemption for properties with a valuation of R200 000 and lower.

The policy on the indigent households extends to the child headed families and any other households with circumstances that may be approved in terms of the policy to try alleviate the poverty the households find themselves in.



Graph 6: Free Basic Services

Table 39: Free Basic Services

Free Basic Services To Low Income Households										
	Number of households									
	Households earning less than R4,220 per month									
	Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	0	%	Access	%	Access	%
2015/16	32 541	32 541	12 551	39%	12 551	39%	12 551	39%	12 551	39%
2016/17	32 541	32 541	14 145	43%	14 145	43%	14 145	43%	14 145	43%
2017/18	32 541	32 541	15 013	46%	15 013	46%	15 013	46%	15 013	46%
2018/19	32 541	32 541	14 945	46%	14 945	46%	14 945	46%	14 945	46%
2019/20	32 541	32 541	14 448	44%	14 448	44%	14 448	44%	14 448	44%
2020/21	32 541	32 541	14 327	44%	14 327	44%	14 327	44%	14 327	44%
2021/22	32 541	32 541	13 886	43%	13 886	43%	13 886	43%	13 886	43%
2022/23	33 895	33 895	13 310	39%	13 310	39%	13 310	39%	13 310	39%
T 3.6.3										

Table 40: Financial Performance: Free Basic Services

Financial Performance 2022/23: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	2020/21	2021/22	2022/23			
	Actual	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	24 261	26 252	27 764	27 764	25 857	-7,38%
Waste Water (Sanitation)	20 043	21 577	23 432	23 432	21 288	-10,07%
Electricity	8 463	6 972	15 371	15 371	6 589	-133,28%
Waste Management (Solid Waste)	14 960	16 467	17 464	17 464	16 279	-7,28%
Total	67 726 257	71 267	84 031	84 031	70 013	-20,02%
T 3.6.4						

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Financial Viability

KPA: Municipal Financial Viability

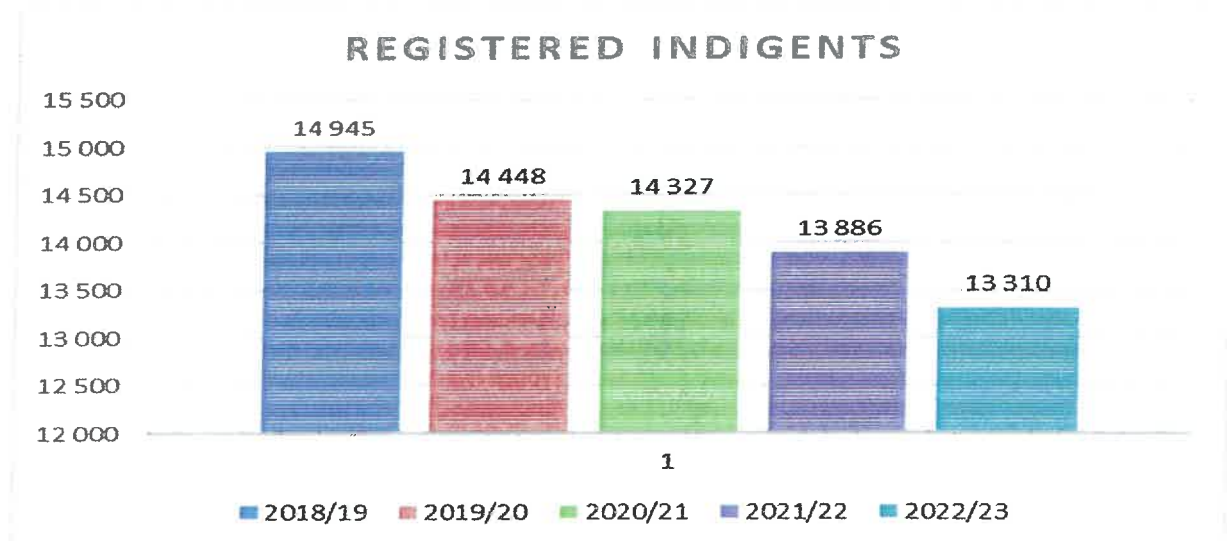
IDP Priority: Free Basic Services

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 16	To implement an effective and efficient system of expenditure and supply chain management.	Municipal Financial Viability and Management	% of registered indigent Households that receive free basic services	No of households registered as indigent/Total No of HH X100	Chief Financial Officer	43%	44%	44%	≤43%	39%	Target Achieved	None	Section 52 (d) Report-	The municipality improved its performance
TL 17	To implement an effective and efficient system of expenditure and supply chain management	Municipal Financial Viability and Management	Rand value of free basic services to indigent households as a % of equitable share.	Rand value of free basics services/by the equitable share x 100	Chief Financial Officer.	25%	26%	30%	≤29	25%	Target achieved.	None	Section 52 (d) Report-	The municipality improved its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline ^e	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance ^e	Comments
TL 18	To implement and effective and efficient system of expenditure and supply chain management	Municipal Financial Viability and Managem ent.	Rand value of free basic services to all households	Sum of value of free basic services (all services)	Chief Financial Officer	New KPI	0	0	≤60m	R69.46 m	Target not achieved.	Roll up an update programme for people to register for indigency.	Section 52 (d) Report-	New KPI no comparison could be made.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality allocates free basic water to indigent households only. All households qualifying for the Indigents Subsidy Scheme should be on prepaid electricity meters. If not, the electricity meter gets changed from a conventional meter to prepaid at no cost to the household. Indigents consuming more water than the subsidy allocates should have their electricity meters blocked or supply restricted. Properties with a higher municipal property valuation than subsidized value, are expected to pay for the excess charge/billing in property rates & taxes. The number of registered indigent households at 30 June 2023 was 13 310.



Graph 7: Registered Indigents

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

Moqhaka Local Municipality's roads consist of a total length of 581km.

Moqhaka Local Municipality's roads network consist of the following:

SURFACE TYPES

Flexible pavement: A flexible pavement yields "elastically" to traffic loading. It is constructed with a bituminous-treated surface or relatively thin surface of hot-mix asphalt over one or more unbound base courses resting on a subgrade. (Black-Top roads). The total length of flexible pavement roads amounts to 257km

Gravel road: An unpaved road is a type of road surfaced with gravel that has been brought to the site from a quarry. They are common in less developed towns, and in the rural area. Total length of gravel roads amounts to 278km

Blocked pavement: Block paving also known as brick paving is a commonly used decorative method of creating a pavement. These blocks are used also in road surfacing. The bricks are typically made of concrete or clay though other composite materials are also used. Total length of block paved roads amounts to 46km.

Table 41: Kilometre Roads in Moqhaka

TOWN	TAR ROADS (Km)	BRICK PAVING ROADS (Km)	GRAVEL ROADS (Km)	TOTAL ROAD LENGTH FOR EACH TOWN (Km)
KROONSTAD	228.67	28.596	159.63	416.896
VILJOENSKROON	40.678	20.414	129.062	190.154
STEYNSRUS	4.9	17.89	63.556	86.346
TOTAL	274.25	66.9	359.25	693.4 KM ROADS

3.7 ROADS

INTRODUCTION TO ROADS

The Roads and Storm Water Section is responsible for the maintenance of a total length of 582 km roads in the Moghaka Local Municipality's area. These roads include gravel roads, brick-paved roads, and tarred roads. The Roads and Storm Water Section is specifically responsible for the maintenance of 278km of gravel roads with limited yellow machines and Tipper trucks. The Section is also responsible for the maintenance of 257 km of tarred roads with only three patch teams, which must also assist with the transport of water to the community. The Section must also maintain 46.4km paving bricks roads without any qualified person appointed.

The Roads and Storm Water Section is also responsible for the maintenance of all storm water systems, which includes cleaning storm water channels in Vlei areas, storm water pipes and concrete V-drains. The municipality maintains 6.286km of railway lines.

Table 42: Gravel Road Infrastructure

Gravel Road Infrastructure Kilometres				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2018/19	275.906	0.0	2484,0	739.2
20219/20	275.9	0.0	0.6	498.4
2020/21	274.7	0.0	1.2	227.7
2021/22	272,6	0,0	2,1	79,5
2022/23	278	0.0	0.0	84.59
				<i>T 3.7.2</i>

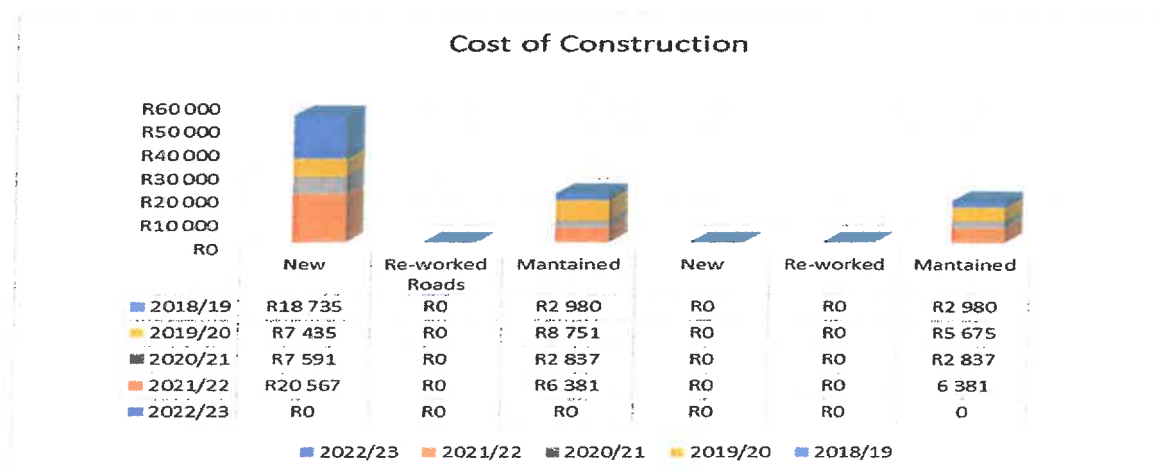
Table 43: Tarred Road Infrastructure

Kilometres					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2018/19	306.1	2.5	0.0	0.0	297.1
2019/20	306.1	2.5	0.0	0.0	297.1
2020/21	305,0	1,2	0,0	0,0	306,1
2021/22	307,1	2,1	0,0	0,0	307,1
2022/23	257.2	0.0	0.0	0.0	257.2
					T 3.7.3

Table 44: Cost of Construction/Maintenance

Cost of Construction/Maintenance R' 000						
	Roads			Tar		
	New	Re-Worked	Maintained	New	Re-worked	Maintained
2018/19	R18 735	R0	R2 980	0	0	2980
2019/20	R7 435	R0	R8 751	0	0	5675
2020/21	R7 591	R0	R2 837	0	0	2837
2021/22	R20 567	R0	R6 381			6381
2022/23	R0	R0	-	R0	R0	-
					T 3.7.4	

Graph 8: Roads: Cost of Construction/Maintenance



Policy Objectives taken from IDP and SDBIP
Municipal Scorecard Perspective: Service Delivery
KPA: Basic Service Delivery and Infrastructure Investment
IDP Priority 3: Roads

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence In Support of Performance	Comments
TL 160	By ensuring that newly built roads are built with storm water drainage and mobilize funding for rehabilitation, refurbishment and replacement of ageing infrastructure.	Basic Service delivery	km gravel roads maintained and or re-gravelled.	Sum of km roads maintained and or gravelled.	Director Technical Services	227 km	227.695 km	79.497km	40 km	84.59Km	Achieved above target	None	Weekly and monthly reports.	The Directorate maintained its performance. Target was achieved above target.
TL 161	By developing and implementing a maintenance programme specific to potholes	Basic Service delivery	m² of potholes patched.	Sum of m² of potholes patched.	Director Technical Services	83 109 m²	83 109m²	65 244m²	35 000m²	194 735m²	Achieved above target	None	Weekly and monthly reports.	The Directorate maintained its performance.

Table 45: Employees: Road Services

Employees: Road Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	3	2	1	33%
7 - 9	5	5	10	5	5	50%
10 - 12	14	14	15	14	1	7%
13 - 15	12	12	36	12	24	67%
16 - 18	18	16	92	16	76	83%
19 - 20	5	5	5	5	0	0%
Total	57	55	162	55	107	66%
						T3.7.7

Table 46: Financial Performance: Road Services

Financial Performance 2022/23 Road Services						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	95		47 022	47 022	47 035	0%
Expenditure:						
Employees	18 254	18 254	20 314	20 254	18 526	-10%
Repairs and Maintenance	5 180	5 180	1 747	1 747	1 225	-43%
Other	1 554	1 554	29 135	28 007	68 276	57%
Total Operational Expenditure	24 988	24 988	51 196	50 008	88 027	42%
Net Operational Expenditure	24 988	24 988	-4 174	-2 986	-40 992	90%
						T 3.7.8

Table 47: Capital Expenditure: Road Services

Capital Expenditure 2022/23: Road Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 174	0	1 174	0%	0
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street	1 174		1 174	0%	14684
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street	0	0	0	0%	8544
					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The Roads and Stormwater section has performed to its best ability in the financial year, having reached its set target under the circumstances we had of not having all the tools of trade more the yellow and white fleet and operating under staffed, 54 out of 152 personnel.

Maintenance work was properly planned, supervised and quality control measures were implemented with proper record keeping. The Road Section concentrated the road maintenance on main routes, roads around schools, roads around churches and businesses. The Roads Section also ensure all roads are accessible for vehicles in all three towns.

The Road Section assisted the community on a weekly basis with road maintenance where funerals and weddings took place.

All roads were visually inspected, and a visual assessment was done for each road according to the Technical Methods for Highways (TMH) engineering guidelines, reviewed by a Consultant Engineers appointed on a GIS system by the RRAMS project which was funded by the District Municipality. This inspection results were used for planning of road maintenance and a Road Maintenance plan was submitted with the IDP to Council.

Capital projects are planned from information accessed from IDP and RRAMS. For any Capital projects planned for the financial year, the business plans are submitted to Provincial or National Sector Departments to apply for funding to implement projects.

The Roads Section hired out the equipment as and when needed to improve service delivery. The Road maintenance teams also worked overtime to catch up with backlogs.

3.8 TRANSPORT

The municipality does not perform this function.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The Municipal storm water network consists of the following types of storm water systems.

- 1) Underground storm water pipes
- 2) Open concrete V-channels
- 3) Open soil storm water channels

Maintenance was done on all types of storm water system, but challenges are shortage of funds and equipment to address the backlogs.

Table 48: Storm water Infrastructure

Storm Water Infrastructure				Kilometres
	Total Stormwater Measures	New Storm water Measures	Storm Water Measures Upgraded	Storm Water Measures Maintained
2018/19	469.0	2.6	0.0	3.7
2019/20	373.6	0.6	0.0	0.0
2020/21	375.7	2.1	0.0	0.0
2021/22	377.6	1.9	0.0	0.0
2022/23	0.0	0.0	0.0	0.0

Table 49: Cost of Storm Water Construction/Maintenance –

Cost of Construction/Maintenance				R'000
	Storm water Measures			
	New	Upgraded	Maintained	
2018/19	0	1 577	46	
2019/20	0	0	0	
2020/21	09894.0	0	0	
2021/22	20.567	0	6381	
2022/23	0	0	0	

Table 50: Employees: Storm water Service

Employees: Storm Water Services						
Job Level	2020/21	2021/22	Posts	2022/23		
	Employees	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	Roads Services employees also perform the storm water function, Included in the Roads Services employees in Table 45 above					0%
4 - 6						50%
7 - 9						82%
10 - 12						36%
13 - 15						12%
16 - 18						20%
19 - 20						93%
Total						59%

Table 51: Capital Expenditure: Storm Water Services

Capital Expenditure 2022/23: Storm Water Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0

COMMENT ON PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The Technical Department did maintain the storm water network, but there are still some areas which needs urgent upgrades. Business plans will be compiled and sent through for funds application for the National and Provincial Sector Departments.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes Planning and Local Economic Development.

3.10 PLANNING

INTRODUCTION TO PLANNING

The planning landscape in South Africa changed during 2013 with the promulgation of the Spatial Planning and Land Use Management Act, 2013 (No 16 of 2013), also referred to as SPLUMA. In terms of this Act Local Governments became and forthwith were the authority of first instance and all development application must be considered on local level by the Municipal Planning Tribunal and Authorised Official, whereas in the past this type of applications was considered by the provincial authorities. The Act was, however, only made effective with effect from 01 July 2015. No applications could, however, be received and/or considered before the Municipality's by-laws on Planning were in place. These by-laws were promulgated in the Provincial Gazette of 27 November 2015 and since then the new era of planning started in Moqhaka.

The Spatial Planning Department is striving to ensure that the long-term planning of the Municipality caters for the development of the town along the five SPLUMA development principles mentioned in Section 7 of SPLUMA, viz spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. This ensures that the Municipality not only grows in population, but also develops an economy that can sustain the growth in numbers.

The six top priorities of the Spatial Planning Department are to -

- (i) compile and maintain a Spatial Development Framework (SDF), which encapsulates the long-term spatial vision of the Municipality.
- (ii) compile and maintain a Land Use Scheme (LUS), which governs the use of each parcel of land situated in the jurisdiction area of the Municipality.
- (iii) attend to all land use and development applications to ensure development and growth is not neglected.
- (iv) attend to building plans on a continuous basis to ensure the continuous growth and development of the Municipality.
- (v) to attend to outdoor advertisement to ensure the aesthetic outdoor space of the municipality is properly managed and maintained; and

- (vi) develop an Integrated Transport Plan, which will bring the harmonious integration between the land use planning and the transport system.

Both the SDF and LUS has been compiled, public participated, approved by Council and subsequently promulgated on 06 December 2019. The SDF also gets reviewed on an annual basis during the Budget and IDP public participation process. In terms of the third priority, the term of office of the Municipal Planning Tribunal (MPT) ended during July 2021 and the name of new members were only promulgated during July 2022, as the previous Council did not want to appoint members before the municipal elections which took place during November 2021. Since the appointment of the new MPT 3 (three) meetings was held during which a total of 11 (eleven) land use applications have been considered. This priority is receiving the necessary attention.

In respect of the fourth priority, the Department struggled and did not perform as expected, as the Building Section was functioning with new appointments and processes and procedures were revisited to ensure a better and more efficient service can be delivered. This priority, however, bettered every quarter and will reach its goals during the next year.

Regarding the fifth priority, the outdoor advertising by-laws was finalised during the financial year and new tariffs were approved for outdoor advertising during the budget approval. The Spatial Development and Human Settlements Portfolio Committee during the last quarter of the financial year, however, requested that the by-laws not be public participated yet and it be returned to the Committee for changes they want to affect. As soon as promulgated the by-laws will ensure an enhanced stream of revenue from outdoor advertising in the new financial year. Lastly, the Integrated Transport Plan has been investigated and identified as a priority for the new financial year and the necessary budget allocation was done for this to commence in the new financial year.

Table 52: Applications for Land Use Development

Detail	Applications for Land Use Development								
	Formalisation of Townships			Rezoning			Built Enviroment		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Planning application received	N/A	N/A	N/A	10	17	8	209	141	144
Determination made in year of receipt	N/A	N/A	N/A	1	0	3	57	57	109
Determination made in following	N/A	N/A	N/A	3	0	4	3	47	38
Applications withdrawn	N/A	N/A	N/A	11	3	0	0	24	0
Applications outstanding at year	N/A	N/A	N/A	18	29	61	149	84	81
									T 3.10.2

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Local Economic Development

KPA: Local Economic Development

IDP Priority 7: Urban Planning

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence In Support of Performance	Comments
TL 23	To support the orderly and coordinated development of the urban areas within the municipal area.	Local Economic Development.	Spatial Development Framework reviewed and approved by June annually.	Date Reviewed Spatial Development Framework approved.	Director LED.	0	30 June	0	30 June	0	Target not achieved. Currently under review.	Conduct Public participation and submit to Council for approved.	None	The performance of the municipality regressed. The last review of the Spatial Development Framework was in June 2021.
TL 24	To support the orderly and coordinated development of the urban areas within the municipal area.	Local Economic Development.	Land Use Scheme reviewed and approved by June annually.	Date Land Use Scheme approved.	Director LED.	0	30 June	0	30 June	0	Commenced with the updating of the GIS system. There is only one employee in the GIS section. Structured	Will be submitted to Council by 30 June 2024. It must be noted that the Section is understaffed.	None	The performance of the municipality regressed. The last review of the Land Use Scheme was in June 2021/

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 58	To support the licencing of businesses governed by the Business Act, 1991	Local Economic Development and Planning	Percentage of business licence applications received and processed within a period of 30 days.	Number of business licence applications considered within 30 days/total number of business licence applications received.	Director LED	90%	0	0	100%	45%	needs to be reviewed. Target not achieved. There were no applications received in the third and fourth quarter.	None	Business applications register.	The Directorate is responsible for processing applications that have been received. In cases where applications were not received there is nothing the Directorate can do.
TL 59	To support the legalisation of construction work governed by the National Building Regulations and Standards Act, 1977	Local Economic Development and Planning	Percentage of building plans received and processed within a period of 60 days.	Number of building plans considered within 60 days/the total number of building plans received.	Director LED	90%	94%	95%	90%	21%	Target not achieved. The 21% achieved is quarter one to quarter 3. There was not submission for the fourth quarter was not submitted	Submit quarterly results as required.	License Register	The Director regressed as no submission for the 4 th quarter was received.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 60	To consider Land Use applications in respect of rezoning of land as determined in the Mqhashaka Land Use Planning By-Laws, 2015.	Local Economic Development and Planning	Percentage of applications for rezoning received and processed within 90 days.	Number of rezoning applications considered within 90 days/total number of rezoning applications received.	Director LED	90%	80%	18.12%	100%	50%	Target not achieved. There were no applications received for quarter three and quarter four. The annual result is based on quarter one and two.	None	Rezoning register.	This target was not achieved. Even though the target was not achieved the performance of the Directorate improved compared to the 2021/22 financial year.
TL 61	To support licensing of businesses governed by the Business Act of 1991.	Local Economic Development	Percentage of informal trading permit applications received and processed within 30 days.	Number of informal trading permits considered within 30 days/total number of informal trading permit applications received.	Director LED.	NEW KPI	0	0	100%	100%	This target is based on submission for quarter 2. There were no application's received by the Municipality for quarter one, three and quarter 4.	None	Informal trading applications register.	This is a new KPI no comparison could be made.

Table 53: Employees: Urban Planning & Property Management

Employees: Urban Planning & Property Management						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	3	2	1	33%
4 - 6	1	7	7	7	0	0%
7 - 9	3	3	5	3	2	40%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	1	0	1	100%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	12	16	12	4	25%
T 3.10.4						

Table 54: Financial Performance: Urban Planning & Property Management

Financial Performance 2022/23: Urban Planning & Property Management						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(1 377)	(1 693)	1 524	1 269	5 810	74%
Expenditure:						
Employees	2 557	52 12	4 946	4 876	3 657	-35%
Repairs and Maintenance	662	73	60	40	23	-161%
Other	44	243	1 978	1 958	446	-343%
Total Operational Expenditure	3 263	5 528	6 984	6 874	4 126	-69%
Net Operational Expenditure	4 640	7 221	5 460	5 605	(1 684)	424%
T 3.10.5						

Table 55: Capital Expenditure: Urban Planning & Property Management

Capital Expenditure 2022/23: Urban Planning & Property Management					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 072	1 072	0	0%	0
Furniture (Planning)	180	180	0	0%	
Machinery / Equipment	400	400	0	0%	
Aircons	75	75	0	0%	
Furniture (Building Survey)	167	167	0	0%	
Computers	100	100	0	0%	
Fence	150	150	0	0%	
T 3.10.6					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

In terms of capital projects, the Spatial Planning Department only had two major project and two smaller projects during the 2022/23 financial year. The major capital projects were –

- (i) to obtain GIS software to enable the GIS Office to update the current GIS, to obtain a module to handle land use applications (legislative requirement) and to rollout the GIS system to the rest of the Municipality; and
 - (ii) to obtain furniture for the offices of the Spatial Planning Department.
- In respect of (i) above, it can be mentioned that the account of the suppliers (ESRI) who must provide the GIS software have not yet been settled and thus the project goals were not reached. In respect of (ii) above desks, chairs and visitor chairs were procured and the goals in respect of this project were reached.

The two smaller projects were –

- (iii) the extension of the fence on the western side of the office building and the moving of the vehicle gate closer to the front to safeguard the air-conditioners of the front two offices (these were stolen a month after the Department moved into the building; and
- (iv) the installation of air-conditioners for the front two offices.

In respect of (iii) above the project was successfully undertaken, but only close to the end of the financial year. This made it impossible to start with the project mentioned in (iv) above and this will only commence during the next financial year.

3.11 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

Moqhaka Local Municipality understand that the issue of job creation is a key priority for Local Economic Development (LED). However, LED is everybody's business; government, local businesses and other stakeholders are encouraged to come together to revitalise township economies, and to invest in factories, workshops, technical hubs and locally owned retail operations in townships, whether large or small.

The driving force behind job creation must be the realisation that interventions at local level need not only be small-scale but also high-value economic activities in townships must also be encouraged.

Although under review, Our LED Strategy notes the extent of poverty and unemployment in this municipality is the reason why different approaches to LED become significant bearing in mind our agricultural typology. The Strategy recognises the unique characteristics of Moqhaka and informs the targeted interventions that need to be done.

Some of these interventions include but not limited tourism development and initiatives and Rural Enterprise Development (TREP) to assist our SMME's to register their businesses to ensure that they meet requirements to access funding and other support services.

JOB OPPORTUNITIES:

Municipalities are created to provide a democratic and accountable government for local communities, to ensure the provision of services to communities in a sustainable manner and to promote social and economic development.

In the promotion of social and economic development, local council must always create a conducive environment through the provision the infrastructure and basic services that support a favourable investment climate. Without this investment, deepening unemployment and poverty may follow.

The questions must then follow as to whether we did enough to create a conducive environment and if so, how many job are created as a result thereof? Moqhaka, like many other minimal ties in the Free State faces the triple challenge of unemployment, poverty, and inequality. The spatial profile of this council displays an economy with a largely retailers that are performing well.

Tourism and Agriculture are also considered as the mainstay sectors and largest contributors to the investment and employment. The services sector and retail trade have not shown any growth over the past couple of years with many retails closing.

TOURISM

Tourism remains a key driver of South Africa's national economy and contributes to job creation. The industry is a major contributor to the South African economy and employment of citizens. The sector contributes about 9% to the country's gross domestic product (GDP) and local authorities must work hard to create conducive environment for this sector to thrive.

In Moqhaka tourism development fits within the Local Economic Development (LED) function. All tourism support activities are undertaken under LED – and hence in our input, we make the point that we work hard to create an environment conducive for tourism development and cannot separate our understanding of LED from understanding tourism development.

We also acknowledge that tourism, apart from Agriculture and Agro processing have the potential to make an impact on developing rural economies (e.g.: through eco-tourism and culture-based industries).

Some examples of how we create a conducive environment for Tourism development include the following:

- Promotion of the physical attractiveness and aesthetics of the locality (beautification of the area through adopt a circle policy)
- Provision and maintenance of tourist attractions and other public amenities such maintenance of visitor information services and the provision of basic services (e.g., water, sanitation and electricity)
- The production tourism marketing materials.
- Provision and maintenance of public infrastructure (e.g., roads and signage)
- The regulatory environment: by laws; database of Tourism offerings; land-use planning and zoning.
- Promoting partnerships between the public and private Sector.
- Development of tourism strategy and sector plans

TOURISM EVENTS

Tourism events have become an integral part of the industry. Event tourism provides travellers and visitors with unique and memorable experiences and brings significant economic and social benefits to the host destination. The year under review saw a few events been staged in Moqhaka, e.g., Ignite and Revive Festival, Biker's rally/ Pit-bull Rally and Bokkie Week

IGNITE AND REVIVE FESTIVAL 2022.

The Ignite and Revive festival was held in Kroonstad from 21 to 23 October 2022 at Trio High School. It was a festival filled with lots of entertainment for every individual whose heart wanted entertainment following Covid -19 pandemic. The event displayed different kinds of markets, tea gardens, agricultural exhibitions, and variety of exquisite as well as-quality food stalls.

Above: Ignite and Revive festival 2022 at Trio High School

PITBULL RALLY

Following the departure of the Bikers Rally at Kroon Park, the new Bikers rally emerged for the first time. The Pit-bull Rally as they are called, closed a whole created by the Bikers Rally. The Pit-bull Rally was held in Kroonstad from 2-4 September 2022 and will be an annual event. The rally was screaming with guitar riffs and talented musos as they flood through the amphitheatre with the latest 2022 music and motorcycle festival.

BOKKIE WEEK

Bokkie week is an event calendar organised to promote sports exclusively for Afrikaners' culture. It was held from 4 to 8 July 2022 in Kroonstad. Afrikaners students from all walks of life held a five-day event and participate in rugby, netball, hockey, crickets and golf just to name but a few.

Above: Afrikaners students from all walks of life held a five-day event and participate in rugby, netball, hockey, crickets, and golf.

KWÊLA'S TOWN OF THE YEAR COMPETITION

Kroonstad, the administrative business hub of Moqhaka Local Municipality was among the three top cleanest town in the free State province. This followed Kwêla and Kyknet competitions. Kroonstad was voted the cleanest town and won R1m worth of advertisements.

Above: Promotion of the physical attractiveness and aesthetics of the locality (beautification of the area through adopt a circle policy)

TRIP ADVISOR.

TripAdvisor is one of the best places to find what experts say about places that one is going to book, sleep, or camp for a holiday. This is platform where people express their experience of tourism activities and experiences at large, be it camping, fishing, or any other activity.

Tourism Section begun working with individuals with passion to travel and write their experience as they travel. This platform (TripAdvisor) gives a Travellers' Choice award to accommodations, attractions and restaurants that consistently earn great reviews from travellers and are ranked within the top 10% of properties on TripAdvisor. For more of the reviews, individual can visit TripAdvisor to find more on Moqhaka.

JOB CREATION THROUGH TOURISM

(Promotion of the physical attractiveness and aesthetics of the locality (beautification of the area through adopt a circle policy)

NATIONAL MAIZE PRODUCERS ORGRANISATION 2023 (NAMPO)

NAMPO is an agricultural show that begun in small scale in the 1960s. The event grew bigger and bigger and was fully established by Grain SA in 1974 in NAMPO Park at Botha Ville. The 2023 instalment of NAMPO welcomed 81 945 daily visitors from 16 to 19 May 2023. As if that was not enough, the show

included 823 exhibitors, closed to 200 aeroplanes and 75 helicopters that were parked at Nampo Park during the show.

Although this event takes place yearly in Botha Ville it has a huge economic impact to the surrounding places such as Viljoenskroon, Welkom, Potchefstroom and Kroonstad just to name but a few places. The total number of daily visitors also means huge economic injections to many towns including Viljoenskroon and Kroonstad. The R76 road towards Kroonstad becomes busy, the petrol stations also become busy. The accommodation businesses such as hotels and guest houses also benefit.

TABLE 56: JOBS CREATED DURING 2022/23 BY LED INITIATIVES

Jobs Created during 2022/23 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
2018/19	195	0	195	
2019/20	80	0	80	
2020/21	128	0	128	
2021/22	0	0	0	
2022/23	0	0	0	
Initiative A (2022/23)	0	0	0	
Initiative B (2022/23)	0	0	0	
Initiative C (2022/23)	0	0	0	

T 3.11.5

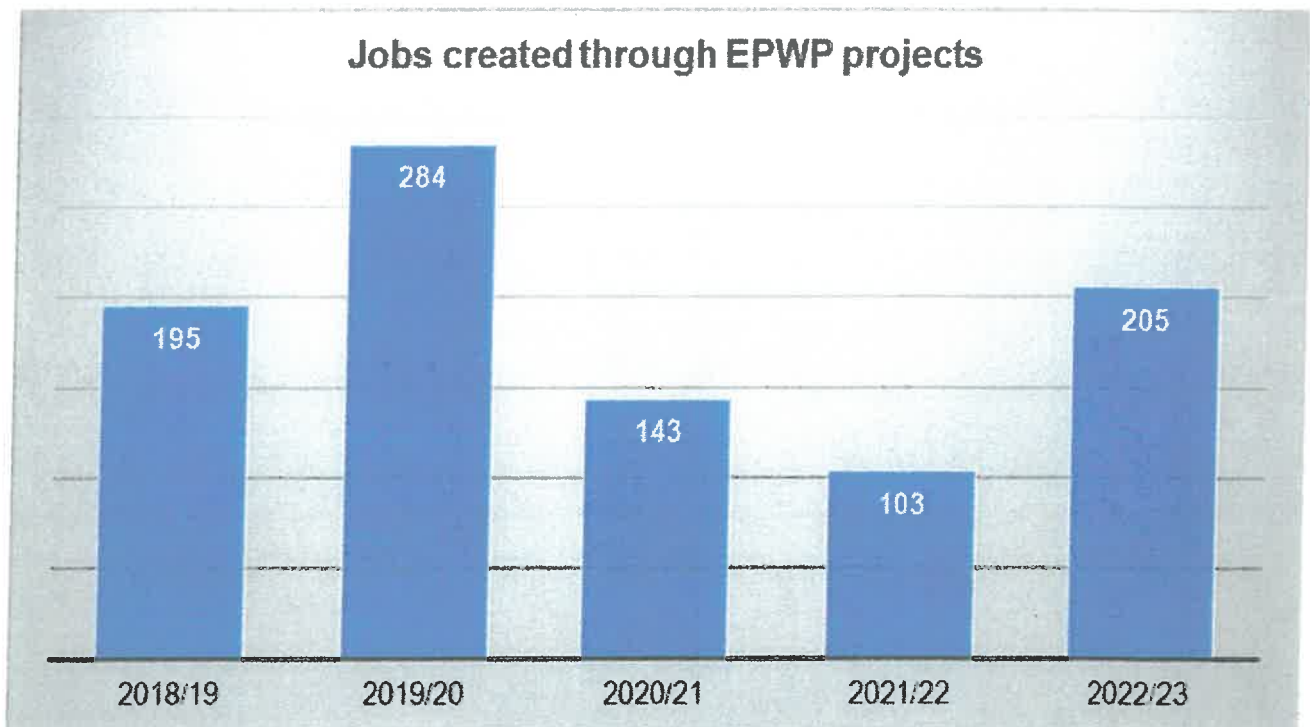
Table 57: Jobs Created through EPWP projects

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2016/17	10	274
2017/18	7	114
2018/19	13	195
2019/20	9	284
2020/21	10	143
2021/22	8	103
* - Extended Public Works Programme		

T 3.11.6

Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2018/19	13	195
2019/20	9	284
2020/21	10	143
2021/22	8	103
2022/23	12	205
* - Extended Public Works Programme		T 3.11.6

Figure 5: Jobs created through EPWP Projects



Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Basic Service Delivery.

KPA: Basic Service Delivery

IDP Priority: Basic Service Delivery

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 50	Create an environment that promotes the development of the local economy and facilitate job creation.	Municipal Transformation and Institutional Development.	Number of work opportunities created through Public Employment Programmes (including EPWP, CWP and other related employment programmes.)	Sum of jobs created per year.	Director LED.	33	30	0	50	0	Target not achieved. There were no job opportunities created by the LED Directorate.	Create job opportunities.	None	The target was not achieved in the last two financial years.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Local Economic Development

KPA: Local Economic Development.

IDP Priority 7: Local Economic Development

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 49	Explore the potential for the tourism sector in creating sustainable jobs and income for communities.	Local Economic Development and Planning	Review Tourism Sector Plan and submit for approval by Council by 30 June annually	Date Tourism Sector Plan approved.	Director LED.	Tourism Master Plan	30 June	30 June	30 June	0	Target not achieved. The municipality needs more inputs from Destea	A meeting was held with COGTA to review of the Tourism Sector Plan and other matters. Meeting was held on the 267 June 2023.	None	The municipality did not achieve this target in the 2022/23 financial year therefore the performance regressed.
TL 50	Create an environment that promotes the development of the local economy and	Municipal Transformation and Institutional	Number of work opportunities created through Public Employment Programmes	Sum of jobs created per year.	Director LED.	33	30	0	50	0	Target not achieved. There were no job opportunities	Create job opportunities.	None	The target was not achieved in the last two financial years.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	facilitate job creation.	Development.	(including EPWP, CWP and other related employment programmes.)								created by the LED Directorate.			
TL 51	Create an environment that promotes the development of the local economy and facilitate job creation.	Local Economic Development and Planning	LED Strategy reviewed and submitted to Council for approval by 30 June annually	Date LED Strategy approved.	Director LED.	NEW KPI	30 June	30 June	30 June	0	Target not achieved. Strategy was reviewed. The workshop held for Councilors was not done.	Workshop Councilors and submit for approval by Council in the next 2023/24 Financial year.	None	Target not achieved. The performance of the Directorate regressed.
TL 52	To support the expansion of the tourism potential of the municipality.	Local Economic Development and Planning	Marketing strategy for the municipality developed and submitted to Council for approval	Date Marketing strategy approved.	Director LED.	NEW KPI	30 June	30 June	30 June	0	Target not achieved. The municipality needs more inputs from Destea	Develop marketing strategy and submit to Council in the next financial year.	None	The Directorate's performance regressed.

Table 58: Employees: LED Services

Employees: Local Economic Development Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	4	0	0	0	0	0%
4 - 6	9	3	11	3	8	73%
7 - 9	2	0	0	0	0	0%
10 - 12	5	0	0	0	0	0%
13 - 15	1	0	0	0	0	0%
16 - 18	15	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	36	3	11	3	8	73%

T 3.11.8

Table 59: Financial Performance: LED Services

Financial Performance 2022/23: Local Economic Development Services						
R'000						
Details	2020/21	2020/21/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0	0%
Expenditure:						
Employees	1924	2026	2530	2389	2116	-20%
Repairs and Maintenance	0	0	0			0%
Other	265	1946	3060	1300	285	-974%
Total Operational Expenditure	2189	3972	5590	3689	2401	-133%
Net Operational Expenditure	2189	3972	-5590	-3689	-2401	-133%

T 3.11.9

Table 60: Capital Expenditure: LED Services

Capital Expenditure 2022/23: Economic Development Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
There were no capital projects.	0	0	0	0%	0

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Our view of the development priorities considering the state of our economy and the economy of the country in general is that we outline these might not be within the limited municipal capital budget. They are in their nature capital projects and needs to roll out in phases and linked to both District Development Model and the Vaal Mega City Special Economic Zone Plan. These are aimed at attracting tourist while adding value to human settlement and economic development.

1. Development of Waterpark.
2. Application of level 1 accreditation.
3. Implementation of the Feasibility Study for the Kroonstad Airport.
4. Development of light/commercial park adjacent to the N1 corridor.
5. Harnessing the potential of the railway infrastructure.

The establishment of Directorate of LED and Planning is premised on the understanding that we need to mobilise primary sectors like small business agriculture and tourism to try and save existing job and industries while developing plans for the overall municipal economic development.

The directorate has performed well in this period under reviews despite shortage of staff, vehicles and the permanent head.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality only have the Civic Theatre. The Civic Theatre is a community based Arts and Culture venue that promotes arts in its diversity in order to enhance social cohesion through cross cultural activities to advance tolerance and celebrate heritage.

3.12 CIVIC THEATRE, ARTS AND CULTURE

Moqhaka Civic Theatre is here to grease the wheels, to promote and support start-ups and emerging new artistry while also celebrating the been-ups, veteran artists who will host their activities in this venue from time to time. Integrating artists' practices into civic theatre participation can make people feel more welcome, make meetings more enjoyable, create a more level playing field, create safe spaces for those who have historically been excluded or disenfranchised, and help sustain engagement over long planning processes.

The theatre allows artists to collaborate with agencies and residents to raise awareness of underfunded municipal programs, amplify their value, and mobilize for budget increases. The Civic Theatre was built between 1973 and 1976, with an official opening on June 12, 1976, during South Africa's Youth Uprising. It has a 688-seat Auditorium and a Multipurpose Hall (Allen-Rau-ten-Bach-hall) with a seating capacity of +-300 people (including tables). The upper-level entertainment hall with balcony could accommodate +-30 people for boardroom meetings and mini-functions. Its main goals are to promote arts and culture, music, drama/theatre, poetry, and language in schools and communities; to form partnerships with government departments and non-governmental organizations; and to improve social cohesion through the arts and culture activities; as well as creating vibrancy within our locality to advance Tourism and creating vibrancy within our locality to advance Tourism.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Community Development and Social Cohesion

KPA: Community Development and Social Cohesion

IDP Priority 10: Arts and Culture

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 131	To optimize community participation in Arts and Culture.	Local Economic Development and Planning.	Number of arts and culture activities and events held in the municipal area	Number of activities held	Director Community & Social Services	7	7	3	4	3	Target not achieved. The Section should ensure that activities are held.	Ensure that Arts Culture Activities are held	Execution List and reports submitted to Council	The Directorate regressed. Target was four and three were achieved.

Table 61: Employees: Civic Theatre

Employees: Civic Theatre						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	2	0	0	0	0%
4 - 6	0	2	1	1	0	0%
7 - 9	4	4	1	1	0	0%
10 - 12	6	5	1	1	0	0%
13 - 15	42	18	0	0	0	0%
16 - 18	28	32	4	4	0	0%
19 - 20	0	0	0	0	0	0%
Total	81	63	7	7	0	0%

T 3.13.4

Table 62: Financial Performance: Civic Theatre

Financial Performance Year 2022/23: Civic Theatre						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	28	32	190	190	111	-71%
Expenditure:						
Employees	1 989	2 060	2 798	2 804	2 046	-37%
Repairs and Maintenance	132	116	1 675	1 575	178	-841%
Other	182	90	689	539	50	-1278%
Total Operational Expenditure	2 303	2 266	5 162	4 918	2 274	-127%
Net Operational Expenditure	2 275	2 234	-4 972	-4 728	-2 163	-130%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Table 63: Capital Expenditure: Civic Theatre

Capital Expenditure 2022/23: Civic Theatre					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

T2.13.6

CIVIC THEATRE, ARTS AND CULTURE PERFORMANCE OVERALL

There were no capital projects done in the year under review.

3.13 PARKS AND CEMETERIES

INTRODUCTION TO PARKS AND CEMETERIES

Park maintenance: The main goal of this section within Biodiversity Parks Sports Arts and Culture is to develop quality parks by providing sustainable park infrastructure that relies on efficient park management systems that include all the work required to keep public parks and open spaces safe and clean in order to serve community needs, establish quality of life, and contribute to the community's economic and environmental well-being. As part of its central administrative functions, the parks and cemetery section maintain open spaces, parks, and provides land use management policies.

The development and maintenance of parks and open spaces is guided by the municipality's policies and procedures developed to address the needs of various government regulations, acts, and policies, as well as international agreements to which the Republic of South Africa is a signatory, such as the United Nations Convention to Combat Desertification (UNCCD), the United Nations Framework Convention on Climate Change and the Kyoto Protocol, the Copenhagen Accord, and the Cancun Agreements. Park maintenance includes planting shrubs, flowers, and trees, as well as pruning, irrigation, mowing, and infrastructure upkeep.

SERVICE STATISTICS FOR PARKS AND CEMETERIES

The service statistics below are for the fourth quarter of 2022/23 financial year.

CEMETERIES	ADULTS	CHILDREN	TOTAL	INCOME
Brentpark	15	3	18	13 641.00
Snake Park	152	11	163	126 162.00
Wespark	108	6	113	262 998.00
Steynsrus	13	6	19	13 937.00
Viljoenskroon	90	17	107	35 887.00
TOTAL				R 452 625.00

Policy Objectives taken from IDP and SDBIP
Municipal Scorecard Perspective: Social Services and Community Development
KPA: Community Development and Social Cohesion
IDP Priority 13: Parks and Cemeteries

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 132	Expansion of cemeteries	Social Services and Community Development.	Number of expansion of cemeteries.	Sum of cemeteries expanded	Director Community & Social Services	1	0	1	1	1	Partly achieved. The project has started but not yet completed.	The project will be completed in the 2023/24 financial year.	None	This project started in the fourth quarter of 2022/23 will be completed in the 2023/24 financial year.
TL 133	Effective maintenance of cemeteries.	Social Services and Community Development.	Develop a cemetery management plan approved by the Director	Date Plan approved by the Director	Director Community & Social Services	NEW KPI	0	0	30 June	0	Target not achieved. The Manager Parks resigned at the end of the third quarter.	Develop the Cemetery Management Plan and submit to Director for approval in the 2023/24 financial year.	None	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 134	Effective maintenance of cemeteries.	Social Services and Community Development.	Fencing of cemeteries	Sum of Fencing of cemeteries.	Director Community & Social Services	1	0	1	1	0	Target not achieved. The project of 2021/22 was paid in the 2022/23. No new project done in the 2022/23 financial year	New project will be done in the 2023/24 financial year.	None	The Directorate regressed the last project was done in the 2021/22 financial year.

Table 64: Employees: Parks and Cemeteries

Employees: Parks and Cemeteries						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	2	2	2	0	0%
4 - 6	0	2	4	2	2	50%
7 - 9	4	4	19	4	15	79%
10 - 12	6	5	32	5	27	84%
13 - 15	42	18	252	18	234	93%
16 - 18	28	32	67	32	35	52%
19 - 20	0	0	0	0	0	0%
Total	81	63	376	63	313	83%

T 3.13.4

Table 65: Financial Performance: Parks and Cemeteries

Financial Performance Year 2022/23: Civic Theatre						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	28	32	190	190	111	-71%
Expenditure:						
Employees	1 989	2 060	2 798	2 804	2 046	-37%
Repairs and Maintenance	132	116	1 675	1 575	178	-841%
Other	182	90	689	539	50	-1278%
Total Operational Expenditure	2 303	2 266	5 162	4 918	2 274	-127%
Net Operational Expenditure	2 275	2 234	-4 972	-4 728	-2 163	-130%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Table 66: Capital Expenditure: Parks and Cemeteries

Capital Expenditure 2022/23 : Parks and Cemeteries					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0
					T2.13.6

COMMENT ON PARKS AND CEMETERIES PERFORMANCE OVERALL



This division was successful in identifying potential park development sites and developing landscape plans for those areas. The designs for two Parks per town were completed. The first business plan for the park in Northleigh was submitted to Municipal Infrastructure Grant (MIG) and approved for the 2024/25 financial year for the development of the park.

3.14 SPECIAL PROGRAMMES

INTRODUCTION TO SPECIAL PROGRAMMES

The special programs are core functions and/or duties performed as an intervention mechanism to assist the municipality in order to address the immediate social ills. These are executed by responsible officers in the Office of the Executive Mayor in line with the mission of the municipal systems act as a measure to directly reach out to the community. Various skills development programs were provided in partnership with various stakeholders. Number of plenary meetings were held to facilitate smooth execution of the special programmes which materialised.

Service statistics for special programmes:

Number of programmes on youth participated in/held:	12
Number of programmes on women participated in/held:	1
Number of programmes on disabled participated in/held:	0
Number of programmes on children participated in/held:	3
Number of programmes on HIV/AIDS participated in/held:	0

COMMENTS ON THE PERFORMANCE OF SPECIAL PROGRAMMES OVERALL

Coordination, and widespread consultation with various stakeholders, are some but few of hiccups which in some instances derailed normative processes. Municipal Systems Act served as a guiding tool and legislative framework in the provision of the services. Intergovernmental relations were explored with various government department convening some additional programmes to assist the Special Programmes. Approximately twelve Youth programmes were executed, one on which dealt with women in particular, three spoke to children in schools and no programmes were convened on HIV/AIDS and Disability. Portfolio of evidence in a form of pictures and attendance registers is available upon request. Capacity building programmes are necessary to the Officers of the Special Programmes to ensure further effectiveness.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The National Environmental Management Act (NEMA) has undergone extensive changes and amendments in recent years and continues to do so. The purpose of its change is to provide for cooperative, environmental governance by establishing principles for environmental decision-making, institutions to promote cooperative governance, and procedures for co-ordinating environmental functions performed by organs of state; and to provide for matters related to it.

However, these changes have an impact on all aspects of environmental management. Most aspects of environmental management are dispersed across the Community and Social Services and Technical Services Directorates. This makes dealing with Environmental Management issues more difficult. It would have been simpler if the Municipality had a Department of Environmental Management. In trying to address the Environmental Management issues, the Solid Waste Management Section is dealing with illegal dumping, refuse removal and management and maintenance of landfill sites. This presents additional challenges due to the communities' unwillingness to cooperate, insufficient refuse removal vehicles and lack of personnel with the appropriate skills for managing and maintaining the landfill sites. This can be resolved by purchasing enough vehicles to remove illegal dumping sites, appointing skilled personnel to do the correct jobs and appointing a specialized Law Enforcement team that will only deal with Environmental Management issues.

The Kroonstad landfill site is using the South African Waste Information Centre's (SAWIC) estimations to report the tonnages to SAWIC. The Viljoenskroon and Steynsrus landfills are not yet reporting to SAWIC due to shortage of staff for Steynsrus and Viljoenskroon will only start reporting when the new landfill is operational.

Waste Pickers and private recyclers are another component of Environmental Protection that needs to be addressed. These must also be monitored to see to it that their activities are in line with NEMA and pose no

threat to the environment. Personnel with appropriate qualifications and expertise need to be appointed for this to be implemented.

3.15 POLLUTION CONTROL

The Municipality does not perform the above functions

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

The key areas:

- ✓ Monitoring and controlling of invasive species.
- ✓ Monitoring programs and projects in line with the protection of the ecosystems and to consider biodiversity in all aspects of planning at local level.
- ✓ Environmental conservation including Biodiversity management and awareness.
- ✓ Arboriculture program.

SPRAYING OF WEED KILLER



BEFORE



AFTER

CELEBRATING ARBOUR MONTH IN STEYNSRUS



COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections. The Municipality does not perform the above function.

COMPONENT G: PUBLIC SAFETY

This component includes security services, traffic management, fire services and disaster management.

3.17 SECURITY SERVICES

INTRODUCTION TO SECURITY AND SAFETY

Security Services' mandate is derived from Minimum Information Security Standards as approved by cabinet in 1996 and National Strategic Intelligence Act 39 of 1994. The unit has got seven elements of security programme to implement. The whole security ideology is dependant much on the protection of Municipal assets and its employees.

- Security Administration
- Information Security
- Personnel Security
- Communication Security
- Business Continuity Planning
- Physical Security

VISION

To be a united, non-racial, transparent, responsive development and efficient municipality that renders sustainable services, so as to improve the quality of life in the community.

MISSION

Working effectively with all stakeholders to serve the people of Moqhaka Municipality through:

Ensuring a safe, secure and healthy environment.

VALUES

As a division we have committed ourselves to set standards and values. These standards and values are the foundation by which we deliver our services and interact with one another on a personal and professional level.

Respect for the individual, employees and the public, First rate public service; and Organizational excellence; and integrity.

Each of us must be committed to ensure that these values and standards are practiced daily and that they provide the framework and principles by which we function as a department. Nothing less will be acceptable.

ETHICS

As Security Services our fundamental duties are to protect employees, Councillor's, Council property and to serve the community safeguard lives and property protect the peaceful against violence and disorder; and to respect the constitutional rights of all persons as to liberty, equality and justice.

We will keep our private lives unsullied as an example to all maintain courageous calm in the face of danger, scorn, or ridicule; develop restraint and remain constantly mindful of the welfare of others. Honest in thought and deed, both in personal and professional interaction, we will serve as an example in obeying the laws of the

land and the department's regulations. Whatever confidential matters are confided upon us within our official capacity will be kept ever secret unless revelation is necessary in the performance of duty.

We will never act officiously or permit personal feeling, prejudices, animosities, or friendships to influence our decisions. With no compromise for crime and with relentless prosecution of criminals, we will enforce the law courteously and appropriately without fear of favour, malice or ill will, never employing unnecessary force or violence, and never accepting gratuities.

We recognize the badge of our office as a symbol of public faith and accept it as public trusts to be held so long as we are true to the ethics of the department. We will constantly strive to achieve these objectives and ideals.

PRIORITIES

Ensuring a safe, healthy and secure environment as enshrined in the Constitution

GOAL

Actively assist the SAPS in the reduction of crime levels in Moqhaka Municipal jurisdiction

BY-LAWS

The By-laws for Moqhaka Local Municipality were published in the Provincial Gazette, No 117 Free State Province on Friday, 13 March 2015. The Admission of Guilt is with the Senior Magistrate for approval.

SERVICE STATISTICS

	Details	2021/22	2022/23
1	Number of key points visited	8556	5352
2	Number of by-law infringements attended	114	254
3	Number of Security Officers in the field on an average day	10	10
4	Number of Security Officers on duty per day	10	10

Table 67: Employees Security

Employees: Security Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	3	7	19	7	12	63%
10 - 12	4	4	20	4	16	80%
13 - 15	9	6	31	6	25	81%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	19	20	73	20	53	73%

Table 68: Financial Performance: Security Services

Financial Performance 2022/23: Security Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-			0%
Expenditure:						
Employees	8 859	10 317	12 225	14 473	15 128	19%
Repairs and Maintenance	119	170	1 074	274	73	-1371%
Other	38 935	36 339	46 191	50 329	50 732	9%
Total Operational Expenditure	47 913	46 826	59 490	65 076	65 933	10%
Net Operational Expenditure	47 913	46 826	59 490	65 076	65 933	10%
T 3.19.5						

Table 69: Capital Expenditure Security Services

Capital Expenditure 2022/23: Security Services					
R' 000					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE PERFORMANCE OF SECURITY SERVICES OVERALL:

Physical Security service provider to be appointed, currently service provider (ISIDINGO SECURITY SERVICES) is appointed on a month-to-month basis.

Alarms system, monitoring and reaction service provider to be appointed, currently service provider (CSS) is appointed on a month-to-month basis.

There are three (3) permanent security officers in Steynsrus, two (2) in Viljoenskroon, 15 (Fifteen) in Kroonstad.

Shortage of manpower affects the general performance of physical security and other programs of importance

The staff compliment of 20 security officers for the whole Moqhaka is utilized to render a cost-effective service to the best of their ability with the resources available.

Achievements

Ten (10) additional cameras were installed at the main building.

Entrance to Municipals Manager's and Director's offices electronically and physically secured to ensure high level protection of their presence.

Security company namely, CTI retrieved several copper cables of the Moqhaka Municipality and arrests have been made

The Security policy is drafted to address all seven elements of Security in all state organs, which will culminate to the introduction of directives and security plan.

We managed to successfully source Z204 forms and declaration of secrecy forms from State Security Agency for the purpose of Vetting of critical positions and Supply Chain Management in particular.

Participate during the hosting Netball Trophy at Dr Reginald Cingo Secondary School.

Successfully participated during the Imbizo convened by South African Police Service in our precinct.

Participate during the planning of South African Sports and Recreation Events Act.

PTZ camera at the building was replaced and is in working condition

3.18 TRAFFIC SERVICES

To provide an effective and efficient traffic management service to the community of Moqhaka Local Municipality aimed specifically at reducing the number of road traffic accidents, injuries and fatalities on all roads within the area of jurisdiction of the municipality in collaboration with other law enforcement agencies.

To actively promote road safety, traffic order and mobility by maintaining a committed and goals directed law enforcement programme and traffic control which is coupled to an intensive public information and road safety awareness programme.

SERVICE STATISTICS FOR TRAFFIC SERVICES

Table 70: Service Statistics: Traffic Services

Traffic Service Data					
	Details	2020/21	2021/22	2022/23	2023/23
		Actual No.	Actual No.	Actual	Estimate No.
1	Number of road traffic accidents during the year	500	683	596	650
2	Number of by-law infringements attended	10 000	8 137	3262	3500
3	Number of police officers in the field on an average day	40	30	25	35
4	Number of police officers on duty on an average day	35	25	25	35
T 3.20.2					

Policy Objectives taken from IDP and SDBIP
Municipal Scorecard Perspective: Municipal Development
Municipal KPA: Social and Community Development & Good Governance
IDP Priority 12: Traffic Law Enforcement

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 144	To provide an effective and efficient Traffic Law Enforcement service to the residents of Mqhasha Local municipality in collaboration with other stakeholders.	Social Services and Community Development.	Number of law enforcement operations held.	Sum of all events held.	Director Community & Social Services.	NEW KPI	0	0	10 per annum	241	Achieved above target.	None	Traffic System Report	This is a new KPI no comparison could be made.
TL 145	Draft and submit By-Laws to Council for approval and implementation	Social Services and Community Development.	Number of by-law enforcement operations held	Sum of all events held.	Director Community & Social Services	4	44	7	4	5	Achieved above target	None	Traffic System Report	Target achieved in the last three years.

Table 71: Employees: Traffic Services

Employees: Traffic Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	4	4	33	4	29	88%
10 - 12	13	26	40	26	14	35%
13 - 15	5	6	23	6	17	74%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	25	39	99	39	60	61%
						T 3.20.4

Table 72: Financial Performance: Traffic Services

Financial Performance 2022/23: Traffic Services						
						R'000
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	456	345	3 569	3 569	485	-636%
Expenditure:						
Employees	11 886	12 847	15 518	13 151	13 490	-15%
Repairs and Maintenance	205	704	702	890	654	-7%
Other	491	1 761	3 592	29 221	1 600	-125%
Total Operational Expenditure	12 582	15 475	19 812	43 262	15 744	-26%
Net Operational Expenditure	12 132	12 108	16 243	39 693	15 259	-6%
						T 3.20.5

Table 73: Capital Expenditure: Traffic Services

Capital Expenditure 2022/23: Traffic Services					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON TRAFFIC SERVICE PERFORMANCE OVERALL

- ✓ Four Traffic Wardens were sent to be trained as Traffic Officers at the Matjhabeng Traffic Training College and completed by end of July 2023.
- ✓ Seven Traffic Officers attended Road Incident Management System Training. Traffic Management issued a total of 10 461 fines.
- ✓ Except from their normal duties 250 roadblocks and by law operations were conducted of which some included the South African Police Service, Provincial Traffic, Provincial Transport Unit, Provincial Weigh Bridge, Department of Home Affairs and Fezile Dabi Health Inspectors.
- ✓ Several Road Safety Awareness Campaigns were held.
- ✓ Traffic control were done at local accidents as well as some on the N1, provincial and national roads. Traffic Management did traffic control at 194 accident scenes for the period under review.
- ✓ Traffic Management escorted fun walks, funerals, matric farewells and marches.
- ✓ Several Warrants of Arrest were executed due to the Offender Tracking System used during operations.
- ✓ Several fraudulent license discs were detected and confiscated due to the scanning device used during operations.
- ✓ Phase 1 of the vehicle pound was approved which will ensure the safety of impounded vehicles.
- ✓ Road markings within Kroonstad, Viljoenskroon and Steynsrus were done as well as the replacing and erecting of traffic signs.

3.19 FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

Fire Services in the Republic of South Africa and in particular in Moqhaka is regulated in terms of National Legislation. The top priorities as defined in the Fire Brigade Services Act, Act 99 of 1987, are as follows:

- (a) preventing the outbreak or spread of fire.
- (b) fighting or extinguishing fire
- (c) the protection of life or property against fire or other threatening danger
- (d) the rescue of life or property from fire or other danger.

FIRE BRIGADE COMPONENTS

There are two components of Fire Service which are Operations as well as Fire Safety and Training

OPERATIONS

Fire and Rescue Services is a uniformed discipline that is on call 24/7, 366 days of a year. Activities such as firefighting, fire suppression, rescue operations and HAZMAT operations happens in all weather conditions, during daylight hours and hours of darkness. The discipline operates on a shift system to accomplish this. In our municipality, the shift system is a 12-hour rotating system. A shift consists of a Station Officer in charge of the shift. Crews, on average are six (6) operational members per shift. Shifts change at 07h00 and 19h00.

Public Information, Education and Relation and is attended to by operational personnel. All these services above have been attended to with minimal resources and they can be done optimally if vehicles and equipment can be procured. The availability of resources can boost the quality-of-service delivery.

Fire Safety and Training

This section is responsible for the focusing:

- Monitoring compliance of Municipal By-Laws
- Building Standard Regulation (approval of building plans)
- Hydrants inspections and maintenance
- Commercial Buildings

Schools
Municipal and Government buildings
Fuel Depo (National Key Points) visit – inspections and advice
Issuing of flammable certificate and annual renewal

TRAINING

Currently we do not have capacity to offer the service, as it requires accreditation

The Fire Prevention is basically enforcing the South African National Standard (SANS) compliance. It requires dedicated staff for the service and the currently the position is vacant since May 2022, there is only dedicated person who is seconded to assist with compliance

SERVICE STATISTICS FOR FIRE SERVICES

Table 74: Service Statistics: Fire Services

Fire Service Data					
	Details	2020/21	2021/22	2022/23	2023/24
		Actual No.	Actual No.	Actual	Estimate
1	Total fires attended in the year	267	240	204	250
2	Total of other incidents attended in the year	124	120	155	170
3	Average turnout time - urban areas	15	15	15	15
41	Average turnout time - rural areas	60	60	60	60
5	Fire fighters in post at year end	31	26	27	60
6	Total fire appliances at year end	1	1	4	4
7	Average number of appliances off the road during the year	2	2	2	2
					T 3.21.2

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development
Municipal KPA: Social and Community Development
IDP Priority 15: Fire fighting

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 141	To provide effective and efficient fire services in Mookhaka to ensure community safety	Social Services and Community Development.	Number of premises inspected for fire safety and compliance.	Sum of premises inspected for fire safety and compliance.	Director Community & Social Services	280	240	280	300	138	Target not achieved There is no designated vehicle to carry out fire inspections	The Fire Department will engage the Municipal Manager regarding this issue.	List of premises inspected and signed by owner of premises.	The Directorate regressed compared to the last two financial years.
TL 142	To provide an effective and efficient fire services in Mookhaka to ensure community safety	Social Services and Community Development.	Percentage compliance with the required attendance time for structural firefighting incidents.	Rate of compliance	Director Community and Social Services	NEW KPI	0	0	100%	100%	Target achieved.	None	Callout sheets.	This is a new KPI no comparison could be made.

Table 75: Employees: Fire Services

Employees: Fire Services						
Job Level	2020/21	2021/22	2022/23			
Fire Fighters	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	1	1	1	0	1	100%
Other Fire Officers	5	4	0	0	0	0%
0 - 3	1	1	0	0	0	0%
4 - 6	5	4	5	4	1	20%
7 - 9	12	21	21	19	2	10%
10 - 12	19	4	8	5	3	38%
13 - 15	0	0	0	0	0	0%
16 - 18	4	2	4	1	3	75%
19 - 20	0	0	0	0	0	0%
Total	47	37	39	29	10	26%

T 3.21.4

Table 76: Financial Performance: Fire Service

Financial Performance 2022/23: Fire Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	785	872	872	872	34	-2436%
Expenditure:						
Employees	17 718	15 391	18 531	18 531	16 812	-10%
Repairs and Maintenance	356	972	919	655	439	-109%
Other	106	0	1 776	2 226	1 172	-52%
Total Operational Expenditure	18 180	16 363	21 226	21 412	18 423	-15%
Net Operational Expenditure	17 395	15 491	20 354	20 540	18 388	-11%

T 3.21.5

Table 77: Capital Expenditure: Fire Service

Capital Expenditure 2022/23: Fire Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON FIRE SERVICE PERFORMANCE OVERALL

In the year under review Fire and Rescue Services could only be partially achieved. The reason being that due to a lack of infrastructure in other units, vehicles and equipment and adequate human resources. The requests for responses to emergencies had to be done from fire station in Kroonstad. The outskirt towns of Steynsrus/Matlwangtlwang (45 kilometres from Kroonstad) and Viljoenskroon/ Rammulotsi (65 kilometres from Kroonstad) has no infrastructure, vehicles and equipment nor manpower for fire services operations. A further setback on service delivery is the time it requires a fire engine and crew to reach the outskirt towns. This time lapse could be as high as sixty (60) minutes. These extended time responses frustrate the community to whom the service is delivered and fire crews, on many occasions, had to bear the brunt of the community.

This situation worsened by limited resources and inadequate manpower at the Fire Service. The only reputable Fire Engine we have at the Fire Station was involved in multiple accidents and had to be taken in for repairs leaving the service with the option of renting a fire appliance from a reputable company to try and overcome this obstacle in service delivery. But not everything is doom and gloom.

Preventing the outbreak or spread of fire is seen as the priority of the Fire Service. To accomplish this priority Fire Safety is of the utmost importance. Fire Safety excelled in the performance of Fire Safety inspections and enforcement of the National Building Regulations. Fire Safety inspections and re-inspections, and Flammable Liquids inspections were done daily. Building construction plans were thoroughly and with precision scrutinized for Fire Safety compliance. The execution of inspections at building sites, existing buildings, structures and premises is to provide protection of life and property against fire or other threatening danger. Inspections performed at premises where flammable substances are stored, handled and or used are carried out to limit as far as possible fire and other threatening danger

Due to lack of fleet, there is no designated vehicle for hydrant inspections, and it is an awful and disturbing condition, it is hampering on service delivery and resulted in minimal hydrants maintenance.

Fire and Rescue Services do not have a fully operational Training section, but Community awareness programmes were done, lectures and demonstrations were provided to many a schools ranging from crèches, pre-primary, primary and high schools visit the Fire Service. Fire Safety lectures and evacuation drills were conducted at businesses throughout the year.



The Fire Service also participates in community programmes together with the South African Police Services (SAPS).

The Fire Service participate in forums such as GOCOC where role players such as South African Police Services (SAPS), South African Defence Force (SANDF), Provincial Traffic Services, Local Traffic Services, Department of Justice and other non-governmental organizations are present.

Fire Service also forms an integral part of the Joint Operational Centre (JOC) where all fuel depots and National Key Points (NKP) are represented.

Major incidents

09 August 2022

Motor vehicle accident (MVA) on Vredefort Road +/- 40Km from Kroonstad, a bakkie was towing another vehicle and collided head-on with a small hatchback. Three people lost their lives and two were taken to hospital. The Jaws of life was used to take the bodies out upon arrival of the pathologies, and the road was cleaned to avoid secondary incident. The Acting Chief Fire Officer realised that the incident happened on the same spot where a vehicle was burned and fire people lost their lives on the 31/07/2022. He then contacted the Provincial Traffic learning that both incident the vehicles were navigating potholes and was later fixed.



20 August 2023

Structural Fire – MR. PRICE Retail Store at 18 President Street – CBD

On arrival of the Manager was already at the scene and the shop was full of dark smoke and introduction of oxygen the windows blew off, the fire had started from the kitchen to the front of the storeroom and five adjacent shops and building were not affected from the intervention.



22 November 2022

House fire at 7027 Constantia Maokeng – suspected cause was electrical fault



14 December 2022

Vehicle Fire at Crown Aluminium Factory at Station Street, the vehicle burned inside the shop



15 December 2022

A truck collided with a Volkswagen Sedan, a driver died on scene and the Jaws of Life was used to extricate the driver. The incident happened +/-10 Km Viljoenskroon Rd

A huge space partitioned for three shops was extinguished it started in the middle Food shop and was confined to that space that suspected cause was electrical faults.

Awareness Campaign

29 July 2022

Voorwaarts Primary School

Demonstration by Fire Fighters on how the (Jaws of Life) it's operated during the accident incident to Rescue patients out of the vehicles when they're trapped.



29 September 2022

Boiteko Primary School

Demonstration to educators (31) and learners (633) at Boiteko Primary school on how to use the Fire Extinguisher

Dr Sello Primary School – Rammulotsi/Viljoensroon - 04/11/2022

Educators were taught how to use the extinguisher and practical was done to 30 Educators in total.

Demonstration to 1300 learners on how the fire brigade works and demonstrated the JAWS OF LIFE and other

FIRE AND RESCUE EQUIPMENT



April 2023

Easter Festive Season Road Safety Awareness 04 – 06 /04/2023

To educate and create awareness to all road users regarding the safe usage of the roads. Distribution of awareness pamphlets, deliberating with road users

Stakeholders attended Department of Police, Roads and Transport in partnership with Department of Health, SAPS, Moqhaka Fire and Rescue, Shell Ultra City.



21 April 2023

Fire Awareness Day at Be-Human Middelwater Farm

The second annual Free State Provincial Integrated Fire Management Awareness Day. The event hosted by Cogta -Free State Provincial Disaster Management in partnership with Department of Agriculture, Land and Reformed Rural Development, Department of Forestry, Fisheries & the Environmental, Free State Umbrella Fire Protection Association, Working on Fire, Mangaung Municipality, Disaster Management Training and Education Centre (DMTEC) University of the Free State, ESKOM, South African Weather Service and SALGA.

The purpose was to increase awareness and promote proactive wildfire risk management by providing the private and the public landowners access to product, services, and information.



03 May 2023

Joint Operation

The Joint Operation aimed to ensure a safe and friendly environment in Kroonstad. Stakeholder SAPS, Moqhaka Traffic. Moqhaka Fire and Rescue, Moqhaka Electricity Section, Fezile Dabi Municipal Health Services, DESTEA and Home Affairs. The shop in town inspected Fire Safety compliance, meter box not bridged, counterfeited goods, Muthi shops without licence and the bottle stores. Visible policing and patrols, Moqhaka Traffic control traffic and stop and search vehicle passing the area of operation.



01 -06 June 2023
Child Protection Week

To create awareness to the school children their right and responsibilities. Educating in case of emergency what they need to do. Creating Fire awareness not to start the open fire and distributing pamphlets as well.

The following schools were visited

Date	School
31 May 2023	Phuleng Primary School
01 June 2023	Moepeng Primary School
02 June 2023	Relebohile Primary School
05 June 2023	Lovedale Primary School
06 June 2023	Matsepe Primary School

Fire Safety:

Since the retirement of Fire Safety Officer from the 31st of May 2022, Station Officer MS Lekhetsoane has been seconded to assist for Fire Safety and Training. Station Officer Lekhetsoane is permanently moved from Operational duties to Fire Safety and Training with effect from the 1st of May 2023.

Below are the services provided during the period under review.

Fire Safety Income:

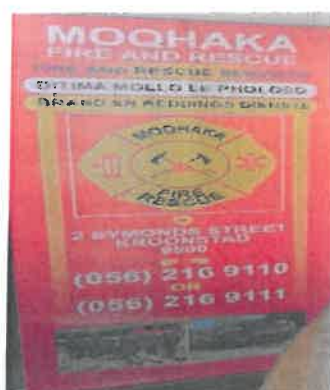
Approval of building plans: R 2 811.38+ R 4 829.00
 Issuing of flammable liquids certificate: R 2 060.00+ R 6 132.00
 Total R 4 871.38+ R 10 961

Services	First	Second	Third	Fourth	Total
Building plans: Approved	45	30	40	12	127
Building plans: not approved	15	8	13	11	47
Number of Fire Safety Inspections:	3	37	18	34	92
Re-inspections:	6	2	0	0	8
Flammable liquids certificates issued:	1	12	4	4	21
Hydrants serviced	0	0	0	0	0
Defective hydrants reported	0	0	0	0	0

ACHIEVEMENTS AND ACKNOWLEDGEMENTS

1 Public Information, Education and Relations (PIER) Programme promotional material

Promotional material, to increase awareness and develop positive perceptions of emergency services.



Pamphlets – highlighting the dangers of cooking oil fires, greasing fires, oven cooking, deep- and pan-frying dangers, gas fires, paraffin fires, veld fires and other domestic holders and how best to arrest small fires before getting big.

2. Banners and Gazebo



3. A tradition has been developed at Fire and Rescue Services to honour and bid farewell to our long serving fire fighters who are retiring and have served the service with dignity and honesty.



4. For 2022-2023 financial year Fire and Rescue Services managed to procure full Protective clothing (Bunker Gears) and Station uniform, and a bakkie- utility van to be used at Grass fires by using Transversal contracts, through National Treasury. The exercise was safe and fruitful.
5. We managed to develop and promote one of the enthusiastic general workers to a Junior firefighter after obtaining relevant qualifications.

6. Fire and Rescue Station has been renovated and elevated to an acceptable habitable environment through internal funding. More development in this area is envisaged.
7. Communication/telephone challenge for the Control room due to load shedding outbreak has been alleviated by obtaining a Cell phone for the Control room operations.
8. Repainting and branding of a Fire Tanker – the donated water tanker was branded into representing Fire Services.



Challenges

In adequate Fire fighting vehicles.

Coverage of Municipal area- due to the vastness of the Municipality, turnaround time in rendering services is dismal.

Capacity building of employees- no developmental programs are in place for employees in this ever-changing profession.

Meetings and activities attended by Fire and Rescue Services

Name of Meeting	Place	Number
South African Police Services Cluster meetings	Kroonstad	0
Meetings attended by Fire Safety Officer	Kroonstad	0
Joint Planning Committee (Fuel Depots)	Kroonstad	0
Provincial Fire Services Advisory Committee (Pro FSAC)	Bloemfontein Kroonstad	2
South African Emergency Services (SAESI)	Kroonstad	0

FIRE AND RESCUE SERVICES SERVICE CHARGES

EXTRACT FROM 2022/23 FINANCIAL BUDGET

6	FIRE BRIGADE (VAT included)	2022/23
6.1	Call-out charges	R 447
6.2	Use of service per hour (calculated from the time of departure until the time back at the station)	R 520
6.3	Charges per km	R 144
6.4	Charges per crew members per hour	R 246
6.5	Use of any material other than water Industrial	See note 1
6.6	Use of water per kl or part thereof	See note 2
6.7	Use of portable pump per hour or part thereof	R 239
6.8	Fire Report	R 792
6.9	Issue of registration certificate	R 488
6.10	Buildings Plans	
6.10.1	House building plans less than 250m ²	R 110
6.10.2	House building plans more than 250m ²	R 330
6.10.3	Commercial business building plans less than 250m ²	R 330
6.10.4	Commercial business building plans less than 250m ² = R1/m ² with a minimum of	R 466
6.10.5	Industrial business building plans= R1/m ² with a minimum of	R 665

6	FIRE BRIGADE (VAT included)	2022/23
6.11	Fire plan assessment per 10m ² floor area with a minimum of R100 plus VAT with no minimum	R 15
6.12	Fire clearance certificate on completion of building work	R 88
6.13	Fire clearance certificate on request of owner/ occupiers	R 88
	Note 1 Use of any material other than water. Current price of material plus 15% handling fee	
	Note 2 Industrial price of water, no rebate on free basic services	
6.14	Hiring of Fire & Rescue Service Training Centre (per day)	R 1 253

MATRIX OF FIRE INCIDENTS AND CAUSES AS PER FIRE PROTECTION ASSOCIATION OF SOUTH AFRICA

Moghaka Fire and Rescue Statistics for the 2022/2023 financial year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Code	Occupancy or property	Probable cause										Sprinkler performance					
		Smoking	Electrical faults	Open flames	Cooking	Heating	Welding & Cutting	Lightning	Arson	Undetermined	Other (specify)	No of Fires	No of fatalities	Estimated damages	No of protected premises	Systems	Results
Residential																	
1	Formal	1	4				1			19		25		6,975 000			
2	Informal			2						7		9		146 000			
3	Flats																
Commercial																	
11	Restaurant & Cafes									2		2		1,200 000			
12	Offices									1		1		11 000			
13	Shops	1										1		750 000			
14	Department Stores									1		1		8,800 000			
Transport																	
31	Cars & Motorcycles			2		1				4	3x MVA 1x brakes	11					
32	Busses																
33	Heavy Goods Vehicles									1	1 x MVA	2					
37	Rubber, Grass & Rubbish			6								6					
38	Plantations & Grass Fire			66						5		71					
39	Agriculture																

3.20 DISASTER MANAGEMENT & OTHER

INTRODUCTION TO DISASTER MANAGEMENT

The mandate of Disaster management emanates from the Disaster Management Act no 57 of 2002 and the Disaster Management Act amendment act No 16 of 2015.

The act provides for the following:

An integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery and rehabilitation; The establishment and functioning of national, provincial and municipal disaster management centres; Disaster management volunteers; and matters incidental thereto.

3.22.1 Comments on Disaster Management Overall Performance

Household Incidents

The Disaster Management verified reported household incidents and recommended the implementation of response interventions. The incidents attended are flash flooding, storm and flooding along the Vaal River.

Storm Disaster

Moghaka municipality was hit by a storm and heavy rains in November 2022 in Viljoenskroon and Matlwangtlwang. 22 houses were affected by the storm. A storm damage assessment was conducted in Tsheke and Phahameng sections that were mostly affected. A team of 10 disaster management volunteers was activated to do the damages of the houses and populate aggregated losses of various households. The team of volunteers assisted in rebuilding of affected houses.

Energy crisis early warning

An energy early warning presentation was compiled and presented. The purpose of the early warning was to provide background, challenges, risks and solutions available for the municipality to implement as a result of worsening situation of load shedding of Eskom. The early warning further recommended a declaration of a local energy disaster. A national disaster was subsequently declared on the 9th February 2023

Renovation of Disaster Management Centre

The Disaster Management Centre Building maintenance is done as and when requires. Processes were put underway to maintain the building by Fixing of cracks on the building, Installation of shower facilities, Unblocking of roofing drainage system, Lamination of windows and installation of three air conditioners. Offices have been partitioned and so far, there are 15 offices including 2 boardrooms.

Disaster Management JOC

In January 2023 two disasters were declared. The energy / Electricity and flood disasters. The activation of the Disaster Management Joint Operation Centre (JOC) was subsequently done.

Sectors forming part of JOC are as follows :Moghaka Municipality, Disaster Management Centre, Traffic, Security, OHS, Mayor's Office, Communication, Fezile Dabi Environmental Health, Department of Health, Department of Social Development, South African Defence Force (SANDF),South African Police Services (SAPS),Department of Education, Department of Labour, Department of Correctional Services, Department of Police, Roads and Transport Farmers, Business Chamber, CPF, , Municipal Labour Unions, Department of Home Affairs, *NGO.S and CBO'S*.

Disaster management plan

Two stakeholder consultation sessions were held for the review the Disaster Management Plan. Robust discussions and engagement were heightened, and the consultation culminated in a review of the disaster management plan. A disaster management plan compliant new National Disaster Management centre is being realigned and will be distributed in the second quarter of the new financial year.

Emergency Call Centre

A disaster emergency call centre has been commissioned. Procurement of Desktop computers have been done. The outstanding interventions to operationalise the call centre is procurement of phones and appointment of required personnel.

Awareness Campaigns

Community awareness programmes are done with various sectors ranging from schools to sector departments as well as both organised and informal sector businesses.

Damage repair in progress



Assets exposed after storm damage



Rebuilding of damaged shack



Completion of a damaged shack



Repairing of shacks



Final touches of repaired shack



Flooded road in Viljoenskroon



Flood eroded stand in Snake Park



Flood Zone areas in Kroonstad



PHOTOGRAPHIC EVIDENCE OF CLEANING OF DISASTER CENTRE



*Disaster volunteers cleaning



*Refuse bags full of branches
* Cleaning materials used

PHOTOGRAPHIC EVIDENCE: JOIN AWARENESSS CAMPAIN, DORRINGTON MATSEPE SCHOOL, 06 JUNE 2023



*Multi sectoral stakeholders
*Correctional Services presentation

*Minister's fraternal prayer

PHOTOGRAPHIC EVIDENCE: DISASTER MANAGEMENT PLAN REVIEW, 27 JUNE 2023



*Sectoral stakeholders that attended
*Host area



*Disaster Centre Head

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development
Municipal KPA: Social and Community Development.
IDP Priority 15: Disaster Management

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 138	To ensure that the municipality have an approved Disaster Management Plan.	Social Services and Community Development.	Disaster Management Plan for the Municipality reviewed and approved for a period of 5 years.	Date DMP approved.	Director Community & Social Services	NEW KPI	0	0	30 June	30 June	Target achieved. The Disaster Management plan was reviewed and there are new conditions for the disaster plan to be complied with from National Disaster	Review plan to accommodate the new conditions.	Reviewed Disaster Management Plan	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 139	Develop a comprehensive Risk Profile for the municipality	Social Services and Community Development.	Develop Disaster Hazard Risk Profile.	Completion Date	Director Community & Social Services	NEW KPI	0	0	30 June	30 June	Management Centre	None	Disaster Hazard Risk Profile	This is a new KPI No comparison could be made.
TL 140	Develop risk reduction plan consistent with the Spatial Development Framework.	Good Governance and Public Participation.	Number of awareness campaigns conducted.	Sum of awareness campaigns conducted.	Director Community & Social Services	4	26	30	4	5	Target achieved	None	Attendance Registers	Target was achieved.

Table 78: Employees Disaster Management

Employees 2022/23: Disaster Management						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	0	0	4	0	4	100%
7 - 9	0	0	9	0	9	100%
10 - 12	0	0	8	0	8	100%
13 - 15	0	0	1	0	1	100%
16 - 18	2	2	4	2	2	50%
19 - 20	0	0	0	0	0	0%
Total	3	3	27	3	24	89%

T 3.22.4

Table 79: Financial Performance: Disaster Management

Financial Performance 2022/23: Disaster Management						
R'000						
Details	2020/21	2021/22	2022/23			
			Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-				0%
Expenditure:						
Employees	4 344	3 042	3 992	2 702	1 920	-108%
Repairs and Maintenance	30 165	305	406	461	380	-7%
Other	1 250	1 254	9 894	7 378	1 269	-680%
Total Operational Expenditure	35 759	4 601	14 292	10 541	3 569	-300%
Net Operational Expenditure	35 759	4 601	14 292	10 541	3 569	-300%

T 3.22.5

Table 80 Capital Expenditure: Disaster Management

Capital Expenditure 2022/23: Disaster Management					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Furniture/Office equipment	865 000	0	245 628	-251%	865 000

T3.22.6

COMMENT ON DISASTER MANAGEMENT PERFORMANCE OVERALL

The disaster management centre managed to deliver its full mandate with limited staff complement and resources. The centre managed to comply with all financial prescripts and did not get even one auditor general query. All IGR matters were complied with including legislated compliance meetings.

Moqhaka Disaster management centre is currently used as a peer review model by both SALGA and other Municipalities. It implemented COVID regulations successfully without queries.

COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.21 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

As a means of promoting social cohesion and nation building among the people of Moqhaka Local Municipality through culture, sports, and information services. We must never lose sight of the main goal, especially when it comes to sports and recreation. Sports provide us with many benefits, the most important of which is competition. Sports such as football, baseball, and basketball, among others, necessitate specific skills in order to be mastered. They also teach many life lessons and values to the next generation of athletes. Sports can teach children leadership, goal setting, discipline, and sportsmanship. As a result, participation in sports is essential for all individuals in various communities, including the Moqhaka community

Sports are recreational activities in which the primary goal is participation, with the associated goals of improved physical fitness, fun, and social involvement. Sports are typically perceived as less stressful on the participants, both physically and mentally. In the recreational sphere, there are lower expectations for both performance and commitment to the sport. In theory, there is a clear distinction between purely recreational activities and competitive sports, where the emphasis will be on achieving success and developing physical skills through rigorous training. Competitive sports involve much more than just contests, such as building bridges between communities and countries.

SERVICE STATISTICS FOR SPORT AND RECREATION: EVENTS

2022/23	HALLS	SPORT GROUNDS
	219	64

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

KPA: Social Services and Community Development

IDP Priority 9: Sport and Recreation and Community Facilities

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 135	Effective maintenance of recreational facilities.	Social Services and Community Development.	Number of Community Halls /facilities upgraded.	Sum of Community Halls /facilities upgraded.	Director Community & Social Services	1	1	4	1	1	Target achieved.	None	Completion certificate.	The directorate has achieved this target from 2022/21 till 2022/23 financial year.

Table 81: Employees: Sport and Recreation

Employees: Sport and Recreation						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	1	1	0	0	0	0%
7 - 9	1	2	3	1	2	67%
10 - 12	3	4	14	3	11	79%
13 - 15	15	13	16	18	-2	-13%
16 - 18	4	7	0	0	0	0%
19 - 20	0	0	55	0	55	100%
Total	24	27	88	22	66	75%

Table 82: Financial Performance: Sport and Recreation

Financial Performance 2022/23: Sport and Recreation						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	70	162	316	316	239	-32%
Expenditure:						
Employees	4 411	4 304	6 915	6 741	4 716	-47%
Repairs and Maintenance	1 338	471	2 125	669	130	-1535%
Other	591	696	2 318	1 674	915	-153%
Total Operational Expenditure	6 338	5 471	11 358	9 084	5 761	-97%
Net Operational Expenditure	6 268	5 471	11 042	8 768	5 522	-100%
T 3.23.4						

Table 83: Capital Expenditure: Sport and Recreation

Capital Expenditure 2022/23: Sport and Recreation					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
There were no capital Projects	0	0	0	0%	0

COMMENT ON SPORT AND RECREATION PERFORMANCE OVERALL

The upgrading of Nyakallong Sport Facility Phase 2 started in the fourth quarter. The roof of the main building was repaired and painted. The roof of the pump room was removed and new branderings were installed. At the swimming pool of Nyakallong the old fibre glass was removed, and the surface was sandblasted. Paving around the pool was removed and reconstructed.



PUMP HOUSE



MAIN BUILDING

SWIMMING POOL AREA



INTRODUCTION TO KROONPARK

Kroonpark was established and built as a recreational facility to serve the people of the Free State and beyond. Since its establishment, Kroonpark has hosted different people from all walks of life, and hosted different types of events including not limited to Bikers Rally, Bokkie Week just to name but a few.

The core function of resort is to provide accommodation, leisure facilities to tourists and carters for conferences.

Kroonpark hosted 14,344-day visitors from 01 July 2022 till 30 June 2023, and that excludes chalet visitor and campers and visitor that has attended all events hosted in the resort for the year.

The following renovation was successfully completed in this financial year 2022/2023:

Replacement of forty- nine chalets thatch roof (grass roofs) with concrete tile roof.

Replacement of analog TV system to digital TV system (Open view)

Replacement of ablution no1 thatch roofs (grass roofs) with corrugate iron roof.

The next project will be renovations of the interior part of fourteen four sleeper chalets (replacing of old building cupboards, floor tiling and renovating of entire bathrooms).

The resort successfully hosted the 1st Annual Pitbull Bikers Rally from 2 to 3 September 2022 and

1st Annual Gentleman's Bikers Rally from 31 March to 2 April 2023 that has brought between 1500 to 2000 bikers to Kroonstad for those two weekends.

The project of creating a new modern waterpark in Kroonpark will start in July 2023. The building of this waterpark that will attract more visitors/tourist and will increase the revenue of the resort.

The resort will be hosting 350 athletes from the Bokkie Sport Week from 3 to 8 July and 2nd Annual Pit-bull Bikers Rally from 1 to 3 September 2023 that will bring between 2000 to 3000 bike enthusiasts to Kroonstad for that weekend.

RENOVATIONS OF CHALETS

Two Sleeper Chalets Before renovations+



Two Sleeper Chalets After renovations

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Social Services and Community Development

KPA: Community Development and Social Cohesion

IDP Priority 13: Kroonpark Holiday Resort

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 53	To support the expansion of the tourism potential of Kroonpark Holiday Resort.	Local Economic Development and Planning	A turnaround strategy for the Resort developed.	Date Turnaround strategy approved by the Director	Director LED.	NEW KPI	0	0	30 June	0	Target not achieved. The municipality needs more inputs from Destea	Submit Turn Around Strategy for approval by the Director in 2023/24 financial year.	None	This target was not achieved in the last two financial years.
TL 54	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Local Economic Development and Planning	Number of visitors at Kroonpark Holiday Resort	Sum of day visitors at Kroonpark.	Director LED	24 000	4174	9656	10 000	15 181	Achieved above target	None	System Report	The performance if the Directorate improved.
TL 55	To support the expansion of the tourism potential of Kroonpark	Local Economic Development and Planning	Number of chalets renovated	Sum of chalets renovated.	Director LED	0	20	17	10	49	Achieved above target	None	Proof of payment	The Directorate improved its performance

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	Holiday Resort													

Table 84 Employees: Kroonpark

Employees: Kroonpark						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 2	1	1	1	1	0	0%
3 - 6	2	2	2	2	0	0%
7 - 9	1	1	2	1	1	50%
10 - 12	4	6	11	6	5	45%
13 - 15	13	0	1	0	1	100%
16 - 18	13	0	0	0	0	0%
19 - 20	1	22	26	22	4	15%
Total	35	32	43	32	11	26%
						T 3.23.3

Table 85: Financial performance: Kroonpark

Financial Performance 2022/23: Kroonpark						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	934	1 682	4 391	4 391	2 146	-105%
Expenditure:						
Employees	9315	9 778	10 140	10 233	10 143	0%
Repairs and Maintenance	2189	2 775	600	758	739	19%
Other	597	3 277	3 300	4 006	3 040	-9%
Total Operational Expenditure	12202	15 831	14 040	14 998	13 922	-1%
Net Operational Expenditure	11268	14 149	(9 650)	(10 607)	(11 776)	18%
						T 3.23.4

Table 86: Capital Expenditure: Kroonpark

Capital Expenditure 2022/23: Kroonpark					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	900 000	0	224 187	-301%	0
Machinery	200 000	0	139 837	-43%	
Equipment	700 000	0	84 350	-730%	

OVERALL PERFORMAMCE KROONPARK RESORT

The buildings below were renovated. One ablution block and chalets in the financial year under review.

RENOVATIONS OF CHALETS



COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes Corporate Policy Offices, Financial Services, Human Resource Services, ICT Services, and Property Services.

This component includes Executive Office (Mayor; Councillors; and Municipal Manager).

INTRODUCTION TO OFFICE OF THE EXECUTIVE MAYOR

The Office of the Executive Mayor gives support the Executive Mayor to carry out the Executive Powers delegated by Council. It enhances the carrying out of the mandate to, amongst many, identify the needs of the Municipality, and prioritize them accordingly. It also assists the Executive Mayor to monitor the work of Municipality Administration, as well as expenditure incurred by the Municipality and prepares the Timetable for the Executive Mayor to consult with Stakeholders within the Municipality, as well as Programmes.

SERVICE STATISTICS FOR THE OFFICE OF THE EXECUTIVE MAYOR

Number of MAYCO committee meetings held:	6
Number of quarterly stakeholder meetings convened:	3

Table 87: Employees: Office of the Executive Mayor

Employees: Office of the Executive Mayor						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	4	4	5	5	0	0%
4 - 6	12	12	15	14	1	7%
7 - 9	0	0	0	0	0	0%
10 - 12	1	1	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	17	17	20	19	1	5%

T 3.24.4

Table 88: Financial Performance: Office of the Executive Mayor

Financial Performance 2022/23: Office of the Executive Mayor						
R'000						
Details	2022/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-				0%
Expenditure:						
Employees	9 858	5 003	4 346	3 613	2 384	-82%
Repairs and Maintenance	1 922	138	33	33	-	0%
Other	1 090	885	394	545	225	-75%
Total Operational Expenditure	12 870	6 026	4 773	4 191	2 609	-83%
Net Operational Expenditure	12 870	6 026	4 773	4 191	2 609	-83%

T 3.24.5

Table 89: Capital Expenditure: Office of the Executive Mayor

Capital Expenditure 2022/23: The Executive and Council					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE OVERALL PERFORMANCE OFFICE OF THE EXECUTIVE MAYOR

Against the stringent budget, the performance of the Office of the Executive Mayor is fair. There are programmes that could not be implemented. However, there are some milestones that were achieved. The Executive Mayor met twice with SMME Stakeholders to resolve problems relating to Business undertaken in the Municipality.

INTRODUCTION TO OFFICE OF THE SPEAKER

The community participation is the pillar of the democratic values the office has to uphold.

The service delivery priorities were:

1. Water & Sanitation
2. Access road
3. Electricity

The Office held the awareness campaigns on using water sparingly and the danger on the flooding. The awareness on the usage of the sewage system as the foreign object are damaging the infrastructure

The targets can be attained as the systems of reporting are adhered to. In every council meeting progress on the IDP is discussed, if any interventionary measures are needed the necessary action is being taken in order that the set target has to be achieved.

SERVICE STATISTICS FOR THE OFFICE OF THE SPEAKER

Number of public participation meetings held:	64
Number of ward committees established:	23
Number of ward committee meetings held:	92
Number of council meetings convened:	7
Number of CDWs employed	0

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance
KPA: Good Governance and Community Participation
IDP Priority 28: Corporate and Democratic Governance

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	201/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 10	To ensure that all key municipal stakeholder is engaged.	Good Governance and Public Participation	Number of constituency report back meetings convened by Councilors for improved communication on service delivery including IDPs, SDBIP	Number of constituency report back meetings held	Manager Speaker's office	4	0	0	4	4	Target achieved	None	Minutes and attendance Register.	Attendance Registers/ Minutes of Meetings.
TL 11	To ensure that functional ward committees are	Good Governance and Public Participation	Number of meetings per ward per quarter.	Number of meetings held from 1 July to 30 June.	Manager Speaker's Office.	92	0	23	88	13	Target not achieved	Hold meetings as required.	Minutes	This KPI has not been achieved in the last three

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	established													financial years.
TL 12	To ensure that functional ward committees are established	Good Governance and Public Participation	Number of ward-based development plans submitted.	Sum of ward plans submitted.	Manager Speaker's Office.	New KPI	0	0	23	0	Target not achieved.	Request assistance in developing ward-based plans.	None	This target has not been achieved in the last three years.

Table 90: Employees: Office of the Speaker

Employees: Office of the Speaker						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	3	3	0	0%
4 - 6	4	4	7	7	0	0%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	6	10	10	0	0%
						T 3.24.4

Table 91: Financial Performance: Office of the Speaker

Financial Performance 2022/23: Office of the Speaker						
						R'000
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue						0%
Expenditure:						
Employees	5 236	2 451	3 390	4 670	4 504	25%
Repairs and Maintenance	49	10	-	-	-	0%
Other	843	1 588	455	404	129	-253%
Total Operational Expenditure	6 128	4 049	3 845	5 074	4 633	17%
Net Operational Expenditure	6 128	4 049	3 845	5 074	4 633	17%
						T 3.24.5

INTRODUCTION TO THE OFFICE OF THE MUNICIPAL MANAGER

The main focus for the Office of the Municipal Manager is and has always been service delivery to the community of Moqhaka.

This can only be achieved through efficient administrative governance and oversight in order to optimise the available resources and also adhere to regulations, policies, procedures etc., not only in terms of good financial management but also inter alia infrastructure management & maintenance, asset management, housing, community services but to name a few.

Monitoring by the office is achieved amongst other through structures such as the Senior Management Meetings, Broad Management Meetings as well as the Audit Steering Committee meeting which are standing arrangements.

These meetings serve as a platform for effective communication and feedback on issues raised with the main purpose of always improving in all aspects of the municipality's mandate

SERVICE STATISTICS FOR THE OFFICE OF THE MUNICIPAL MANAGER

Number of Senior Management \Meetings held:	7
Number of Broad Management Meetings held:	1
Number of quarterly stakeholder meetings convened:	4

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Public Participation

IDP Priority 28: Corporate and Democratic Governance

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 25	To ensure that the customer care policy is approved and implemented.	Good Governance and Public Participation	Complete customer satisfaction survey by end of March and submit report with recommendations to Council.	Number of surveys conducted and number of reports submitted to Council.	Municipal Manager.	0	0	0	1	0	Target not achieved.	Request assistance from STATS SA.	None	The municipality has not made any progress with this KPI
TL 26	To ensure that the customer care policy is approved and implemented.	Good Governance and Public Participation	% of customer complaints received and handled within 24 hrs.	Number of complaints received/Number of complaints resolved within 24 hours	Office Of Municipal Manager	80%	90%	0	80%	0	Target not achieved due to lack of feedback from Departments.	The Municipality is the process of procuring an electronic system.	None	This KPI was not achieved in the 2021/22 financial year and 2023/24 financial year.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 27	To facilitate the optimal functioning of Council	Good Governance and Public Participation	Annual Report tabled in council on or before 31 Jan 2022.	Date annual report tabled.	Manager PMS	31 Jan 2022	31 Jan	31 Jan	31 Jan 2022	31 Jan	Target achieved.	None	Council Resolution	Target was achieved in the last three years.
TL 28	To facilitate the optimal functioning of Council	Good Governance and Public Participation	Annual review of IDP completed before end of May annually.	Date annual review completed.	Manager IDP	31 May	31 May	31 May	31 May	31 May	28 June	Achieved after set deadline	Council Resolution	This key performance indicator was achieved after the set deadline
TL 29	To facilitate the optimal functioning of Council	Good Governance and Public Participation	% of Council Resolutions implemented within the prescribed timeframe.	Number of council resolutions implemented within time frame divided by total Number of resolutions	Municipal Manager	50%	85%	85%	85%	85%	Target achieved	None	Resolutions Register	The municipality maintained its performance.
TL 30	To facilitate the optimal functioning of Council	Good Governance and Public	IDP Process Plan adopted by Council.	Date process plan approved by Council	Manager IDP	31 Aug	28 Sept	31 Aug	31 Aug	31 Aug	Target achieved.	None	Council Resolution	Target was achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
		Participation												
TL 31	To facilitate the optimal functioning of Council	Good Governance and Public Participation	IDP completed/reviewed and adopted by Council.	Date IDP adopted by Council.	Manager IDP	30 June	30 June	30 June	30 June	28 June	Target achieved	None	Council Resolution	The Municipality maintained its performance.
TL 32	Develop and monitor repeat findings register to address repeat AG findings	Good Governance and Public Participation	Reduce AG audit findings by 50% annually.	Number of resolved repeat findings/total number of repeat findings	Manager Internal Audit	NEW KPI	0	77%	50%	63%	Achieved above target.	None.	Audit Action Plan	The target was achieved.
TL 33	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Manager Internal Audit	0%	0	90%	100%	60%	Target not achieved.	Implement the Audit Action Plan as required in the next financial year.	Audit Action Plan	The performance of the Internal Audit Unit regressed.
TL 34	To ensure a fully functional Audit Unit.	Good Governance and Public	Develop a risk based audit plan with an internal audit	RBAP with internal audit programme submitted to the	Manager Internal Audit.	31 Aug	27 Oct	28 Oct	31 Aug	4 Nov	Achieved after the set deadline.	Submit to the Audit Committee by	Audit Committee minutes.	Target was achieved after set deadline in

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
		Participation	plan (RBAP) (MFMA - Section 165(2)(a)) and submit to the Audit Committee by 31 Aug annually.	Audit Committee by 31 August annually.								31 August each year.		the last two financial years.
TL 35	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Number of audit committee meetings held per annum	Sum of audit committee meetings held	Manager Internal Audit	4	4	4	4	5	Achieved above target	None	Minutes of Audit Committee	The Audit Committee Meetings sat as scheduled.
TL 36	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Internal Audit/ Charter reviewed and completed annually (reviewed charters must be approved by the Audit Committee before the end	Date IA and AC Charter approved	Manager Internal Audit	30 June	0	28 Oct	30 June	0	Target not achieved.	The Charters will be submitted to the next Audit Committee Meeting	None	This target has not been achieved in the last three financial years.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 37	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Audit action plan developed to address AG Findings and submitted to council for approval on or before 31 Jan annually	Date Audit action plan submitted to council for approval	Manager Internal Audit	31 Jan	31 Jan	31 Jan	31 Jan	31 Jan	Target achieved.	None	Council Resolution	The Municipality maintained its performance
TL 38	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Number of internal audit reports produced	Sum of IA reports produced	Manager Internal Audit	18	17	17	18	17	Target not achieved.	Conduct audits as scheduled.	Internal Audit Reports	The performance of the Section regressed.
TL 39	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Number of performance audits.	Sum of performance audits	Municipal Internal Audit	1	2	2	2	2	Target Achieved	None	Internal Audit Report on Performance	Target achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 40	To facilitate optimal functioning of Council	Good Governance and Public Participation	Approval of the SDBIP before the legislative deadline.	Date SDBIP approved by Executive Mayor	Manager PMS	1X Approved SDBIP per Annum	1X Approved SDBIP per Annum	1X Approved SDBIP per Annum	1X Approved SDBIP per Annum	1X Approved SDBIP per Annum	Target achieved	None	Approved SDBIP	Target achieved.
TL 41	To facilitate optimal functioning of Council.	Good Governance and Public Participation	Submit quarterly reports to Council on the actual performance in terms of the top layer SDBIP	Number of SDBIP Top Layer reports submitted to council	Manager PMS	4	4	2	4	3	The fourth quarter report was not submitted to Council due to missing financial information	Submit report to next Council Meeting	Council Resolution	The performance improved compared to last financial year.
TL 42	To facilitate optimal functioning of Council.	Good Governance and Public Participation	Submit the previous financial year annual report at the end of Aug annually	Annual Report	Manager PMS	19 Sept	31 Aug	31 Aug	31 Aug	31 Aug	Target achieved	None	Proof of submission.	Achieved.
TL 43	To facilitate the optimal functioning of Council.	Good Governance and Public Participation	Annual Review of PMS by the end of June Annually.	Date PMS Framework approved.	Manager PMS	NEW KPI	0	0	30 June	7 December 2022	Achieved above target	None	Council Resolution	Achieved above target.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 44	To ensure that an effective and efficient risk management function is established.	Good Governance and Public Participation	Risk register compiled and updated quarterly and approved by MM	Sum of Risk register quarterly updates	Chief Risk Officer	2	4	4	4	4	Target achieved	None	Risk Register	Achieved.
TL 45	To ensure that an effective and efficient risk management function is established.	Good Governance and Public Participation	Number of RMC meetings held.	Sum of RMC meetings held	Chief Risk Officer	2	3	4	4	3	Target not achieved.	Risk meetings to sit as scheduled in the next financial year/	Attendance Registers	Target was not achieved.
TL 46	To ensure that an effective and efficient risk management function is established.	Good Governance and Public Participation	Approved fraud prevention and anti-corruption strategy reviewed on or before 30 June	Date plan approved	Chief Risk Officer	30 June	30 June	30 June	30 June	7 Dec 2022	Achieved above target	None	Council Resolution	This was achieved above target as the plan was

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	nt function is established													approved on the 7 th December 2022.
TL 47	To ensure that an effective and efficient risk management function is established	Good Governance and Public Participation	Risk management strategy that includes fraud and prevention plan, and policy reviewed and approved on or before 30 June Annually.	Date Risk Management Strategy approved.	Chief Risk Officer	30 June	30 June	30 June	30 June	7 Dec 2022	Achieved above target	None	Council Resolution	Risk Management Strategy was approved on 7 December 2022.
TL 48	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Municipal Manager	NEW KPI	0	0	1	1	Target achieved	None	Attendance Register	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 62	Effective management and supervision of the SDBIP on the KPI's of the (Top layer and Departmental KPIs.	Good Governance and Public Participation	75% of the KPIs have been met.	Number of KPIs met/ by the total number of KPIs set.	Director LED	75%	60%	68%	75%	46%	Target not achieved. There was no fulltime Director in the Directorate. Manager were acting on three months rational basis.	Appoint Director Local Economic Development and Planning.	Annual Performance Assessment Report.	The performance of the Directorate decline. This could have been caused by the lack of a fulltime Director.
TL 63	Evaluate the performance of all service providers with contracts of 12 months or longer.	Good Governance and Public Participation	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or more.	Sum of performance assessments conducted.	Director LED	0	4	1	4	0	The Directorate did not have services providers throughout the financial year.	None	None	The KPI is not reportable. The Directorate did not have service providers.
TL 64	Promote Sound risk management	Good Governance and	Complying and ensure compliance	Signed Action Plan	Director LED	1	1	1	1	1	Target achieved	None	Signed Risk	Target achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	practices within the Directorate	Public Participation	with the Directorate action plan to address the residual risk.										Action Plan.	
TL 65	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director LED	4	4	1	4	4	Target achieved	None	Signed Reports	Target achieved.
TL 66	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director LED	2	3	4	4	3	Target not achieved Meetings could not sit as required there was no Risk Chairperson at some stage	Risk Chairperson was appointed.	Attendance Registers	Meeting could not sit as planned.
TL 67	To facilitate the optimal	Municipal Transformation	Develop an annual	Annual schedule	Director LED	0	30 June	31 July	31 Jul	31 July	Target achieved.	None	Signed schedule	Target achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	functioning of management.	tion and Institutional Development	schedule of directorate meetings for approval by the Municipal Manager.	submitted and approved by 31 July annually									of meetings	
TL 68	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director LED.	10	10	10	10	10	10	Target achieved.	Attendance Registers	Target achieved. The Directorate maintained its performance
TL 69	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of quarterly reports submitted to council.	Sum of reports submitted to Council.	Director LED.	10	4	4	4	4	Target achieved.	None	Council Resolutions	Target achieved. The Directorate maintained its performance
TL 70	Develop and monitor repeat findings register	Good Governance and	Reduce AG audit findings	Number of resolved repeat	Director LED.	50%	0	0	50%	0	There were no findings.	None	None	There were no findings

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	to address repeat AG findings.	Public Participation	by 50% annually.	findings/total number of repeat findings.										issued by AG.
TL 71	To ensure a fully functional audit unit.	Good Governance and Public Participation	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director LED	100%	0	0	100%	0%	There were no findings	None	None	There were no findings issued by AG.
TL 72	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director LED.	NEW KPI	0	0	1	2	Achieved above target achieved	None	Proof of registration and/or attendance registers/	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 89	Effective management and supervision of the SDBIP on the KPI's of the (Top layer and Departmental KPIs>	Good Governance and Public Participation	75% of the KPIs have been met.	Number of KPIs met/ by the total number of KPIs set.	Chief Financial Officer	75%	56%	57%	75%	46%	Target not achieved. There was no Director appointed in this position for the whole financial year. Managers were acting on rotational basis.	Appoint the Chief Financial Officer.	Fourth quarter performance assessment report.	The performance of the Directorate declined by 11% compared to the 2021/22 financial year/
TL 90	Evaluate the performance of all service providers with contracts of 12 months or longer.	Good Governance and Public Participation	Quarterly assessment reports produced at the end of every quarter for contrast that are 12 months or more.	Sum of performance assessments conducted.	Chief Financial Officer	2	0	0	4	2	Target not achieved. The Directorate did not evaluate its service providers quarterly as required.	Evaluate Service Providers quarterly as required.	Signed assessment forms.	Target not achieved.
TL 91	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Compiling and ensure compliance with the directorate action plan to	Signed Action Plan	Chief Financial Officer	1	1	1	1	1	Target achieved.	None	Signed action plan.	The Directorate maintained its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 92	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	address the residual risk. Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Chief Financial officer	4	1	1	4	4	Target achieved	None	Signed reports.	Directorate maintained its performance.
TL 93	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Attend and support risk committee meetings.	Quarterly attendance Registers.	Chief Financial officer	4	3	3	4	3	Target not achieved.	Schedule of meetings to be developed and management to ensure that meetings are held on quarterly basis.	Attendance Registers.	This target has not been achieved in the last two financial years.
TL 94	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Chief Financial Officer	31 July	31 July	31 July	31 July	31 July	Target achieved	None	Signed Schedule of meetings.	Target achieved

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 95	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Chief Financial Officer	10	6	7	10	6	Target Achieved	Hold meetings as per approved schedule.	Attendance register	Target not achieved.
TL 96	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Chief Financial Officer	4	4	4	4	3	Target not achieved	Submit Reports to council	Council Resolutions	Reports could not be completed due to down financial system.
TL 97	Develop and monitor repeat findings register to address repeat AG findings.	Good Governance and Public Participation	Reduce repeat AG audit findings by 50% in the first year.	Number of resolved repeat findings/by total number of repeat findings	Chief Financial Officer	21%	0	21%	50%	23%	Target not achieved.	Continue working on findings to ensure that they are resolved.	Audit Action Plan.	The target was not achieved.
TL 98	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Chief Financial Officer	89%	0	89%	100%	40%	Target not achieved.	Continue working on findings to ensure that they are resolved.	Audit Action Plan	The performance of the Directorate declined.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 99	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Chief Financial Officer	NEW KPI	0	0	1	1	Target Achieved	None	Proof of registration and/or attendance registers/	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 121	Effective management and supervision of the SDBIP on the KPI's of the Directorate (Top Layer and Departmental KPIs.	Good Governance and Public Participation	75% of the KPI's have been met.	Number of KPI's met divided the total number of KPI's	Director Corporate Services	75%	85%	63%	75%	53%	Target Not achieved. There was no permanent Director for the whole financial year. Managers were acting on rotational basis for 3 months each.	Appoint Director Corporate Support Services.	Annual Performance Assessment Report	The performance of the directorate decrease. This could have been cause by the lack of the Director
TL 122	Evaluate the performance of all service providers with contracts of 12 months or longer.	Good Governance and Public Participation	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months and longer.	Sum of performance Assessments conducted.	Director Corporate Services	2	4	1	4	4	Target achieved	None	Evaluation forms.	The Directorate maintained its performance.
TL 123	Promote Sound risk management practices	Good Governance and Public	Compiling and ensure compliance with the directorate action plan to	Signed Action Plan	Director Corporate Services	1	1	1	1	1	Target achieved	None	Signed Action Plan	Target achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence In Support of Performance	Comments
	within the Directorate	Participation	address the residual risk.											
TL 124	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Corporate Services	4	4	4	4	4	Target achieved.	Signed reports.	Signed quarterly reports	The Directorate maintained its performance.
TL 125	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Corporate Services	2	4	4	4	3	Target not achieved. There was no Risk Committee Chairperson in the second quarter.	Risk Committee Chairperson was appointed.	Attendance Registers	The performance of the Risk Section regressed in the 2023/24 financial year.
TL 126	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Director Corporate Services	1	30 June	31 July	31 July	31 July	Target achieved	None	Signed schedule of meetings.	The Directorate maintained its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 127	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Corporate Services	9	11	10	10	10	Target achieved.	None	Minutes of Meetings and Attendance Registers	The Directorate maintained its performance.
TL 128	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council.	Director Corporate Services	4	4	4	4	4	Target achieved.	None	Council Resolutions	The Directorate maintained its performance.
TL 129	Develop and monitor repeat findings register to address repeat AG findings.	Good Governance and Public Participation	Reduce repeat AG audit findings by 50% in the first year.	Number of resolved repeat findings/total number of repeat findings	Director Corporate Services	50%	0	0.08%	50%	0.45%	Target not achieved.	Reduce repeat findings in the 2023/24 financial year.	Audit Action Plan.	This target has not been achieved in the last two financial years.
TL 130	To ensure a fully functional Audit Unit.	Good Governance and Public	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management	Director Corporate Services	100%	0	55%	100%	0.35%	Target not achieved.	Ensure that the audit action plan is implemented.	Audit Action Plan.	The performance of the

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
		Participation		as per action plan.										Directorate regressed.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 147	Effective management and supervision of the SDBIP on the KPI's of the Top layer and Departmental KPIs.	Good Governance and Public Participation	75% of the KPIs have been met.	Number of KPIs met/ by the total number of KPIs set.	Director Community & Social Services	75%	78%	85%	75%	70%	Target not achieved. There was no permanent director for the whole financial. Managers were acting on rotational basis for the 3months each.	Appoint Director Community and Social Services	Third Quarter Performance Assessment Report	There was no permanent director for the whole financial. Managers were acting on rotational basis for the 3months each. Therefore, the performance of the Directorate regressed.
TL 148	Evaluate the performance of all service providers with contracts of 12 months or longer.	Good Governance and Public Participation	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months and more	Number of assessments conducted on service providers annually.	Director Community & Social Services	4	1	1	4	4	Target achieved	None	Signed Service Provider evaluation forms	The Directorate improved its performance as Service Providers were assessed quarterly.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 149	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Compiling and ensure compliance with the directorate action plan to address the residual risk.	Signed Action Plan	Director Community & Social Services	1	1	1	1	1	Target Achieved.	None	Signed Action plan.	Target achieved.
TL 150	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Community & Social Services	4	4	4	4	4	Target achieved	None	Signed Quarterly Reports.	Target achieved.
TL 151	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Community & Social Services	3	3	3	4	3	Target not achieved due to the absence of the Risk Committee Chairperson	Chairperson for Risk Committee was appointed.	Attendance Registers	There has been no improvement with regards to holding Risk Committee Meetings.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 152	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Director Community & Social Services	31 July	30 June	31 July	31 July	31 July	Target achieved	None	Signed schedule of meetings	The Directorate maintained its performance. Target was achieved.
TL 153	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Community & Social Services	10	10	10	10	13	Achieved above target	None	Attendance Registers.	The Directorate held more meetings than planned to share information amongst the managers.
TL 154	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional Development	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director Community & Social Services	16	4	4	4	4	Target achieved	None	Council Resolutions	The Directorate maintained its performance.
TL 155	Develop and monitor repeat findings	Good Governance	Reduce repeat AG audit findings	Number of resolved repeat	Director Community	New KPI	0	0	50%	0%	There were no repeat findings	None	None	The Directorate did not have

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	register to address repeat AG findings.	and Public Participation	by 50% annually.	findings/by total number of repeat findings	& Social Services									any repeat findings.
TL 156	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director Community & Social Services	New KPI	0	100%	100%	0%	Target not achieved.	Ensure that the action plan is implemented accordingly.	Audit Action Plan.	The Directorate maintained its performance.
TL 157	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented	Director Community & Social Services	NEW KPI	0	0	1	1	Target achieved	None	Attendance Register	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 169	Evaluate the performance of service providers with contracts of 12 months or longer.	Basic Service delivery	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or more.	Sum of performance assessments conducted annually.	Director Technical Services	4	4	4	4	4	Target achieved	None	Service Provider evaluation forms.	The Directorate maintained its performance. The target was achieved.
TL 170	Effective management and supervision of the SDBIP on KPIs of the Directorate (Top layer and Departmental KPI's)	Good Governance and Public Participation	75% of the KPIs have been achieved.	Number of KPIs met/by the total number of KPIs set.	Director Technical Services	75%	65%	58%	75%	58%	Target not achieved.	Continuous Monitoring of the SDBIP	Annual Performance Report.	The performance of the Directorate regressed.
TL 171	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Compiling and ensure compliance with the directorate action plan to address	Signed Action Plan	Director Technical Services	1	1	1	1	1	Target achieved	None	Signed Action Plan	Target was achieved in the last three years.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 172	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	the residual risk. Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Technical Services	4	4	4	4	4	Target achieved in the last four years.	None	Signed Quarterly Reports.	Signed Quarterly reports.
TL 173	Promote Sound risk management practices within the Directorate	Good Governance and Public Participation	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Technical Services	2	4	3	4	3	Target not achieved. There was a period when there was no Risk Committee Chairperson.	Risk Committee Chairperson was appointed.	Attendance Registers	This KPI was not achieved in the last two financial years.
TL 174	To facilitate the optimal functioning of management.	Municipal Transformation and Institutional	Develop an annual schedule of directorate meetings for approval by the	Annual schedule submitted and approved by 31 July annually	Director Technical Services	31 Jul	30 June	31 July	31 Jul	31 July	Target achieved	None	Signed schedule of Meetings	The target was achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 175	By ensuring that vehicle maintenance and repairs is done for municipal fleet.	Municipal Development	Municipal Manager. Number of repairs performed internally (by fleet section) on municipal fleet.	Number of repairs performed internally (by Fleet Section) on municipal fleet	Director Technical Services	300	930	928	300	930-	Achieved above target.	None.	Fleet Report and Job cards	Target achieved.
TL 176	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Technical Services	10	10	10	10	7	Target not achieved.	Conduct meetings as scheduled.	Minutes and attendance registers	The performance of the Directorate the Directorate regressed.
TL 177	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director Technical Services	16	4	4	4	4	Target achieved	None.	Reports and Council Resolutions	Target achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 178	To facilitate the optimal functioning of management	Municipal Transformation and Institutional Development.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director Technical Services	NEW KPI	0	0	1	1	Target achieved	None	Attendance Register	This is a new KPI no comparison could be made
H	To ensure that the MIG allocation expenditure is done according to an approved plan.	Municipal Financial Viability and Management	Percentage expenditure of the annual MIG allocation year-to-date	Total amount spent/total allocation.	Director Technical Services	NEW KPI	100%	100%	100%	100%	Target achieved	None	Implementation reports.	The Directorate maintained its performance.
TL 180	Develop and monitor repeat findings register to address repeat AG findings.	Good Governance and Public Participation	Reduce repeat AG audit findings by 50% in the first year.	Number of resolved repeat findings/by total number of repeat findings	Director Technical Services	0%	0	0%	50%	0%	There were no repeat findings	None	None	The Directorate maintained its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 181	To ensure a fully functional Audit Unit.	Good Governance and Public Participation	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director Technical Services	85%	0	83%	100%	0%	Target not achieved.	Adhere to audit action plan in the 2023/24 financial year.	Audit Action Plan.	This KPI has not been achieved in the last two financial years.

Table 92: Employees: Office of the Municipal Manager

Employees: Office of the MM						
Job Level	2020/2021	2021/2022	2022/2023			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	5	6	7	7	0	0%
4 - 6	7	17	20	17	3	15%
7 - 9	0	1	3	1	2	67%
10 - 12	11	11	21	11	10	48%
13 - 15	0	0	2	0	2	100%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	23	35	53	36	17	32%
T 3.24.4						

Table 93: Financial performance: Office of the Municipal Manager

Financial Performance 2022/23: Office of the MM						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue						0%
Expenditure:						
Employees	11 934	12 480	10 700	13 393	14 408	26%
Repairs and Maintenance	153	280	296	20	-	0%
Other	698	141	2 946	1 794	993	-197%
Total Operational Expenditure	12 786	12 901	13 942	15 207	15 401	9%
Net Operational Expenditure	12 786	12 901	13 942	15 207	15 401	9%
T 3.24.5						

Table 94: Capital Expenditure: Office of the Municipal Manager

Capital Expenditure 2022/23: The Executive and Council					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON THE OVERALL PERFORMANCE OF THE OFFICE OF THE MUNICIPAL MANAGER

The office of the Municipal Manager is responsible for the performance of the entire institution while appreciating the fact that Internal Audit, IDP, Performance Management, Risk Management and some parts of Good Governance are specifically listed in this office.

To address the challenges of various services, more specifically for maintenance of infrastructure for basic services, equipment and heavy machinery has been identified as a cause and there has been provision made of R8,973,769.00 in the current capital budget.

Improvement of our information and communications is one area that has been prioritised more specially to improve efficiency and ensure effective communication and functioning. Availing a budget in this regard is to ensure that the municipality is able to conduct its business in an effective way in this 5G era.

Provision of basic services i.e. water, sanitation, electricity and refuse removal is top priority of our municipality and we have made available sufficient budget to ensure that these services are rendered without, or with minimal disruptions. Water and electricity losses will be priority focus in this budget year to ensure that these losses translate into a saving.

To ensure compliance with Section 165(2)(a) of the Local Government Municipal Finance Management Act we have developed a risk-based audit plan to improve on our audit and overall performance. We are working very closely with the Auditor General to ensure improvement in our audit outcome.

Compilation and annual review of our Integrated Development Plan is one of the key responsibilities of the office of the Municipal Manager. This strategic plan forms the basis from which all other plans are compiled.

The Service Delivery and Budget Implementation Plan which can be defined as the Municipal operational and performance reporting plans are drawn from the IDP. We need to report that the IDP Assessment Report is one of the tools that assist us in developing plans for better services to our people

3.23 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

Debt recovery is still a serious concern for the Municipality. The municipality struggles to collect 100% of what is billed on monthly basis. The arrears are barely serviced with the assistance from the appointed Debt Collection service providers. Write-offs have been implemented on irrecoverable inactive accounts older than 3 years, indigent accounts written off, but cut offs are not performed as per the approved Council policy.

Table 95: Debt Recovery

YearEnd	MonthEnd	Mun	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Total
2023	M12 Jun	FS201	1100	Debtors Age Analysis By Income Source					
			1200	Trade and Other Receivables from Exchange Transactions - Water	19446772	15213496	13077306	553311986	601049560
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	21270846	8901950	5513968	78306337	113993101
			1400	Receivables from Non-exchange Transactions - Property Rates	5433272	3102410	2098469	73197670	83831821
			1500	Receivables from Exchange Transactions - Waste Water Management	6215709	4791272	4444474	163547540	178998995
			1600	Receivables from Exchange Transactions - Waste Management	4318875	3330434	3096513	117119431	127865253
			1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0
			1810	Interest on Arrear Debtor Accounts	0	0	0	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0
			1900	Other	674516	638967	606164	65144250	67063897
			2000	Total By Income Source	57359990	35978529	28836894	1050627214	1172802627
			2100	Debtors Age Analysis By Customer Group					
			2200	Organs of State	16000518	4866421	7707363	45497712	74072014
			2300	Commercial	18992489	8280848	4342084	70816316	102431737
			2400	Households	19983604	15993989	14323742	676576643	726877978
			2500	Other	2383379	6837271	2463705	257736543	269420898
			2600	Total By Customer Group	57359990	35978529	28836894	1050627214	1172802627

Average collection on billing for 2022/23 is above 65% and collection on billing includes arrears and needs to be 100% or more, as that will enhance revenue. Arrears must also be collected to fund the provision of services, pay salaries and creditors. The 43% of the cash collected is spent on salaries and other 43% is spent on creditors.

Details of the types of account raised and recovered	2020/21			2021/22			2022/23		
	Estimated outturn for accounts	Estimated Proportion of	Proportion of accounts value billed	Estimated outturn for accounts	Estimated Proportion of accounts	Proportion of accounts	Estimated outturn for accounts	Estimated Proportion of accounts	Proportion of accounts value billed
Property Rates	76 836	51 847	67%	74 403	50 701	68%	82 052	50 713	62%
Electricity - C	193 357	172 674	89%	218 392	196 437	90%	226 139	195 556	86%
Water	120 877	57 809	48%	124 140	65 863	53%	149 635	57 696	39%
Sanitation	50 214	27 706	55%	54 086	39 050	72%	68 501	24 864	36%
Refuse	34 513	17 163	50%	37 402	24 401	65%	43 000	20 704	48%
Other	62 277	44 300	71%	59 151	53 323	90%	42 275	32 242	76%

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Financial Management

KPA: Financial Viability and Financial Management

IDP Priority 26: Financial accountability and compliance

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 73	To ensure the effective, efficient and economical management of municipal assets.	Municipal Financial Viability and Management	Fixed Asset Register (FAR) compiled and updated annually on or before 31 Aug in line with GRAP requirements.	Fixed Asset Register (FAR)	Chief Financial Officer	1	1	1	1	0	Target not achieved. Register could not be finalised due to financial system that was down.	Fixed asset register will be submitted with the AFS	None	The performance of the municipality regressed.
TL 74	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	Number of monthly budget statements (s71 of MFMA) are compiled and submitted to the Mayor, National and Provincial Treasury by no later than 10	Sum of Sec 71 reports submitted.	Chief Financial Officer	12	12	12	12	10	Target not achieved.	Submit monthly reports as required in the 2023/24 financial year.	Proof of email submission	The performance of the municipality regressed.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
			working days after the end of each month											
TL 75	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	Mid-year budget assessment and budget adjustments report submitted on or before 25 January each year (\$72 of MFMA)	Date Mid-year assessment submitted.	Chief Financial Officer	25 Jan	25 Jan	25 Jan	25 Jan	25 Jan	Target achieved	None	Proof of submission	The Directorate maintained its performance.
TL76	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	% of Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Chief Financial Officer	95%	92%	84%	95%	62%	Target not achieved.	Better creditor management controls will be put in place as well as executing the approved debt collection policy will be utilised to ensure that	Section 52(d) Report	The performance of the municipality regressed.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 77	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	% of Operating Revenue Budget Implementation Indicator	Actual Operating Revenue [excl Capital Grant Revenue] / Budgeted Operating Revenue x 100	Chief Financial Officer	95%	65%	75%	95%	77%	Target not achieved	there is improvement Implementation of Revenue Enhancement Strategy & Debt Collection Policy	Section 52(d) Report	The performance of the municipality improved by 2% compared to the 2021/22 financial year.
TL 78	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue x 100	Chief Financial Officer	95%	60%	72%	95%	64%	Target not achieved.	Implementation of Revenue Enhancement Strategy & Debt Collection Policy	Section 52(d) Report	The performance of the municipality declined.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 79	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	Compliant annual budget (MTREF) compiled and approved by end of May each year	Actual date budget approved	Chief Financial Officer	30 June	30 June	30 June	30 June	30 June	Target achieved	None	Council Resolution	The Municipality maintained its performance
TL 80	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Municipal Financial Viability and Management	Compiled Annual Financial Statement submitted to the Auditor-General by the end of August each year.	Date annual financial statements submitted to the Auditor General.	Chief Financial Officer	31 Aug	31 Aug	31 Aug	31 Aug	31 Aug	Target not achieved.	AFS will be submitted when the system is restored, and information is available.	None	Target not achieved. The performance of the municipality regressed.
TL 81	To implement an effective and efficient	Municipal Financial Viability and Management	Number of SCM reports submitted to council	Sum of reports submitted.	Chief Financial Officer	4	4	4	4	4	Target not achieved	Submit SCM Quarterly reports to council	Quarterly Report and Council Resolution	The municipality maintained its performance

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	system of expenditure and supply chain management.	Management												
TL 82	To implement an effective and efficient system of expenditure and supply chain management.	Municipal Financial Viability and Management	Percentage of total municipal operating expenditure spent on contracted services physically residing within the municipal area.	Expenditure spent on local contracted services/total number of expenditures of municipal operating expenditure.	Chief Financial Officer	NEW KPI	0	0	50%	0	Target not achieved. The directorate did not provide the required information.	The KPI will be included in the 2023/24 financial year SDBIP.	None	The Target not achieved.
TL 83	To implement an effective and efficient system of expenditure and supply chain	Municipal Financial Viability and Management	% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget	Total Repairs and Maintenance Expenditure / Total amount budgeted for repairs and maintenance x 100	Chief Financial Officer	84%	67%	67%	95%	51%	Target not achieved.	Ensure that repairs and maintenance are done throughout the municipality	Section 52(d) Report	The performance of the municipality regressed.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	management.													
TL 84	To implement an effective and efficient system of expenditure and supply chain management.	Municipal Financial Viability and Management	Creditors Payment period (Creditors are paid within 30 days as per Section 65(2)(e) of the MFMA	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Chief Financial Officer	321 days	384 days	384 days	<30 days	30 days	Target partly achieved.	Revenue collection enhancement to be implemented to improve cash flow	Section 52(d) Report	The performance of the municipality improved.
TL 85	To implement an effective and efficient system of expenditure and supply chain management.	Municipal Financial Viability and Management	% of tenders awarded within 90 days of tender closing date	Number of tenders awarded/Tenders awarded within 60 days	Chief Financial Officer	95%	90%	89%	95%	40%	Target not achieved	Award tenders within 90 days as required.	Tender register	Only 4 tenders were awarded in the fourth quarter for the whole financial period
TL 86	To ensure the effective	Municipal Financial Viability	% of consumer debtors revenue	Gross Debtors Opening	Chief Financial Officer	95%	73%	93%	95%	777%	Target not achieved.	Implementation of Revenue	Section 52(d) Report	The performance of the

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	and efficient management of municipal revenue and cash-flow according to national norms and standards.	and Management	collected (actual total collections as percentage of total levies/billings)	Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100								Enhancement Strategy & Debt Collection Policy		municipality regressed.
TL 87	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.	Municipal Financial Viability and Management	Net Operating Surplus Margin (MFMA Circular 71)	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue x 100%	Chief Financial Officer	≥0	6.5%	18.65%	≥0	-0%	Target not achieved.	Implement measures to reduce expenditure and improve revenue collection	Section 52 (d) Report	The target was not achieved.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Result	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL88	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.	Municipal Financial Viability and Management	% Own Source Revenue to Total Operating Revenue (MFMA Circular 71)	Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100	Chief Financial Officer	84%	79%	93%	76%	65%	Target not achieved.	Implementation of Revenue Enhancement Strategy & Debt Collection Policy	Section 52 (d) Report	The performance of the municipality regressed.

Table 96: Employees: Financial Services

Employees: Financial Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	5	5	5	5	0	0%
4 - 6	18	18	25	23	2	8%
7 - 9	11	11	15	13	2	13%
10 - 12	16	16	20	17	3	15%
13 - 15	11	11	19	15	0	0%
16 - 18	2	2	6	6	0	0%
19 - 20	18	18	19	16	3	16%
Total	81	81	109	95	8	7%
						T 3.25.4

Table 97: Financial Performance: Financial Services

Financial Performance 2022/23: Financial Services						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	84 394	116 296	97 506	94 822	93 953	-4%
Expenditure:			7 801	8 895	80 493	
Employees	38 296	38 350	34 753	42 015	43 310	20%
Repairs and Maintenance	1 067	717	733	1 636	253	-190%
Other	8 163	30 469	7 801	8 895	80 493	90%
Total Operational Expenditure	47 526	69 536	43 287	52 546	124 056	65%
Net Operational Expenditure	(36 868)	(46 760)	(54 219)	(42 276)	30 103	280%
						T 3.25.5

Table 98: Capital expenditure: Financial Services

Capital Expenditure: Financial Services				
Capital Projects	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Office Equipment	802	0	178	0

3.24 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is one of the supporting functions within Corporate Support Services Department, its main functions are as follows: Leave Administration, Recruitment, Benefits, Terminations, Labour Relations, Skills Development, Employment Equity, Occupational Health & Safety and Employee Wellness.

HUMAN RESOURCES ADMINISTRATION

Effort to ensure effective and accountable administration of personnel records and information have been a priority to ensure that human resources contribute effectively to achieving better audit opinion.

HR POLICIES

The municipality had its human resources policies reviewed to ensure that they are current and are in line with legislation and contribute to good governance. The reviewed policies were adopted by council in December 2020 and currently on review.

TRAINING AND DEVELOPMENT

The municipality approved Workplace Skills Plan, which is both, funded by the municipality and the LGSETA through grants received to ensure capacity building of both internal and unemployed learners. Implementation of the 2022/23 WSP has been met with challenges which included a delay on appointment of panel of training providers, which had a negative effect on implementation of planned training interventions and under expenditure. A total of 67 officials and 19 Councillors have been trained in 2022/23 financial year.

EMPLOYEE WELLNESS PROGRAM

The municipality values wellness of staff as a mechanism for the achievement of municipal strategic goals and provide such services to employees as and when requested and managers recommending such services for employees as part of the managerial referrals. Although the access to the wellness service is voluntary, the municipality annually plan to implement awareness activities with the aim of promoting utilization of wellness services by staff members.

ORGANIZATIONAL DEVELOPMENT

The municipality reviewed the staff establishment for political offices by aligning it with Municipal Staff regulations as promulgated by the Minister during September 2021. The process of ensuring equal pay for work of equal value will be addressed the process of job evaluation which is coordinated at a district level by the job evaluation committee as established through SALGA processes.

OCCUPATIONAL HEALTH AND SAFETY

The municipality has a functional occupational health and safety structure in line with Occupational Health and Safety Act. Legal appointments in terms of OHSA have been made and health and safety representatives meetings take place regularly. Although health and safety are a joint effort between management and employees, management continues to capacitate/train health and safety representatives. Internal Auditing of contractor on health and safety systems is implemented and on-site project health and safety inspections are conducted.

HR PERFORMANCE HIGHLIGHTS

- ✓ Appointment of the Municipal Manager
- ✓ Approval of the Employment Equity Plan
- ✓ Implementation and timeous submission of WSP, ATR and PIVOTAL Plan 2022/2023 to LGSETA
- ✓ Timeous submission of Employment Equity Report to Department of Labour
- ✓ Roll-out of the employee wellness service program and implementation of 23 wellness activities
- ✓ Successful training of 53 SHE representatives
- ✓ Functional local labour forum leading to sound labour relations within the municipality
- ✓ Functional occupational health and safety committees

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The municipality is currently standing with a total staff component 831 employees as at end June 2023.

During the financial year 2022/2023 the municipality filled a total number of 12 positions, all appointments was for external candidates. A total of 28 terminations were recorded due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations.

A total number of 4 training interventions were implemented with 67 employees being trained.

A total of 23 wellness activities were implemented on the following pillars of wellness:

1. Physical Wellness : nine activities
2. Emotional Wellness : nine activities
3. Social Wellness : two activities
4. Financial Wellness : two activities
5. Spiritual Wellness : one activity

Other main service statistics are included in Chapter 4 of the Annual Report.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority 18: Human Resources

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 102	To ensure continuous training and development of employees.	Municipal Transformation and Institutional Development	WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA on 30 April each year.	Date annual training report and WSP submitted to the LGSETA	Director Corporate Services	30 April	30 April	27 May	30 April	30 April	Target achieved.	None	Acknowledgement receipt by LGSETA.	The Directorate improved its performance the target was achieved on time in the 2022/23 financial year.
TL 103	To ensure continuous training and development of employees.	Municipal Transformation and Institutional Development	Number of Apprenticeships implemented as per WSP.	Sum of Apprenticeships implemented	Director Corporate Services.	1	1	0	1	0	Target not achieved.	Implement apprenticeships as planned in the 2023/24 Financial year.	None.	The Directorate has not offered Apprenticeships as planned in the last two financial years.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 104	To ensure continuous training and development of employees.	Municipal Transformation and Institutional Development	Number of skills programmes implemented.	Sum of skills programmes implemented.	Director Corporate Services	3	6	0	3	1	Target not achieved.	Improvement is expected in 2023/24 financial year.	None.	There was no improvement on the implementation of this KPI.
TL 105	To ensure continuous training and development of employees.	Municipal Transformation and Institutional Development	Number of Senior & Finance officials trained on MFMP competency levels	Sum of students enrolled	Director Corporate Services	11	0	11	12	0	Target not achieved.	Implement the programme in the 2023/24 financial year.	None.	The Directorate regressed.
TL 106	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Approved Macro and Micro Organisational Structure.	Date Structure Approved.	Director Corporate Services.	New KPI	0	0	Structure reviewed by 30 June	0	Target not achieved.	The Organisational structure will be reviewed and submitted to Council for approval in the 2023/24	None.	The structure has not been reviewed and approved by Council in the last three financial years.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 107	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Number of employees undergoing medical tests annually as required by OHSA	Sum of employees undergoing medical tests	Director Corporate Services	350	311	430	400	406	Achieved above target	financial year. None.	Medical forms.	The Directorate maintained its performance. Target was achieved in the last two financial years.
TL 108	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Percentage of vacant posts filled within 6 months.	Number of vacant posts filled/total number of vacant posts.	Director Corporate Services	New KPI	0	0	15%	3%	Target not achieved	Target will be achieved in the next quarter, municipality on the process of embarking on filling of vacant positions.	Advertisement and appointment letter	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence In Support of Performance	Comments
TL 109	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Staff vacancy rate.	Number of vacant positions/Total number of vacant positions.	Director Corporate Services	New KPI	0	0	15 %	55%	Target not achieved.	Target will be achieved in the next quarter, municipality on the process of embarking of filling of vacant positions.	Organisational Structure	This is a new KPI no comparison could be made
TL 110	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Number of EE Reports submitted to DoL by 15 January each year [EEA2 and EEA4]	Date report Submitted.	Director Corporate Services	15 Jan	15 Jan	15 Jan	15 Jan	15 Jan	Target achieved	None.	Proof of submission	Directorate maintained its performance.
TL 111	To ensure that the HR function	Municipal Transformation and Institutional Development	Review of EE Plan and numerical	Revised EE Plan and	Director Corporate Services	0	0	0	Annual Review	Annual Review	Target achieved.	None	Council Resolution	The Directorate improved its

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Institutional Development	goals and targets annually	Council Resolution										performance.
TL 112	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Municipal Transformation and Institutional Development	Submit quarterly reports to the Management regarding activities carried out	Sum of reports submitted	Director Corporate Services	4	4	4	4	4	Target achieved.	None	HR quarterly report.	The Directorate maintained its performance.
TL 113	To ensure that the HR function responsibly forecast the future staffing	Municipal Transformation and Institutional Development	Total overtime hours as a percentage of all work hours.	Overtime hours worked divided by total hours worked.	Director Corporate Services	NEW KPI	0	0	15%	9%	Target achieved	None.	Overtime reports	This is a new KPI no comparison could be made.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
	needs and create plans for recruiting, hiring and retaining top talent.													

Table 99: Employees: Human Resource Services

Employees: Human Resource Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	6	6	7	6	1	14%
7 - 9	4	4	4	4	0	0%
10 - 12	1	1	1	1	0	0%
13 - 15	1	1	1	1	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	13	13	14	13	1	7%
						T3.26.4

Table 100: Financial Performance: Human Resource Services

Financial Performance 2022/23 Human Resource Services						
						R'000
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	657	657	-	0,00%
Expenditure:						
Employees	3 552	9 511	3 356	3 839	11 771	71,49%
Repairs and Maintenance	4	-	3 143	3 143	-	0,00%
Other	2 142	-	3 082	3 202	1 777	-73,44%
Total Operational Expenditure	5 698	9 511	9 581	10 184	13 548	29,28%
Net Operational Expenditure	5 698	9 511	8 924	9 527	13 548	34,13%
						T 3.26.5

Table 101: Capital Expenditure: Human Resource Services

Capital Expenditure 2022/23: Human Resource Services					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON HUMAN RESOURCE SERVICE PERFORMANCE OVERALL

No Capital projects within the HR Section for 2022/2023 financial year therefore, no capital items were procured. Operational expenditure was R 1485 000(85%).

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communications Technology (ICT) plays an integral role within Moqhaka Local Municipality. The support is run in-house by a team of six full-time employees. The core functions include:

- Maintenance of communication (Wireless connectivity, Telephony, Internet, etc.) services to all offices/sites.
- Maintenance of all ICT equipment/infrastructure daily.
- Facilitation of acquisition and utilization of hardware and software.

We continually strive to remain abreast with the latest technologies, this all to deliver quality services that are sustainable and equitable.

SERVICE STATISTICS FOR ICT SERVICES

Number of power back-up batteries installed	33
Number of VoIP/PABX systems installed	209
% of employees trained on new telephone system	100%
% of call centre employees trained on new system	100%

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development
IDP Priority 25: ICT

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 14	Ensure that an effective and efficient ICT System master plan is developed.	Municipal Transformation and Institutional Development.	Review ICT policy and strategy annually.	Date ICT policy and strategy approved by the Director.	Director Corporate Services.	NEW KPI	31 Dec	31 Dec	31 Dec	31 Dec	Target partly achieved. Only policy was reviewed.	None	Approved Policy	The Director approved the ICT Policy only. The Strategy is still outstanding
TL 114	Ensure that an effective and efficient ICT system master plan is developed.	Municipal Transformation and Institutional Development	Prioritised projects in the disaster recovery plan implemented.	Number of projects completed/total number of projects within the plan.	Director Corporate Services.	NEW KPI	0	0	≥90%	30%	Target not achieved. The projects will be re-advertised.	Re-advertise the projects.	List of projects completed.	This is a new KPI no comparison could be made.

Table 102: Employees: ICT Services

Employees: ICT Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	1	1	0	1	100%
7 - 9	2	2	2	2	0	0%
10 - 12	2	2	3	2	1	33%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	6	7	5	2	29%
						T3.27.4

Table 103: Financial Performance: ICT Services

Financial Performance 2022/23: ICT Services						
						R'000
Details	2020/21	2021/22	2022/23			Variance to Budget
	Actual	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-	-				0,00%
Expenditure:						
Employees	1 241	3 539	3 546	3 546	378	-838,10%
Repairs and Maintenance	597	1 576	1 616	1 616	1 070	-51,03%
Other	8 570	(2 547)	8 194	10 191	5 046	-62,39%
Total Operational Expenditure	10 408	2 568	13 356	15 353	6 494	-105,67%
Net Operational Expenditure	10 408	2 568	13 356	15 353	6 494	-105,67%
						T 3.27.5

Table 104: Capital Expenditure: ICT Services

Capital Expenditure 2022/23: ICT Services					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

COMMENT ON ICT SERVICE PERFORMANCE OVERALL

The ICT department is currently planning and busy with the following projects:

Local Area Network

All municipal buildings are inter-connected thereby allowing seamless connectivity. There are only two (02) sites which still need to be connected.

Wide Area Network Installation

Moqhaka is running a Multiprotocol Label Switching (MPLS) via Vodacom. This allows all our three town to connect concurrently.

VoIP roll-out project

We are now fully running on VoIP. This means our telephones are no longer primarily running on the old analogue lines.

3.26 LEGAL AND COUNCIL SUPPORT SERVICES

INTRODUCTION TO COUNCIL SUPPORT SERVICES

Effective committee services were provided to the council and the various portfolio committees. Tracking of the execution of council resolutions is done effectively and efficiently in ensuring quality service delivery.

SERVICE STATISTICS FOR COUNCIL SUPPORT SERVICES

Number of ordinary council meetings convened:	4
Number of MAYCO and Committees agendas delivered on time	100%
Number of Quarterly reports submitted to council on tracking of council resolutions: (1st ,2nd ,3rd %4th quarters)	4

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development
IDP Priority 23: Legal Services and Support Services

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
TL 100	To facilitate the optimal functioning of Council	Municipal Transformation and Institutional Development	Percentage of Council resolutions implemented within the prescribed timeframe stipulated on Resolutions register	Number of Council Resolutions implemented within the timeframe/divided by total number of resolutions.	Director Corporate Services	85%	0	0	85%	85%	Target achieved.	None.	Resolutions Register	This is a new KPI no comparison could be made.
TL 101	To facilitate the optimal functioning of Council	Municipal Transformation and Institutional Development	Number of quarterly reports to Council on the tracking of Council resolutions (submitted at the end of each quarter	Number of reports submitted.	Director Corporate Services	4	4	4	4	4	Target achieved.	None	Council Resolution	The Directorate maintained its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence in Support of Performance	Comments
			-Sept, Dec, Mar & Apr)											
TL 117	To provide efficient and effective legal services	Municipal Transformation and Institutional Development	Number of by-laws developed and approved as per priority functional area	Number of by-laws developed	Director Corporate Services	8	1	1	8	1	Target not achieved. The KPI will be reviewed.	Review KPI for 2023/24 Financial year.	Approved by-law	This KPI must be reviewed in the 2023/24 financial year.
TL 118	To facilitate the optimal functioning of Council.	Municipal Transformation and Institutional Development	% of agendas for scheduled meetings distributed to Councilors and officials at least 48 hours before the meeting	Number of agendas distributed 48 hours before the meeting divided by the total Number of agendas distributed	Director Corporate Services	98%	98%	98%	98%	98%	Target achieved.	None	List % of agendas distributed for quarter 1.	The Directorate maintained its performance.
TL 119	To facilitate the optimal functioning of Council.	Municipal Transformation and Institutional Development	% of Council Minutes submitted to management within 7 working days after each meeting	Number of council minutes submitted to management within 7 days after each council meeting	Director Corporate Services	98%	98%	98%	98%	98%	Target achieved	None.	Distribution list	The Directorate maintained its performance.

KPI Ref	Municipal Strategy	KPA	KPI	Calculation	KPI Owner	Baseline	2020/21	2021/22	Annual Target	Annual Results	Performance Comment	Corrective Measures	Evidence In Support of Performance	Comments
				divided by Number of council meetings										
TL 120	To facilitate the optimal functioning of Council.	Municipal Transformation and Institutional Development	Annual council schedule compiled and approved by end of June each year	Annual Schedule provided on or before due date	Director Corporate Services	1	1+	1	1	1	Target achieved	None	Council Resolution	The Directorate maintained its performance.

Table 105: Employees: Legal and Council Support Services

Employees: Legal and Council Support Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	3	4	3	1	25%
4 - 6	2	4	4	4	0	0%
7 - 9	5	4	5	4	1	20%
10 - 12	4	4	4	4	0	0%
13 - 15	2	2	2	2	0	0%
16 - 18	22	20	22	20	2	9%
19 - 20	0	3	0	0	0	0%
Total	37	40	41	37	4	10%
T 3.28.4						

Table 106: Financial Performance: Legal and Council Support Services

Financial Performance 2020/21: Legal and Council Support Services						
R'000						
Details	2020/21	2021/22	2022/23			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	374	281	525	525	116	-352,59%
Expenditure:					4 546	
Employees	9 388	10 181	9 998	9 998	10 638	6,02%
Repairs and Maintenance	324	782	748	948	629	-18,92%
Other	1 152	3 455	5 731	5 731	4 546	-26,07%
Total Operational Expenditure	10864	14418	16477	16677	15813	-4,20%
Net Operational Expenditure	10490	14137	15952	16152	15697	-1,62%
T 3.28.5						

Table 107: Capital Expenditure: Legal and Council Support Services

Capital Expenditure 2022/23: Legal and Council Support Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects	0	0	0	0%	

COMMENT ON LEGAL AND COUNCIL SUPPORT SERVICE PERFORMANCE OVERALL

No capital projects were undertaken for the year under review.

COMPONENT J: MISCELLANEOUS

No additional functions to report.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Performance Management is a process, which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At Local Government level, performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The Constitution of S.A (1996), Section 152, dealing with the objectives of Local Government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of Performance Management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Section 57 makes the employment of the Municipal Manager and Managers directly accountable to him subject to a separate performance agreement concluded annually before the end of July each year. Section 67 regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively. Performance Management, therefore, is not only relevant to the

organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities.

In September 2021 the Local Government Staff Regulations were promulgated. The staff regulations require that Performance Management be cascaded to all employees in Municipalities. The implementation of Staff Regulations on Performance management has been extended to 1 July 2023.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The municipality is aiming at maximising the potential of staff and their contribution to service delivery and organisational performance. Human resources are the primary investment for the municipality and the municipality endeavour to maintain its investment in its staff.

To ensure effectiveness and efficiency within the organisation, the Municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources.

Employees are also provided with all the necessary tools including, but not limited to, ICT tools, furniture, and machinery. Necessary policies, systems, procedures, and mechanisms are put in place to ensure organizational development. These include, but are not limited to, recruitment, selection, training, discipline, and the retention of staff. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

During the financial year 2022/2023 appointments on critical and compliance positions were made by the municipality. e.g. Municipal Manager, Manager Records, OHS Practitioner, Pump Station Operators...etc.

Position of the Municipal Manager was filled in May 2023. The position of the CFO, Director Corporate Support Services, Director Planning & LED and Director Community and Social Services has been vacant for a period of fourteen (14) months, positions have been advertised and recruitment process is currently unfolding.

- During the 2022/2023 financial year a total number of 12 positions were filled externally.
- Turnover is mainly as a result of terminations e.g. Death, Dismissals, Resignations, Retirements, Abscondment and ending of contracts.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 108: Total Number of Employees

Description	Employees					
	2020/21	2021/22	2022/23			
	Employees	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	No.	%
Water and Sanitation	122	122	301	115	186	62%
Electricity	51	47	165	47	118	72%
Waste Management (Refuse)	117	129	169	129	40	24%
Housing	14	14	20	19	1	5%
Roads and Storm water	60	64	162	55	107	66%
Urban Planning	6	12	16	12	4	25%
Local Economic Development	4	4	11	3	8	73%
Fire and Rescue	34	33	39	29	10	26%
Disaster Management	0	0	27	3	24	89%
Security and Safety	19	20	73	19	54	74%
Parks	97	96	376	63	313	83%
Office of the Executive Mayor	14	19	7	7	0	0%
Office of the Speaker	9	12	9	9	0	0%
Office of the Council Whip	4	4	2	2	0	0%
Municipal Manager, Audit & IDP	15	20	53	36	17	32%
Fleet & PMU	3	3	14	14	0	0%
Corporate Services	62	55	62	55	7	11%
Public Safety	3	3	11	3	8	73%
Kroonpark Resort	38	36	43	32	11	26%
Workshop/Fleet Management	5	5	27	5	22	81%
Finance	91	89	109	90	19	17%
Traffic	29	40	99	39	60	61%
Sports & Recreation	8	8	95	29	66	69%
Community & Social Services	3	3	46	16	30	65%
Totals	808	838	1936	831	1105	57%

T 4.1.1

Table 109: Vacancy Rate

Vacancy Rate: 2022/23						
Designations	2021/22			2022/23		
	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%	No.	No.	%
Municipal Manager	1	1	100,0%	1	0	0,0%
CFO	1	1	100,0%	1	1	100,0%
Other S57 Managers (excluding Finance Posts)	4	3	75,0%	4	3	75,0%
Other S57 Managers (Finance posts)	0	0	0,0%	0	0	0,0%
Traffic officers	101	61	60,4%	101	72	71,3%
Fire fighters	95	62	65,3%	95	69	72,6%
Senior management Levels 13-15 (excluding Finance)	0	0	0,0%	0	0	0,0%
Senior management Levels 13-15 (Finance posts)	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (excluding)	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0,0%	0	0	0,0%
Total	202	128	63,4%	202	145	71,8%

Table 110: Turnover Rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2018/19	34	41	121%
2019/20	22	25	114%
2020/21	18	44	244%
2021/22	89	62	70%
2022/23	12	28	233%
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

During the financial year 2022/2023 appointments on critical and compliance positions were made by the municipality. e.g. Municipal Manager, Manager Records, OHS Practitioner, Pump Station Operators...etc.

Position of the Municipal Manager was filled in May 2023. The position of the CFO, Director Corporate Support Services, Director Planning & LED and Director Community and Social Services has been vacant for a period of fourteen (14) months, positions have been advertised and recruitment process is currently unfolding.

- During the 2022/2023 financial year a total number of 12 positions were filled externally.
- Turnover is mainly as a result of terminations e.g. Death, Dismissals, Resignations, Retirements, Abscondment and ending of contracts.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Management finalised the process of reviewing the staff establishment for political offices and the staff establishment has been approved. Job Evaluation Policy and Placement Policy have been reviewed and approved by council.

The municipality strives to achieve its IDP goals achieve by ensuring on- time human resources provisioning following a rigorous recruitment process. Employees are valued as assets of the municipality and processes are in place to ensure capacity building of staff in support of their career aspirations.

Training and development opportunities are available for staff in the form of short courses and long-term interventions in the form of skills programmes with accredited institutions of higher learning. An Employment Equity Plan has been developed and implemented. Employment Equity annual reports on the implementation of the plan are sent to the Department of Labour as required by Employment Equity Act. A variety of policies were developed and implemented as indicated in Section 4.2 on policies.

4.2 POLICIES

Table 111: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%	0%	Policy still to be drafted
2	Attraction and Retention	100%	100%	Policy approved by council 14
3	Code of Conduct for employees	100%	n/a	SALGBC/MSA
4	Delegations, Authorisation &	100%	90%	Policy approved by council 2007
5	Disciplinary Code and Procedures	100%	n/a	SALGBC
6	Essential Services	100%	n/a	SALGBC
7	Employee Assistance / Wellness	100%	100%	Policy approved by council 14
8	Employment Equity	100%	100%	Policy approved by council 14
9	Exit Management	0%	0%	Policy still to be drafted
10	Grievance Procedures	100%	n/a	SALGBC
11	HIV/Aids	100%	100%	Policy approved by council 14
12	Human Resource and Development	100%	100%	Policy approved by council 14
13	Information Technology	100%	100%	Policy approved by council 07
14	Job Evaluation	100%	100%	Policy approved by council 12
15	Leave	100%	100%	Policy approved by council 14
16	Occupational Health and Safety	100%	100%	Policy approved by council 07
17	Official Housing	100%	100%	Policy approved by council 14
18	Official Journeys	100%	100%	Policy approved by council 30
19	Official transport to attend Funerals	100%	100%	Policy approved by council 14
20	Official Working Hours and Overtime	100%	100%	Policy approved by council 14
21	Organisational Rights	100%	n/a	SALGBC
22	Payroll Deductions	100%	100%	Policy approved by council 14
23	Performance Management and	100%	100%	Policy approved by council 30
24	Recruitment, Selection and	100%	100%	Policy approved by council 14
25	Remuneration Scales and Allowances	100%	n/a	SALGBC
26	Relocation	100%	100%	Policy approved by council 14
27	Sexual Harassment	100%	100%	Policy approved by council 14
28	Skills Development	100%	100%	Policy approved by council 14
29	Placement Policy	100%	100%	Policy approved by council 12
30	Other:			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Management finalised the process of reviewing the Job Evaluation Policy and Placement Policy. The following policies are currently under review for alignment with municipal staff regulations:

1. Introduction and definitions
2. Normative framework of human resources management
3. Organisational design, approving and changing the organisational structure, creating and abolishing posts and the staff establishment
4. Recruitment, selection, appointment, promotion, demotion and transfer
5. Relocation policy
6. Labour relations
7. Employment equity

8. Employee remuneration
9. Allowances
10. Vehicle allowance policy
11. Acting allowance policy
12. Legal aid to employees and cession of action
13. Working hours and attendance
14. Leave
15. Employee wellness programme policy
16. HIV/aids policy
17. Private work
18. Training and development
19. Internship and experiential training policy
20. Career opportunities and succession planning
21. Confidentiality of information
22. Overtime
23. Theft / loss procedure
24. Membership of professional societies
25. Substance abuse (alcohol and drugs)

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 112: Number and Cost of Injuries on Duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	19	8	42%	4	19 258
Temporary total disablement	19	2	11%	4	11206
Permanent disablement	0	0		0	
Fatal	0	0		0	
Total	38	10	26%	8	30 464

T 4.3.1

COMMENT ON INJURY AND SICK LEAVE:

I.OD'S were less in 2022/23 as compared to 2021/22 Therefore, medical costs were lessor than the previous year. The injury on duty leave was utilised accordingly as loss time injury in the 2022/23. The normal process of reporting injuries to Dol, the progress report and final medical reports is an ongoing process until the injured personnel has fully recovered. Therefore, the resumption forms for all the recovered employees have been submitted to Dol.

Table 113: Number and Period of Suspensions

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
General Worker	Assault, insubordination, failure to obey lawful and reasonable instruction and disruption of services	Yes	16 November 2023
Electrician	Performing private work and rude behaviour	Yes	Resigned November 2022
Meter Inspector	Performing private work and rude behaviour	Yes	Resigned January 2024
T 4.3.6			

Table 114: Disciplinary Action Taken on Cases of Financial Misconduct

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct		Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
NONE				

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

There were no cases on financial misconduct.

4.4 PERFORMANCE REWARDS

COMMENTS ON PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a performance bonus based on the affordability, may be paid to the employee, after -(1) the annual report for the financial year under review has been tabled and adopted by the municipal council; (2) an evaluation of performance in accordance with the provision of regulation 23; and (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

Director's positions have been vacant during the year under review and different officials were appointed to act as Directors on rotational basis. The individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

Table 115 Performance Rewards by Gender

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2022/23 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	No performance rewards paid during the year under review.			
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total					

COMMENT ON PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 a performance bonus based on the affordability, may be paid to the employee, after - (1) the annual report for the financial year under review has been tabled and adopted by the municipal council; (2) an evaluation of performance in accordance with the provision of regulation 23; and (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

Director's positions have been vacant during the year under review and different officials were appointed to act as Directors on rotational basis. The individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a Municipality must comply with the Skills

Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The WSP 2022/2023 and annual implementation plan 2022/2023 was submitted to LGSETA on 30 April 2022. With submission of the report and implementation plan thereof the Municipality received reimbursement of 20% of total levies paid to SARS from LGSETA.

Training programmes were not effectively implemented as planned due to the delay experienced with regard to appointment of panel of training providers.

IMPROVEMENTS MADE IN TERMS OF CAPACITY BUILDING BY THE MUNICIPALITY

- The municipality received 20% of the mandatory grant from LGSETA after submission of WSP & ATR 2022/2023.
- With the mandatory grant received from LGSETA and the municipal budget a total number of 67 employees were trained on the following courses:
 - Health and safety representative : 55
 - Performance Management Training (Councilors) : 19
 - Municipal Financial Management Programme : 11
 - FETC: Road Traffic Law Enforcement : 04

CHALLENGES FACING CAPACITY DEVELOPMENT IN THE MUNICIPALITY

- Financial affordability of the municipality
- Slow implementation of the Workplace Skills Plan (WSP) is still a challenge
- Assessment of the (ROI) value of training in the municipality.
- Finalisation of skills audit process

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 116: Skills Matrix

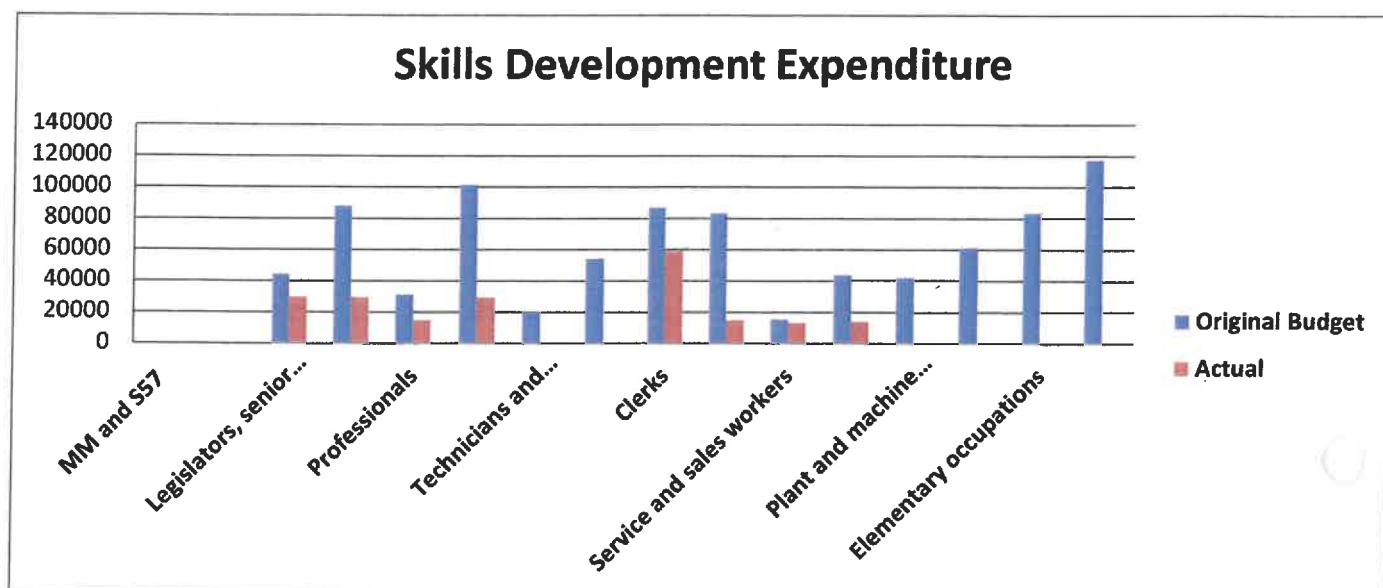
Management level	Gender	Employee s in post as at 30 June 2022	Skills Matrix											
			Learnerships				Skills programmes & other short courses				Other forms of training			
			Actual: End of 2020/21	Actual: End of 2021/22	2022/23 Target	Actual: End of 2020/21	Actual: End of 2021/22	Actual: End of 2022/23 Target	Actual: End of 2020/21	Actual: End of 2021/22	Actual: End of 2022/23 Target	Actual: End of 2020/21	Actual: End of 2021/22	Actual: End of 2022/23 Target
MM and s57	Female	0					2	3		1		3	2	3
	Male	1				1	4	3		1		3	4	3
Councillors, senior officials and managers	Female	20				8	12	12		2		12	12	20
	Male	55				1	28	35		1		26	28	55
Technicians and associate professionals*	Female	21				1	2	5				2	2	21
	Male	55				4	33	6				30	33	55
Professionals	Female	4					4	2				3	4	4
	Male	13				2	3	7		1		6	3	13
Sub total	Female	45					20	22		3		19	20	45
	Male	124					71	51		3		65	71	124
Total		169	0	0	0	17	179	146	0	12	0	169	179	343
														T 4.5.1

Table 117: Financial Competency Development: Progress Report

Description	Financial Competency Development: Progress Report*					
	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	25	0	25	4	4	25
Accounting officer	1	-	1	1	1	1
Chief financial officer	0	-	0	0	0	0
Senior managers	11	-	11	3	3	11
Any other financial officials	12	-	12	0	-	12
Supply Chain Management Officials	0	0	0	0	0	0
Heads of supply chain management units	0	-	0	0	-	0
Supply chain management senior managers	1	-	1	0	0	1
TOTAL	50	0	50	8	8	50
T 4.5.2						

Table 118: Skills Development Expenditure

Skills Development Expenditure										
										R'000
Managemen t level	Gender	Employee s as at the beginnin g of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	0	0	0	0	0	0
	Male	1	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	11	0	0	44000	29475	0	0	44000	29475
	Male	22	0	0	88000	29475	0	0	88000	29475
Professionals	Female	4	0	0	16000	14738	15143	0	31143	14738
	Male	13	0	0	52000	29475	49214	0	101214	29475
Technicians and associate professionals	Female	20	0	0	20000	0	0	0	20000	0
	Male	54	0	0	54000	0	0	0	54000	0
Clerks	Female	117	0	0	86812	58950	0	0	86812	58950
	Male	112	0	0	83166	14738	0	0	83166	14738
Service and sales workers	Female	15	0	0	15225	13122	0	0	15225	13122
	Male	43	0	0	43731	13851	0	0	43731	13851
Plant and machine operators and assemblers	Female	22	0	0	42000	0		0	42000	0
	Male	31	0	0	61000	0		0	61000	0
Elementary occupations	Female	149	0	0	0	0	83286	0	83286	0
	Male	216	0	0	0	0	117357	0	117357	0
Sub total	Female	339	0	0	224037	116285	98429	0	322466	116285
	Male	492	0	0	381897	87539	166571	0	548468	87539
Total		831	0	0	605 934	203 824	265 000	0	870 934	203 824
										23,40%
T4.5.3										



The Skills Development Act, Act 97 of 1998, requires that employers should submit their WSP, ATR and PIVOTAL on or before 30 April each year. To ensure compliance with the Act, the municipality plan the relevant and effective training interventions on the WSP, so that employees can receive skills that are relevant to their needs and will assist them to perform their duties in an effective and efficient manner. The training interventions in the WSP are planned in a manner that they address the municipality's priorities planned in the IDP, and the relevant regulations and legislation. A total number of 58 employees received training during the year in review. Training was planned for 76 employees, however, only 58 attended.

The municipal internal budget together with a rollover of the LGSETA mandatory grant was allocated for implementing employees' skills development initiatives in line with the approved Workplace Skills Plan. Total expenditure for the year amounted to R 203 824.00. Due to the delay experienced regarding appointment of panel of training providers implementation of training initiatives was negatively affected resulting in under expenditure for the year under-review. A concerted effort has been made to ensure that both the relevant employees and financial management interns are trained to be compliant with the MFMA Competency Regulations.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure forms part of the municipal operational expenditure budget and managed by each directorate with the support of our Finance Directorate. It involves salaries, contributions to medical aids, pension funds, housing scheme, UIF, group life insurance, travelling, and cell-phone allowances.

All the expenditure incurred should be in line with the approved budget. When the staff establishment is approved, provision is made in the budget for all the posts which can be filled and the time frames in respect thereof. No unfunded posts may be filled. The municipality ensures that it recruits employees that are capable of effectively rendering the service towards achieving its strategic goals.

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE

The success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the calibre of staff working for the municipality.

Although sound financial governance is perceived to be most important, without proper personnel management, municipalities are likely to have trouble. This has become increasingly evident in a number of large municipalities that have recently found themselves in precarious financial situations and is certainly true of many smaller municipalities. An analysis of municipal finances suggests that personnel issues lie at the heart of many of the financial problems experienced by municipalities.

At an aggregate level, about 30 per cent of the total municipal operating budget is spent on the remuneration of personnel.

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. If the Municipality wants to be effective, it is important to ensure that the Municipality plan properly. To ensure that the Municipality adhere to legislation, only approved and budgeted posts on the structure are advertised. The training and development of internal staff are aimed at ensuring that they are able to perform their duties better.

Table 119: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	1
	Male	1
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		2

There was no upgrade of positions due to delays in unfolding of the job evaluation process for the financial year 2022/23. Some variances are legacy issues that occurred as a result of previous amalgamation.

Table 120: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	NONE			
There was no upgrade of positions due to job evaluation for the financial year 2022/23 Some variances are legacy issues that occurred as a result of previous amalgamation.				
T 4.6.3				

Table 121: Employees appointed to posts not approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
		NONE		
There were no appointments made on posistions that are not on the approved structure during 2022/2023 financial year. T				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There was no upgrade of positions due to delays in unfolding of the job evaluation process for the financial year 2022/23. Some variances are legacy issues that occurred because of previous amalgamation.

Chapter 4

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

The municipality is highly dependent on the generation of its own revenue. The municipality had an actual ratio of 67% of own revenue generated during the financial year, and the 33% comprising of government grants and subsidies. This puts a lot of financial pressure on municipality in terms of collecting the outstanding debt to fund operations.

The total assets of the municipality amount to R2.7 billion with current assets amounting to R616 million and non-current assets amounting to R2.1 billion. The current assets mainly comprised of cash and cash equivalents, Inventories, Investments, receivable from exchange transactions, receivables from non-exchange transactions and VAT receivable.

The chapter comprises of the following three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise. The Financial Statements have been prepared in accordance with the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122 (3) of the MFMA.

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original and final adjustments budget.

Table 122: Financial Summary

Financial Summary							
Description	2021/21	2021/22	Current: 2022/23			2022/23 Variance	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance							
Property rates	76 836	74 403	89 572	81 939	84 244	-6,32%	2,74%
Service charges	514 097	558 128	711 993	712 817	594 321	-19,80%	-19,94%
Investment revenue	16	23	25	25	28	10,71%	10,71%
Transfers recognised-operational	262 373	241 123	261 818	280 543	274 215	4,52%	-2,31%
Other own revenue	42 675	55 899	66 354	59 834	62 246	-6,60%	3,87%
Total Revenue (excluding capital transfers and contributions)	895 997	929 576	1 129 762	1 135 158	1 015 054	-11,30%	-11,83%
Employee costs	309 823	335 065	364 984	374 675	344 583	-5,92%	-8,73%
Remuneration of councillors	19 727	19 494	22 249	23 727	20 802	-6,96%	-14,06%
Depreciation & asset impairment	110 485	121 873	10 958	10 958	119 939	90,86%	90,86%
Finance charges	6 821	65 920	8 696	8 696	61 815	85,93%	85,93%
Materials and bulk purchases	298 406	347 341	347 229	350 628	350 776	1,01%	0,04%
Transfers and grants	-	-	250	290	178	-40,45%	-62,92%
Other expenditure	261 091	310 669	334 204	290 420	531 576	37,13%	45,37%
Total Expenditure	1 006 353	1 200 362	1 088 570	1 059 394	1 429 669	23,86%	25,90%
Surplus/(Deficit)	(110 356)	(270 786)	41 192	75 764	(414 615)	109,93%	118,27%
Transfers recognised - capital	57 431	72 616	55 886	55 886	55 885	0,00%	0,00%
Contributions recognised - capital & contributed assets	5 344	517	(2)	118	7 319	100,03%	84,72%

Financial Summary							
							R'000
Description	2021/21	2021/22	Current: 2022/23			2022/23 Variance	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) after capital transfers & contributions	(47 581)	(197 653)	97 076	132 768	(351 411)	127,62%	137,78%
Share of surplus/ (deficit) of associate	-	-	-	-	-	0,00%	0,00%
Surplus/(Deficit) for the year	(47 581)	(197 653)	97 076	132 768	(351 411)	127,62%	137,78%
						-	-
Capital expenditure & funds sources							
Capital expenditure							
Transfers recognised - capital	1 787	632	53 464	71 028	1 120	-4673,57%	-6241,79%
Public contributions & donations	-	-	-	-	-	0,00%	0,00%
Borrowing	-	-	-	-	-	0,00%	0,00%
Internally generated funds	1 249	6	27 126	31 860	3 458	-684,44%	-821,34%
Total sources of capital funds	3 036	257	590	888	578	-1660,38%	-2147,44%
Financial position							
Total current assets	424 246	1 085 425	1 412 981	1 412 981	1 018 709	-38,70%	-38,70%
Total non current assets	2 106 053	2 065 149	2 694 050	2 716 165	2 017 444	-33,54%	-34,63%
Total current liabilities	1 052 479	948 830	513 147	513 924	150 433	-241,11%	-241,63%
Total non current liabilities	65 652	67 431	63 706	63 706	-	0,00%	0,00%
Community wealth/Equity	1 856 879	1 617 002	3 542 611	3 578 302	1 231 733	-187,61%	-190,51%
						-	-
Cash flows							
Net cash from (used) operating	114 042	393 325	420 528	420 528	(4 365)	9734,09%	9734,09%
Net cash from (used) investing	18 144	(7 228)	(80 803)	(80 522)	(56 637)	-42,67%	-42,17%
Net cash from (used) financing	-	(5 629)	(1 840)	(1 840)	(2 821)	34,77%	34,77%
Cash/cash equivalents at the year end	103 619	380 412	327 652	327 934	(77 927)	520,46%	520,82%
						-	-
Cash backing/surplus reconciliation							
Cash and investments available	(54 006)	539 879	1 022 499	1 022 499	480 054	-113,00%	-113,00%

Financial Summary							
R'000							
Description	2021/21	2021/22	Current:2022/23			2022/23 Variance	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Application of cash and investments	945 118	609 675	169 423	165 260	968 692	82,51%	82,94%
Balance - surplus (shortfall)	(999 125)	(69 796)	853 076	857 239	(488 638)	274,58%	275,43%
						-	-
Asset management						-	-
Asset register summary (WDV)	2 037 314	1 958 883	2 609 407	2 631 522	1 886 319	-38,33%	-39,51%
Depreciation & asset impairment	110 485	121 873	10 958	10 958	119 939	90,86%	90,86%
Renewal of Existing Assets	-	(48)	637 21	422 13	48	-44977,08%	-27862,50%
Repairs and Maintenance	71 471	94 043	82 246	105 236	120 246	31,60%	12,48%
						-	-
Free services						-	-
Cost of Free Basic Services provided	66 379	71 270	84 031	83 533	69 534	-20,85%	-20,13%
Revenue cost of free services provided	21 110	30 702	30 952	34 888	35 204	12,08%	0,90%
Households below minimum service level						0,00%	0,00%
Water:						0,00%	0,00%
Sanitation/sewerage:						0,00%	0,00%
Energy:						0,00%	0,00%
Refuse:						0,00%	0,00%
T 5.1.1							

COMMENT ON FINANCIAL PERFORMANCE

The financial performance of the municipality is under severe stress and rendering the municipality non-functional. The collection rate keeps sinking further and further due to poor implementation of policies, hacking of the financial system and unsatisfied account payers.

5.2 GRANTS

Table 123: Grant Performance

Grant Performance						
Description	R' 000					
	2021/22	2022/23		2022/23 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	260 602	264 619	264 619	257 551	96.3%	96.3%
Equitable share	205 660	258 842	258 842	258 842	100%	100%
Municipal Systems Improvement	-	-	-	-	0%	0%
Water Services Infrastructure Grant	15 000	15 000	15 000	8 367	56%	56%
Financial Management Grant (FMG)	2 215	2 000	2 000	2 000	100%	100%
EPWP	1 000	1 228	1 228	1 228	100%	100%
Municipal Infrastructure Grant (MIG)	40 178	49 311	49 311	49 311	100%	100%
LG SETA	500	495	495	303	61%	61%
Provincial Government:	-	-	-	-	0.00%	0.00%
Health subsidy					0.00%	0.00%
Housing					0.00%	0.00%
District Municipality:	-	-	-	-	0.00%	0.00%
<i>[insert description]</i>					0.00%	0.00%
					0.00%	0.00%
Other grant providers:	-	-	-	-	0.00%	0.00%
<i>[insert description]</i>					0.00%	0.00%
					0.00%	0.00%
Total Operating Transfers and Grants	260 602	264 619	264 619	257 551	96.3%	96.3%

Table 124: Grants received from sources other than Division of Revenue Act (DoRA)

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2018/19	Actual Grant 2019/20	2019/19 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals – No grants received						
Foreign Governments/Development Aid Agencies – No grants received						
Private Sector / Organisations – No grants received						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

There are no variations in terms of grants received.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Assets of the municipality are managed under section 63 of the Municipal Finance Management Act and the asset management policy as approved by council at its sitting on the 30th of June 2022. The policy dealing with accounting (GRAP compliance) for assets, safeguarding and derecognition or disposals of assets.

Table 125: Treatment Of the Three Largest Assets Acquired

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED IN 2022/23				
Asset 1				
Name	Backacter			
Description	Backacter M542			
Asset Type	Movable Assets			
Key Staff Involved	TLB Operators			
Staff Responsibilities	Repairs and Maintenance			
	2019/20	2020/21	2021/22	2022/23
Asset Value	0	0	0	1 119 843
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy & Fleet Management Policy			
Asset 2				
Name	Ford Ranger (Quantity: 8)			
Description	Ford Ranger 2.2b (Quantity: 8)			
Asset Type	Movable Assets			
Key Staff Involved	Drivers			
Staff Responsibilities	Repairs and Maintenance			
	2019/20	2020/21	2021/22	2022/23
Asset Value	0	0	0	2 849 392
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy & Fleet Management Policy			
Asset 3				
Name	Folding Machine			
Description	Folding Machine Welltec SF4090			
Asset Type	Movable Assets			
Key Staff Involved	IT Technicians			
Staff Responsibilities	Repairs and Maintenance			
	2019/20	2020/21	2021/22	2022/23
Asset Value	0	0	0	197 000
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

Movable asset acquisitions for the 2022/23 financial year amounted to R5.7 million and the additions on immovable assets amount to R33,9 million. Work in progress including project completed in the financial year

amount to R32.6 million. There were no additions to intangibles, heritage assets. Land acquisition for the 2022/23 financial year amount to R4.7 million and this is as a result of revaluation.

T 5.3.3

Table 126: Repairs and Maintenance Expenditure

Repair and Maintenance Expenditure: 2022/23				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure 2021/22			85 802	85%
Repairs and Maintenance Expenditure 2022/23			99 520	79%

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

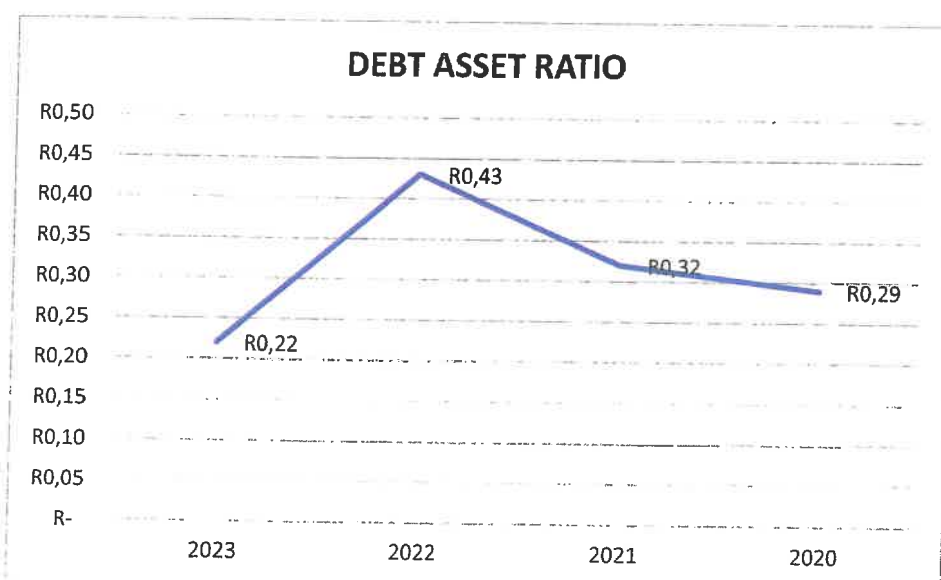
The majority of the Repairs and maintenance expenditure for the 2022/23 has been reclassified to contracted services and materials as a result of the municipal Standard Chart of Accounts classification requirements which came into effect on the 01 July 2017.

The majority of these repairs' maintenance work carried out relates to the sewer and water infrastructure which continues to collapse and burnt time and again.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Graph 10: Liquidity Ratio



Graph 10: Debt Assets Ratio

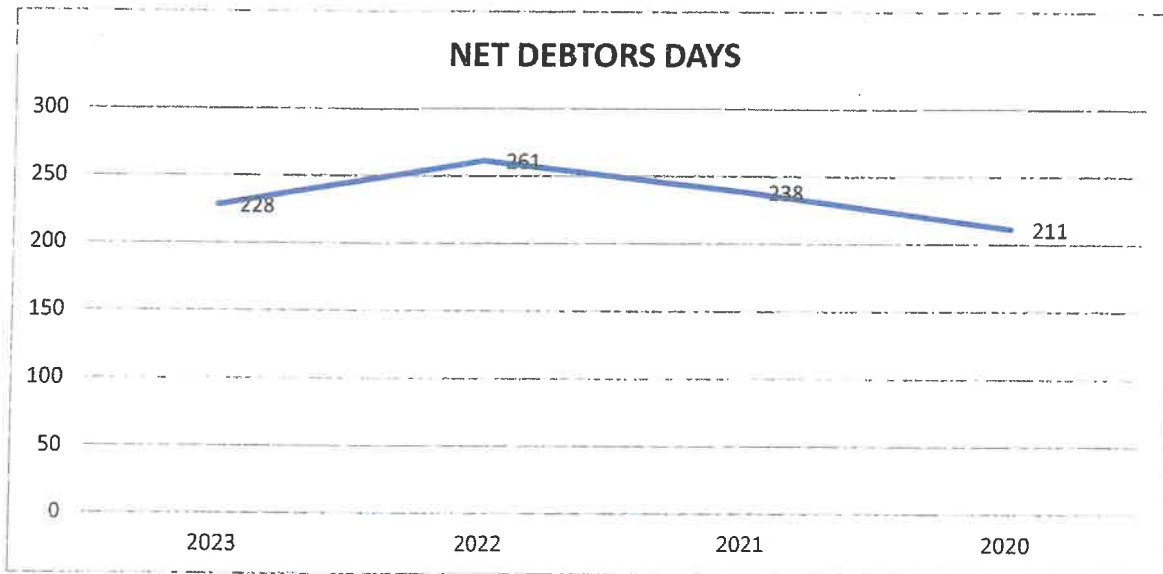


Figure 11: Ratio: Net Debtors Days

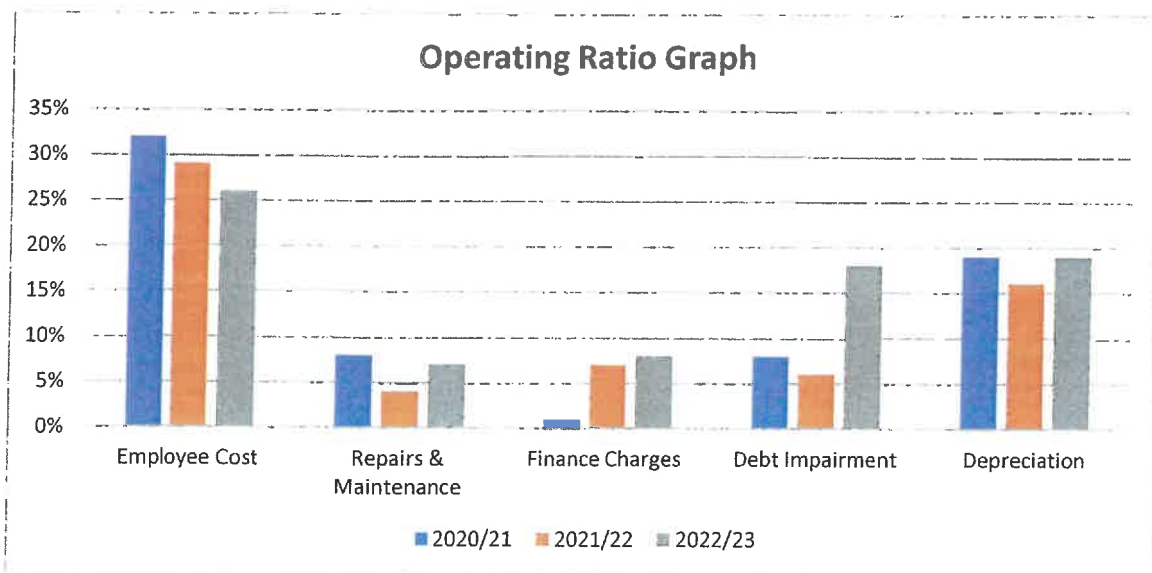
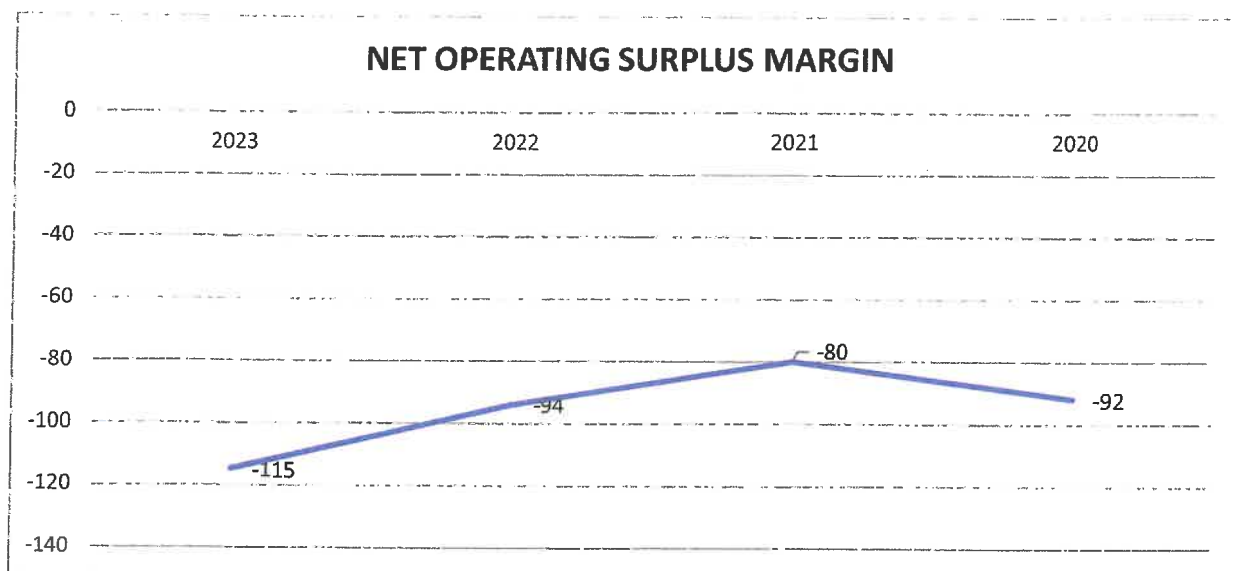


Figure 12: Operating Ratio



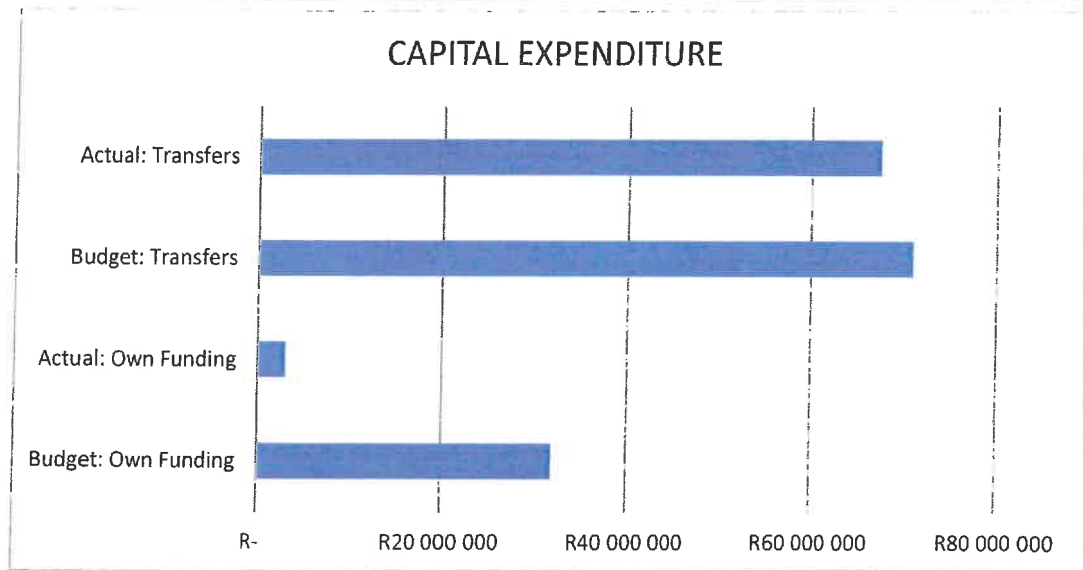
Graph 136: Net Operating Surplus Margin

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the five largest projects and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

5.5 CAPITAL EXPENDITURE



Graph 13: Expenditure Analysis

5.6 SOURCES OF FINANCE

Table 127: Capital Expenditure Funding Sources

Capital Expenditure - Funding Sources							
R' 000							
Details			2022/23				
			Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans		-	-	-	-	-
	Public contributions and donations		-	-	-	-	-
	Grants and subsidies		55 886	71 028	67 439	-	-
	Other		-	-	-	-	-
Total			55 883	71 028	67 439	-	-
Percentage of finance							
	External loans		-	-	-	-	-
	Public contributions and donations		-	-	-	-	-
	Grants and subsidies		-	-	-	-	-
	Other		-	-	-	-	-
Capital expenditure							
	Water and sanitation		-	-	-	-	-
	Electricity		-	-	-	-	-
	Housing		-	-	-	-	-
	Roads and storm water		-	-	-	-	-
	Other		-	-	-	-	-
Total		-	-	-	-	-	-

T 5.6.1

T 5.6.1

COMMENT ON SOURCES OF FUNDING:

The municipality's grant spending was in line with the budget, as all the projects in undertaken were implemented by the municipality.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 128: Capital Expenditure: Five Largest Projects

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2022/23			Variance: Current 2022/23	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
11th Avenue Pipeline and Bloemhoekdam sluice gate	24 189	-	10 292	57%	100%
Kroonstad Waste Water Treatment Plant - Phase 2	105 304	-	11 904	0%	100%
Rammulotsi: Development and fencing of new landfill site – Phase 2	31 046	-	26 075	16%	100%
Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure	9 992	-	6 266	37%	100%
Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street	4 864	-	4 151	15%	100%
* Projects with the highest capital expenditure in 2022/23					
Name of Project - A	11th Avenue Pipeline and Bloemhoekdam sluice gate				
Objective of Project	To reduce water problems in Moqhaka LM -				
Delays	Delivery of sluice gate				
Future Challenges	None				
Anticipated citizen benefits					
Name of Project - B	Kroonstad Waste Water Treatment Plant - Phase 2				
Objective of Project	To reduce sewer problems in Moqhaka LM				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits					
Name of Project - C	Rammulotsi: Development and fencing of new landfill site – Phase 2				
Objective of Project	To reduce solid waste problems in Moqhaka LM - Rammulotsi				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits					
Name of Project - D	Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure				
Objective of Project	To reduce water problems in Moqhaka LM - Phomolong				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits					
Name of Project - E	Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street				
Objective of Project	To reduce sewer problems in Moqhaka LM - Constantia				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits					
T 5.7.1					

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The municipality has set targets for achieving the national outcomes for basic services in the 2022-2027 approved Integrated Development Plan (IDP). By the end of 2022/23 financial year, 100% of the households in the municipal area had access to piped water within 200m from their dwelling. With regard to access to basic sanitation, 99% of households had access to basic sanitation, and 100% of households received a weekly refuse removal service. Hundred percent (100%) of the households located in the Municipality's area of jurisdiction have access to electricity, namely: Kroonstad, Maokeng, Viljoenskroon and Steynsrus.

Table 129: Service Backlogs

Service Backlogs as at 30 June 2023				
Households (HHs)				
	*Service level above minimum standard 2022/23		**Service level below minimum standard 2022/23	
	No. HHs	% HHs	No. HHs	% HHs
Water	34 883	100%	0	0%
Sanitation	36 539	99%	449	1%
Electricity	25 797	100%	0	0%
Waste management	35 114	100%	0	0%
Housing	38 915	91%	3 874	9%

Table 130 MIG Expenditure on backlogs

Municipal Infrastructure Grant (MIG)* Expenditure 2022/23 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				0,0%	0,0%	
Roads, Pavements & Bridges	1 515			0,0%	0,0%	
Storm water	505			0,0%	0,0%	
Infrastructure - Electricity				0,0%	0,0%	
Generation				0,0%	0,0%	
Transmission & Reticulation				0,0%	0,0%	
Street Lighting	1 995			0,0%	0,0%	
Infrastructure - Water				0,0%	0,0%	
Dams & Reservoirs				0,0%	0,0%	
Water purification				0,0%	0,0%	
Reticulation	6 267			0,0%	0,0%	
Infrastructure - Sanitation				0,0%	0,0%	
Reticulation	5 995			0,0%	0,0%	
Sewerage purification				0,0%	0,0%	
Infrastructure - Other				0,0%	0,0%	
Waste Management	26 090			0,0%	0,0%	
Transportation				0,0%	0,0%	
Gas				0,0%	0,0%	
Other Specify:				0,0%	0,0%	
Sports	1 279			0,0%	0,0%	
PMU	1 948			0,0%	0,0%	
				0,0%	0,0%	
Total	45 594	-	-	0,0%	0,0%	

T 5.8.3

COMMENT ON BACKLOG

Service delivery backlogs in Moqhaka Local Municipality like many others in South Africa often involve delays and challenges in providing essential services such as water, sanitation, electricity and waste management. Moqhaka Municipality has worked hard over the years to ensure that backlogs are at minimum level as seen in Table 129.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The collective objectives of the cash and investment management is to ensure availability at all times of adequate liquid resources for operational purposes and investment in assets and maintaining optimal balance between available cash and cash investments. The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors' payment within 30 days and addressing the long-term liabilities.

5.9 CASH FLOW

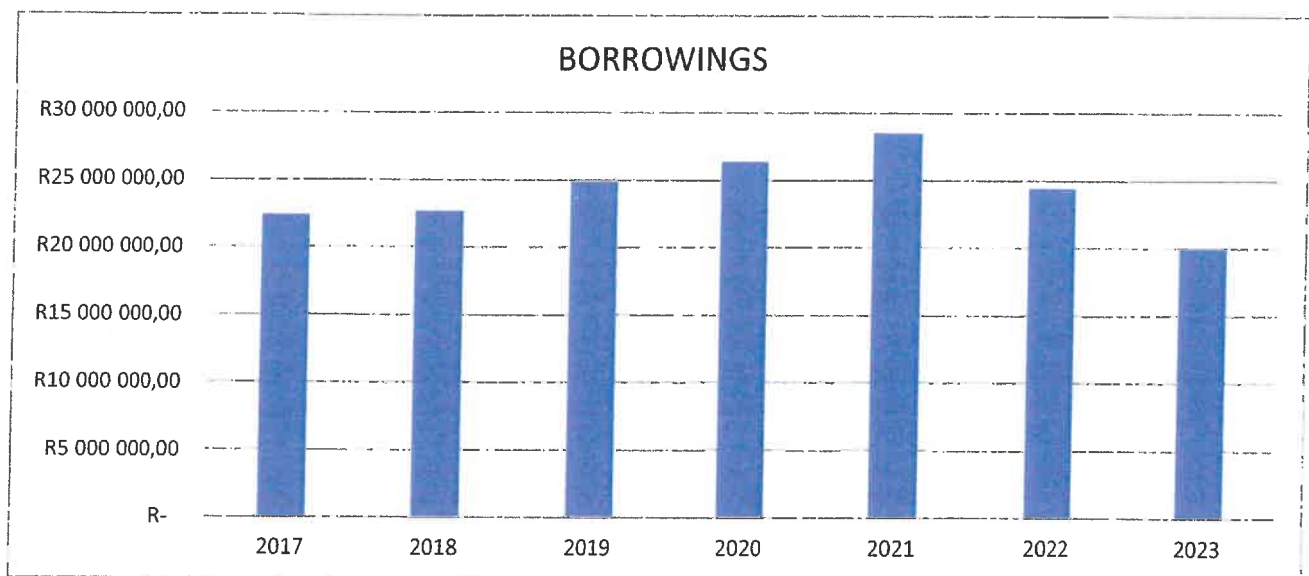
Table 131 Cash flow

Description R thousands	2021/22	Current Year 2022/23		
	Actual	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Government grants	264 661	264 661	264 661	327 550
Interest	3 066	1 883	1 973	880
Dividends	-	-	-	-
Cash receipts from customers	413 664	650 955	650 955	452 481
Other receipts	46 297	31 801	31 801	44 710
Total Receipts	727 689	949 300	949 300	825 621
Payments				
Employees and suppliers	(654 629)	(586 542)	(586 542)	(742 563)
Finance charges	(18 015)	(6 725)	(6 725)	(6 821)
NET CASH FROM/(USED) OPERATING ACTIVITIES	672 644	593 267	593 267	749 384
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds from sale of property, plant and equipment	-	-	-	-
Increase/ (decrease) of financial assets	-	11	-	-
Payments				
Purchase of property, plant and equipment	(46 230)	(81 653)	(81 653)	(59 330)
Purchase of investment property	0	-	-	(293)
Other cash item	(2 768)	-	-	(4)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(48 997)	(81 664)	(81 653)	(59 627)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in Long-term loans	1 490	(1 500)	(1 500)	(2 119)
Increase/(decrease) in finance leases	(1 060)	-	-	(1 054)
Increase/(decrease) in consumer deposits	-	(554)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	430	(2 054)	(1 500)	1 065
Net increase in cash and cash equivalents	6 480	-	-	17 676
Cash and cash equivalents at the beginning of the year	8 574	-	-	15 053
Cash and cash equivalents at the end of the year	15 054	-	-	32 730

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

This long-term borrowing is attributable to the Development bank of South Africa (DBSA), The municipality has made arrangements to servicing this debt as per the agreement.



Graph 14: Actual Borrowings

COMMENT ON BORROWING AND INVESTMENTS:

The municipality's investments were made in line with the municipal investment regulations GNR 308 01 April 2005. This mainly relates to grants funding which were kept in the call account until needed to defray project costs/expenditure.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not enter into any Public Private Partnerships during the 2022/23 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

COMMENTS ON SUPPLY CHAIN MANAGEMENT

The municipality's implementation of the supply chain unit is progressing slowly due to significant shortage of staff. Two of the existing supply chain officials have attained the required MFMA competency levels.

The municipality continues to make effort to revise the organogram of supply chain and employ independent and reputable officials within the SCM Unit.

The following tenders was awarded during the 2022/23 financial year.

NO	NAME OF PROJECT	TENDER NO	LOCAL CONTENT	REPORTED TO DTI	BSC	CLOSING DATE
1	A Panel of Medical Professionals to provide full occupational Medical Surveillance to Mqohaka Local Municipality for a period of three years	2/2/2/2022-23	No	N/A	18-Aug-22	29-Sep-22
	Panel of Contractors for Maintenance of Wastewater Treatment Works and Water Treatment Works and all Sewer and Water Pump Stations for a period of three years as and when required	3/2/1/2022-23	No	N/A	11 Aug - 22	29 Sept 22
3	Appointment of a service provider for Supply and Delivery of High-Speed Paper Pressure Sealer	1/2/3/2022-23	No	N/A	18-Aug-22	14-Sep-22
4	Online Vending System and Third-Party Vending for a period of three years	1/2/2/2022-23	No	N/A	18-Aug-22	26-Sep-22
5	Appointment of Meter Reading Services Company for a period of three years	1/2/1/2022-23	No	N/A	18-Aug-22	26-Sep-22
6	Building of Storage Room for Supply Chain Management Documents at the Municipal Stores Kroonstad	1/2/6/2022-23	No	N/A	28-Sep-22	17-Oct-22
7	Appointment of A Contractor for The Refurbishment of the Wastewater Treatment Works In Kroonstad – Phase 2	3/2/9/2022-23	Yes	Yes	28-Sep-22	01-Nov-22
8	Maokeng (Constantia): Construction of Sewer Pipeline At Caswell Koekoe Street	3/2/10/2022-23	Yes	Yes	22-Sep-22	19-Oct-22

NO	NAME OF PROJECT	TENDER NO	LOCAL CONTENT	REPORTED TO DTI	BSC	CLOSING DATE
9	Appointment of a Service Provider for Value Added Tax Review and Recovery Services for a period of 12 months	1/2/5/2022-23	No	N/A	19-Aug-22	01-Nov-22
10	Appointment of a service provider for Printing and Distribution of Municipal Account Statements as and when required for a period of three years	1/2/4/2022-23	No	N/A	18-Aug-22	26-Sep-22
11	Panel of 5 Contractors for the Repair and General Maintenance of Water and Pump Station Plants for the period of three years as and when required	3/2/4/2022-23	No	N/A	18-Aug-22	03-Oct-22
12	Supply and Delivery of Fleet Oil for a period of three years	3/2/3/2022-23	No	N/A	18-Aug-22	03-Oct-22
13	Database Tender For Civil, Mechanical and Electrical Professional Services Providers For Compiling Business Plans, Designs and Project Management For EPWP and Other Projects For A Period of Three Years	3/2/7/2022-23	No	N/A	22-Aug-22	03-Oct-22
14	Upgrading of Water infrastructure In Phomolong	3/2/8/2022-23	Yes	Yes	22-Sep-22	19-Oct-22
15	Panel of Three (3) Service Providers to Supply and Deliver Protective Clothing/ Equipment and Uniform for Mqohaka Municipality, For A Period of Three Years	2/2/3/2022-23	Yes	Yes	22-Sep-22	01-Nov-22
16	Nyakallong: Upgrading of Community and Sport Facility Phase 2	3/2/13/2022-23	Yes	Yes	06-Dec-22	02-Feb-23
17	Conducting of a General Valuation and Compilation of a Valuation Roll for the Period of 2024 to 2028	1/2/7/2022-23	No	No	06-Dec-22	20-Feb-23
18	Supply and Delivery of Construction of Welded Mesh Anti-Climbing High-Security Double Galvanised and Alu Coated Fence Complete With Posts, Panels and Gates At the Kroonstad Landfill Site	4/2/6/2022-23	Yes	Yes		07-Feb-23
19	Panel of 4 Service Providers For Casting of Concrete Slabs at Wespark Cemetery For a Period of Three Years	4/2/5/2022-23	Yes	Yes		20-Feb-23

5.13 GRAP COMPLIANCE

COMMENTS ON GRAP COMPLIANCE

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

The municipality complies with the requirements of all GRAP standards, which are effective and applicable to its environment. On a yearly basis, the Accounting Standard Board issues new/updated/revised standards, which are implemented accordingly by the municipality.

GRAP STANDARDS	
Audit Report Status*:	
Standards not yet adopted	Remedial Action Taken
IGRAP 20: Accounting for Adjustments to Revenue	The municipality is currently reviewing the impact of this IGRAP on the operations and the financial statements.
Guideline on Accounting of Landfill sites	
The Application of Materiality to Financial Statements	

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The following table outlines the municipality's performance in the Audit outcomes from prior year to current financial year.

Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2022/23

6.1 AUDITOR GENERAL REPORTS 2022/23

Auditor-General Report on Financial Performance: 2022/23	
Audit Report Status*	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Annual Financial Statements The municipality did not correctly account for the impairment loss on assets in accordance with GRAP 26, Impairment of cash-generating assets as the municipality did not assess the physical condition of its infrastructure assets in all instances. The municipality did not correctly account for inventories in accordance with iGRAP 18, Recognition and derecognition of land, as the municipality incorrectly recognised owner-occupied vacant land not held for re-sale as inventory	Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.

Auditor-General Report on Financial Performance: 2022/23	
Audit Report Status*:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
<p>The municipality did not correctly classify repairs and maintenance in accordance with GRAP 1, Presentation of financial statements as the municipality incorrectly recorded general expenditure and contracted services as repairs and maintenance.</p>	
<p>Strategic Planning and Performance Management</p> <p>The annual financial statements for the year ending 30 June 2023 were not submitted to the Auditor-General for auditing within two months after the end of the financial year (31 August 2023),</p> <p>The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom or the bulk purchase of electricity were paid within the prescribed period after receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R 17 815 284 for the financial year ended 30 June 2022.</p> <p>The Kroonstad wastewater treatment works has not been operating effectively and in need of maintenance and repair work. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Vals River and its extended watercourse.</p> <p>The Viljoenskroon wastewater treatment works has not been operating effectively and in need of maintenance and repair work. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Olifantsdrift River and its extended watercourse.</p> <p>During 2022-23, the Council initiated a forensic investigation into allegations of collusion during the appointment</p>	<p>Action Plan still to be developed by management but the corrective measures has been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

Auditor-General Report on Financial Performance: 2022/23	
Audit Report Status*:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
<p>processes of a prepaid electricity vendor and its financial impact between 1 November 2019 and 1 October 2022 that could result in financial losses to the municipality. At the date of this report, the investigation was still in progress and a final report was not available.</p>	
<p>Expenditure Management</p> <p>Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the ME-MA</p> <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R97 477 869 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM legislation.</p> <p>Reasonable steps were not taken to prevent unauthorised expenditure amounting to R359 021 522, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>
<p>Procurement and Contract Management</p> <p>Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

Auditor-General Report on Financial Performance: 2022/23

Audit Report Status*:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
<p>and (c). A similar non-compliance was also reported in the prior year.</p> <p>Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and who met the listing requirements as prescribed by the SCM policy, in contravention of SCM regulations 16(b)</p> <p>Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM regulation 5.</p>	
<p>Consequence Management</p> <p>The municipality did not include all instances of fruitless and wasteful expenditure incurred in the notes to the financial statements, as required by section 125(2)(d) of the MFMA</p> <p>As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R97 477 869 (2022: R1 20 483 256), due to non-compliance with supply chain management (SCM) requirements.</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

Auditor-General Report on Service Delivery Performance: 2022/23	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
An achievement of 21% was reported against a target of 30%. However, the audit evidence showed the actual achievement to be 34%. Consequently, the actual achievement against the target was lower than reported.	Action Plan developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.
T 6.2.2	

COMPONENT B: AUDITOR-GENERAL OPINION 2022/23 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2022/23

Report of the auditor-general to the Free State Provincial Legislature and the council on the Moqhaka Local Municipality

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Moqhaka Local Municipality set out on pages 376 to 471, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moqhaka Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 05 of 2022 (Dora).

Basis for qualified opinion

Service charges

The municipality did not recognise revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions* as some consumers were not billed for service charges during the year. Consequently, service charges disclosed in note 21 to the financial statements were understated by R169 553 924 and receivables from exchange transactions disclosed in note 6 to the financial statements were understated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Property, plant and equipment

The municipality did not correctly account for the impairment loss on assets in accordance with GRAP 26, *Impairment of cash-generating assets* as the municipality did not assess the physical condition of its infrastructure assets in all instances. Consequently, impairment loss on assets disclosed in note 44 to the financial statements was understated by R49 557 496 and property plant and equipment disclosed in note 12 to the financial statements was overstated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Inventories

The municipality did not correctly account for inventories in accordance with iGRAP 18, *Recognition and derecognition of land*, as the municipality incorrectly recognised owner-occupied vacant land not held for re-sale as inventory. Consequently, inventories disclosed in note 4 to the financial statements were overstated by R19 442 549 and property, plant and equipment disclosed in note 12 to the financial statements were understated by the same amount. In addition, the municipality did not implement adequate systems to record consumable inventory stock on hand in accordance with GRAP 12, *Inventory* as not all inventory stock items could be physically verified. Consequently, inventories were overstated by R23 450 312 and consumables stores included as part of general expenditure disclosed in note 42 to the financial statements were overstated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Provisions

The municipality did not correctly classify the rehabilitation of landfill sites and rehabilitation cost of quarries included as part of provisions in note 17 to the financial statements in accordance with GRAP 1, *Presentation of financial statements* as the municipality incorrectly recognised the rehabilitation costs for the landfill sites and a quarry that reached the end of its useful life as a non-current liability. Consequently, the non-current portion of the rehabilitation of landfill sites and the rehabilitation cost of quarries included as part of note 17 to the financial statements was overstated by R68 889 630 and R7 875 223 respectively and the current portion of the rehabilitation of landfill sites and the rehabilitation cost of quarries was understated by the same amounts.

Repairs and maintenance

The municipality did not correctly classify repairs and maintenance in accordance with GRAP 1, *Presentation of financial statements* as the municipality incorrectly recorded general expenditure and contracted services as repairs and maintenance. Consequently, repairs and maintenance as disclosed in note 36 to the financial statements was overstated by R20 846 435, general expenditure disclosed in note 42 to the financial statements was understated by R354 719 and contracted services disclosed in note 41 to the financial statements was understated by R20 491 715.

Distribution losses

The municipality did not correctly account for the water distribution losses as required by section 125(2)(d)(i) of the MFMA as material differences were identified between the water distribution losses calculations and the consumption billed according to service charges. Consequently, water distribution losses disclosed in note 53 to the financial statements were understated by R36 206 561.

Fruitless and wasteful expenditure

The municipality did not include all instances of fruitless and wasteful expenditure incurred in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments made on infrastructure projects that could not be verified. Consequently, I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure as stated at R61 001 447 in note 48 to the financial statements, as it was impracticable to do so.

Context for opinion

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

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

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

Material uncertainty relating to going concern

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

Note 55 to the financial statements indicates that the municipality incurred a net loss of R372 523 214 during the year ended 30 June 2023 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 210 622 032. In addition, the payables from exchange transactions for periods longer than 30 days amounted to R1 035 790 696 as at 30 June 2023, which was long overdue. These events or conditions, along with other matters as set forth in note 55, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Unauthorised expenditure

As disclosed in note 49 to the financial statements, unauthorised expenditure of R359 021 522 (2022: R104 156 372) was incurred due to the overspending of the budget.

Irregular expenditure

As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R97 477 869 (2022: R120 483 256), due to non-compliance with supply chain management (SCM) requirements.

Material losses

As disclosed in note 53 to the financial statements, material electricity distribution losses of R84 159 822 (2022: R75 705 534) were incurred by the municipality, which represents 17,18% (2022: 16,24%) of total electricity purchased, mainly due to line losses, tampering and theft.

Material impairments

As disclosed in notes 6 and 7 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R775 800 835 (2022: R656 751 410) and R44 918 166 (2022: R33 016 327) respectively.

As disclosed in note 53 to the financial statements, material losses of R138 713 763 was incurred as a result of a write-off of irrecoverable receivables from exchange transactions and receivables from non-exchange transactions

Material uncertainty relating to claims against the municipality

With reference to note 58 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

Restatement of corresponding figures

As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality, and for the year ended, 30 June 2023.

Other matters

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

Unaudited disclosure notes

In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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

Responsibilities of the auditor-general for the audit of the financial statements

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

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

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

I selected the following KPA presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected the KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	Purpose
Basic service delivery	64 - 263	To provide and maintain basic services (i.e. water, sanitation, electricity, roads, waste management) to the community of the municipality.

I evaluated the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

The material findings on the usefulness and reliability of the reported performance information for the selected KPA are as follows.

Basic service delivery

Percentage reduction in water losses in the municipal distribution area

An achievement of 21% was reported against a target of 30%. However, the audit evidence showed the actual achievement to be 34%. Consequently, the actual achievement against the target was lower than reported.

Other matters

I draw attention to the matters below.

Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non current liabilities, revenue, expenditure, cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

The annual financial statements were not submitted to the Auditor-General for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Expenditure management

Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA

Reasonable steps were not taken to prevent irregular expenditure amounting to R97 477 869 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM legislation.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties levied due to the late payments to suppliers.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R359 021 522, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending of the budget.

Procurement and contract management

Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). A similar non-compliance was also reported in the prior year.

Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and who met the listing requirements as prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(1)(b).

Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM regulation 5. The limitations were identified in the procurement processes for the following key projects:

- Maokeng/Nyakallong: Upgrading of community and sports facility.
- Maokeng (Constantia): Construction of sewer pipeline Caswell at Caswell Koekoe street.

Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. A similar limitation was also reported in the prior year. The limitations were identified in the procurement processes for the following key projects:

- Maokeng/Nyakallong: Upgrading of community and sports facility.
- Maokeng (Constantia): Construction of sewer pipeline Caswell at Caswell Koekoe street.

Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. A similar limitation was also reported in the prior year. The limitations were identified in the procurement processes for the key projects:

- Maokeng/Nyakallong: Upgrading of community and sports facility.
- Maokeng (Constantia): Construction of sewer pipeline Caswell at Caswell Koekoe Street

Consequence management

Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

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

Utilisation of conditional grant

I was unable to obtain sufficient appropriate audit evidence that the municipal infrastructure grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.

Performance in respect of programmes funded by the municipal infrastructure grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Performance in respect of programmes funded by the regional bulk infrastructure grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Performance in respect of programmes funded by the water services infrastructure grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Other information in the annual report

The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.

My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to

communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

I considered internal control relevant to my audit of financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified of opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

Instability in senior management positions, including the position of municipal manager and chief financial officer resulted in management not implementing adequate oversight controls or implementing effective consequence management. As a result, misstatements were not prevented or detected and corrected, which resulted in the modification of the auditors' opinion, the findings reported on performance information and non-compliance with laws and regulations.

The leadership's lack of accountability for sound financial management had a negative impact on the municipality's financial sustainability, overspending of the budget, irregular and fruitless and wasteful expenditure not being prevented.

Consequence management was not effective as the council did not investigate all instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person was liable for the expenditure.

Material irregularities

In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

The material irregularities identified are as follows:

Annual financial statements not submitted for auditing (2022/2023)

The annual financial statements for the year ending 30 June 2023 were not submitted to the Auditor-General for auditing within two months after the end of the financial year (31 August 2023), as required by section 126(1)(a) of the MFMA. The non-submission of the annual financial statements for auditing, and the subsequent non-tabling of the annual report, is likely to result in substantial harm to the municipality, as there is a lack of accountability and transparency for the fiscal and financial affairs of the municipality. This is due to the legislative processes that follow after the submission of the annual financial statements relating to the financial year ending 30 June 2023 being delayed or not implemented.

The accounting officer was notified of this material irregularity on 8 November 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer submitted the annual financial statements for auditing on 29 February 2024.

Therefore, the material irregularity has been resolved.

State of previously reported material irregularities

Eskom not paid within prescribed period

The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom or the bulk purchase of electricity were paid within the prescribed period after receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R17 815 284 for the financial year ended 30 June 2022. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.

The accounting officer was notified of the material irregularity on 28 November 2022. The accounting officer did not take appropriate action to address the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 30 June 2024 with progress reports every 2 months:

(a) Appropriate action should be taken to commence with implementation of the financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by MFMA section 65(2)(e). The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategy to:

- Increase revenue.
- Increase the collection of revenue.
- Efficiently manage the available resources of the municipality by accurate budgeting, budget management and cost cutting; and

- Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

I will follow up on the implementation of the recommendations after the due date.

Pollution of water resource not prevented – Kroonstad wastewater treatment works

The Kroonstad wastewater treatment works has not been operating effectively and in need of maintenance and repair work. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Vals River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing, or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA). The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

The accounting officer was notified of the material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024 I referred the material irregularity to the Department of Water and Sanitation for investigation as provided for in section 5(1A) of the PAA.

Pollution of water resource not prevented – Viljoenskroon wastewater treatment works

The Viljoenskroon wastewater treatment works has not been operating effectively and in need of maintenance and repair work. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Olifantsdrift River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing, or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

The accounting officer was notified of the material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024 I referred the material irregularity to the Department of Water and Sanitation for investigation as provided for in section 5(1A) of the PAA.

Other reports

In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the

financial statements or my findings on the reported performance information or compliance with legislation.

During 2022-23, the Council initiated a forensic investigation into allegations of collusion during the appointment processes of a prepaid electricity vendor and its financial impact between 1 November 2019 and 1 October 2022 that could result in financial losses to the municipality. At the date of this report, the investigation was still in progress and a final report was not available.

The directorate for Priority Crime Investigation investigated four cases of fraud and corruption in the municipality. At the date of the report, for one of these cases, a final proclamation was published for the investigation into a physical security services contract at the municipality for the period 1 January 2019 to date, and for the others, the particulars of any investigations were not provided.

The directorate for Priority Crime Investigation investigated a case in which one of the accused is now deceased and charges against three other accused were provisionally withdrawn since 1 October 2021. At the date of this report, the investigation into the irregular award of a protection and security service was still in progress.

Auditor-General

Bloemfontein

17 April 2024



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with selected requirements in key legislation

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's

report. However, future events or conditions may cause a municipality to cease operating as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislations	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72

Legislations	Sections or regulations
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2022/23:

The municipality received a qualified audit opinion during the 2022/23 financial year's audit outcomes. The municipality strives to efficiently administer its financial resources, so as to ensure that it renders appropriate services to its local community. Despite the challenges of non-by a number of consumers to whom services have been rendered. The municipality values the audit process and as a result, we ensure that issues raised by the AGSA are timeously attended to and corrected so as to ensure continuous and improved service delivery to the community of Moqhaka Local Municipality.

Some of the technical issues as contained in the report, the municipality plans to get the necessary support to have such issues addressed and ensure that it does not recur on the upcoming audit.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

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

Signed (Chief Financial Officer)



Dated

31/05/24

Glossary

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

Glossary

Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (<i>policy developed, presentation delivered, service rendered</i>)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
BABA MN	PT	Corporate, Finance, Monitoring and Evaluation, Municipal Infrastructure and Technical, Community and Social Services, MPAC	Ward 6/ANC	97	3
BOEIJE HME	PT	Community and Social Services, Finance	Ward 16/DA	99	1
BOTHA AV	FT	MPAC (CHAIRPERSON)	Ward 13/ANC	100	NA
CHABALALA SM	PT	LED and Planning, Spatial Development and Human Settlement	PR 7/DA	98	2
DALTON CM	PT	Monitoring and Evaluation, Municipal Infrastructure and Technical Services	PR 3/DA	100	NA
GELDENHUIS J	PT	Municipal Infrastructure and Technical Services, IDP	Ward 17/DA	97	3
KHIBA SV	FT	SPEAKER	PR 1/ANC	98	2
KHOTLE MA	FT	Community and Social Services (MMC)	PR 3/ANC	99	1
LEBONE NS	PT	Corporate Support Services, Monitoring, Evaluation and Policy Development	PR 2 / EFF	97	3
LOUWRENS L	PT	Corporate Support Services, IDP	Ward 3/DA	99	1
LULAMA MR	FT	IDP (MMC)	Ward 4/ ANC	98	2
MAKOKO MP	PT	Corporate Support Services, Finance, IDP, Monitoring, Evaluation and Policy Development	Ward 11/ ANC	99	1

Appendices

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
MARAPO JS	PT	Public Safety and Transport, Community and Social Services, Spatial Development and Human Settlement	Ward 5/ANC	100	NA
MEKO J	FT	Finance, Municipal Infrastructure and Technical Services	PR 5 /EFF	98	2
MNABA NM	PT	Monitoring, Evaluation and Policy Development , Community and Social Services	PR 1 /DA	100	NA
MOFOKENG TG	PT	Corporate Support Services, IDP, LED and Planning, Municipal Infrastructure and Technical Services	Ward 2/ ANC	98	2
MOKATSANE ME	PT	EXECUTIVE MAYOR	Ward 19/ ANC	97	3
MOKOENA PS	FT	Public Safety and Transport	PR 2 /MCF	99	1
MOTSOENENG SM	PT	LED and IDP	PR 3/EFF	96	4
MPELE MPE	PT	LED and Planning Corporate Support Services	PR 5/DA	100	NA
MULLER ND	PT	Public Safety and Transport, Spatial Development and Human Settlement	PR 4/DA	96	4
NOLO NM	PT	Community and Social Services, Public Safety and Transport	PR 4/EFF	96	4
NTSALA TM	FT	Finance (MMC)	Ward 9/ANC	96	4
PHAMOTSE EP	PT	Public Safety and Transport (MMC)	Ward 21/ANC	99	1
PITTAWAY SH	FT	Municipal Public Accounts Committee Member	PR 2/DA	96	4
RAMAJOE LE	PT	Corporate Support Services (MMC)	Ward 20/ ANC	97	3
RAMATHIBE BS	FT	Municipal Infrastructure and Technical Services (MMC)	Ward 15/ANC	99	1
RAMOOLLA MJ	FT	LED and Planning, Monitoring, Evaluation and Policy Development, Public Safety and Transport	Ward 12/ ANC	97	3

Appendices

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
RAMOVHA S	PT	Monitoring, Evaluation and Policy Development (MMC)	PR 1/PAU	97	3
RANKOKOSANE MD	PT	Finance, IDP, Municipal Infrastructure and Technical Services , MPAC	Ward 10/ANC	97	3
RODERICK KJ	PT	Public Safety and Transport, LED and Planning, Monitoring, Evaluation and Policy Development	Ward 22/ ANC	100	NA
SAAIMAN CJ	PT	Corporate Support Services, Finance	PR 1 /VF+	99	1
SEKHESA L	PT	Finance, Public Safety and Transport, Spatial Development and Human Settlement, MPAC	Ward 7 /ANC	99	1
SELLO T	PT	IDP, Municipal Infrastructure and Technical Services, Communit and Social Services, Spatial Development and Human Settlement	Ward 8/ANC	97	3
SEMAKALE MM	FT	COUNCIL WHIP	PR 2/ ANC	96	4
SERAPELA DJ	PT	Spatial Development and Human Settlement	PR 1/EFF	91	9
SESING IS	PT	Corporate Support Services, LED and Planning, Community and Social Services, Spatial Development and Human Settlement	Ward 14/ ANC	99	1
TAU RD	FT	LED and Planning (MMC)	Ward 1/ ANC	98	2
THEBE EMM	PT	Corporate Support Services, Municipal Infrastructure and Technical Services	PR 1/ MCF	96	4
TLOOME CJ	PT	Monitoring, Evaluation and Policy Development, IDP	PR 3 /MCF	97	3
TSHABALALA MP	FT	Spatial Development and Human Settlement (MMC)	Ward 18/ ANC	99	1

Appendices

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
VAN HEERDEN L	PT	Municipal Infrastructure and Technical Services, Community and Social Services, Spatial Development and Human Settlement	PR 2/VF+	99	1
VAN SCHALKWYK L	PT	Public Safety and Transport	PR 6/DA	98	2
VISAGIE AJ	PT	Public Safety and Transport, IDP, LED and Planning	PR 3/VF+	99	1
MBONA ML	PT	Monitoring, Evaluation and Policy Development (MMC)	PR 1/PAU	99	1
MORAKE ME	PT	Public Safety and Transport	PR 2/MCF	99	1

Appendices

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Community and Social Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Corporate Support Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Local Economic Development and Planning Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
IDP Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Spatial Development and Human Settlement Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Municipal Infrastructure And Technical Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Public Safety and Transport Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Policy Development and Monitoring Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Finance, Audit and Risk Management Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.

Appendices

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Municipal Public Accounts Committee	Roles and responsibilities as outlined by section 129 of the MFMA and the National Treasury guidelines issued in MFMA Circular 32 (18 March 2006)

Appendices

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Chief Internal Auditor
	Mr V Thantsi
	Manager: IDP
	Mr T Leie
	Manager: PMS
	Ms Eunice Lungu
CHIEF FINANCIAL OFFICER	Manager Revenue
Mr J. Maswanganyi 1 July 2022 - 31 December 2022	Mr S Theletsane
Mr R Buys 1 Jan 2023 - 30 June 2023	Manager: Expenditure
	Mr J Muller
	Manager Budget
	Mrs I Mokheseng
	Manager: SCM
	Mrs R Visagie
Technical Services	Manager: PMU
DIRECTOR: Technical Services	Mrs P. Botha
Mr I S Mokgatle	Manager: Electricity
	Mr Greef (Acting)
	Assistant Manager: Water And Sanitation
	Ms L. Ngobeni
	Manager : Roads
	Mr M. Geringer
Corporate services	Manager: Human Resources
DIRECTOR: Corporate Services	Mrs G Ramaboea
Mr R. Odendaal 1 July - 31 Dec 2022	Manager: Information Technology
Ms T Maqena 1 January 2023- 30 June 2023	Mr K. Moroke
	Manager Records and Administration:
	ML Maqena
Community and Emergency Services	
Director: Community and Emergency Services	Manager: Solid Waste
Mr T A Qhena 1 July 2022 - 31 March 2022	Mr. T. Qena
Mr G Mogorosi 1 Jan 2023 - 31 March 2023	Manager Parks, sports and Recreation
Mr M A Rakgase 1 April 2023 - 30 June 2023	Mr M P Gavhi
	Chief Fire Officer
	Mr L Ingram
	Chief: Traffic Services
	Ms Darrel Van Der Westhuizen

Appendices

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	
Municipal Functions Constitution Schedule 4, Part B functions:	Function Applicable to Municipality (Yes / No)*
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Additional Municipal Functions	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

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Appendices

APPENDIX E – WARD REPORTING

Functionality of Ward Committees

Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
1	Cllr RAMASIMONG TAU	YES	00	05	02
	1.Lebuso Relebohile R 2. Mofokeng Malitaba 3.Qhemekoane Matsela D 4..Rantonono Merriam M 5.Maoke Kgathetse A 6.Checha Qacha E 7.Nkete Matshediso A 8.Kele Letsheleha J 9.Khala Mmaseabata M				
2	Cllr THABO MOFOKENG	YES	00	05	04
	1.Sefako Zukile 2.Mokoena Mathoto R 3.Masisi Nkadi E 4.Lipholo Phillip 5.Motaung Dimakatso M 6.Motaung Jonas M 7.Zondi Thembi C 8.Ntjepela Mamosuwa A				
3	Cllr LOUWRENS LINDA	YES	06	10	02

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
	1.Louwrens Johannes J 2.Petrus Wilhelmina S 3.Patsa Nomasonto L 4.Vorster Elizabeth R 5.Mati Selloane A 6.Gullett David J 7.Chabana Pheleu J 8.Taje Molesioa S 9.Gullett Susara J P				
4	Cllr LULAMA MOIPONE	YES	00	10	05
	1.Theletsane Donald 2.Moletsane Puseletso S 3.Taleng Moeketsi J 4.Makume Tshadi S 5.Seseng Motlaletsatsi I 6.Malefane Manthofela R 7.Mosupa Pulane L 8.Thaele Alina T 9.Mathinjwa Mantibane N 10.Malete-Mosia Mmawesi L				
5	Cllr SELLO MARAPO	YES	05	10	03
	1.Mahlatsi Seipati I 2.Lechalaba Palesa 3.Sefatsa 3. Thembi V 4.Mogoje Popie E 5.Sehlare Pulane M 6.Mpevana Angelina M 7.Koloti Matlakala S 8.Ndesi Vusi J 9.Poolo Mmmame M				

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
6	Cllr MZIMKULU BABA	YES	03	07	01
	1.Macholo Motshidisi R 2.Mthombeni Mantwa E 3.Khumalo Maletsatsi E 4.Hlalele Mantoa E 5.Tsoeu Thabang 6.Rasenyalo Dineo 7.Makhanda Fatima Z 8.Ramarou Caslina J 9Mokhoanazi Aria C				
7	Cllr LEBOHASEKHESA	YES	05	15	01
	1.Nkhabanyane Joshua L 2.Matube Masabata F 3.Mohlomi Jamina P 4.Mokoteli Thapelo F 5.Nkwatsi Moipne P 6.Tsoeu Lerato 7.Semase Moswa M 8.Khauoe Tsietsi S 9.Mokone Mojalefa E				
8	Cllr TSOTO SELLO	YES	06	10	00
	1.Maseko Daniel T 2.Makale Kgomotso C 3.Mphuthi Thuli H 4.Boditsi Alice 5.Mogalatladi Anna O 6.Rapulungwoana Katileho P 7.Thipe Mmatisetso E 8.Theletsane Mokhele P				
9	Cllr TSHOKOLO NTSALA	YES	00	06	00

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
	1.Shoro Refilwe M 2.Mpenga Mamile E 3.Maishoane Theko J 4.Thulo Machabe p 5.Mmatli Isaac S 6.Matsabu Mankosi 7.Moloi Elizabeth 8.Mabaso Rudolph K 9.Makoko Faith M 10.Modirwa Doris D				
10	Cllr DAVID RANKOKOSA	YES	04	10	03
	1.Lesole Agnicia L 2.Moleleki Aletta M 3.Tshezi Maria M 4.Lebusho Rakhukhu W 5.Plank Anna N 6.Katane Ntjanyana M 7.Phakoe FRANCINA M 8.Lethoba Bernard 9.Motiea jerry				
11	Cllr PAUL MAKOKO	YES	03	08	02
	1.Hlalele Thabiso R 2.Makala Tlhabedi P 3.Khambule Gabriel 4.Meje Molefi M 5.Manare Lydia D 6.Papashane Chabedi E 7.Shonqulo Anna M 8.Ranthimo Moliehi Y 9.Manare Chegofatso G 10.Tseisi Michael K				

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
12	Cllr MOEKETSI RAMOLLA	YES	00	04	00
	1.Tonjane Elias V 2.Sselinyane Tlholokgelo A 3.Makgathe Alina S 4.Lani Joyce T 5.Radipolane Moletse M 6.Ramotshehoa Palesa R 7.Mafisa Thabiso i 8.Marumo Madipuo P				
13	Cllr ADRIAAN BOTHA	YES	02	14	02
	1.Hleli Olive R 2.Bloem Edith M B 3.Chabeli Sophia P 4.Monare Nora M 5.Coetzee Joyce 6.Rabannye Tsokolo B J 7.Lechalaba Sara M 8.Hlobo Mahlomola G 9.Sefatsa Seipati L				
14	CLLR ITUMELENG SESING	YES	02	05	01
	1.Miya Bongane 2.Mosebi Raletsoho 3.Poonyane Dieketseng 4.Booi Zithulele 5.Maruluba Aaron 6.Bomvu Mapopo 7.Lehlekiso Nthabiseng 8.Chomane Mahohodi 9.Semousu Malerato0				

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
15	CLLR SOLOMON MATHIBE	YES	01	00	15
	1.Hlapane Mathato 2.Modisenyane Violet 3.Khampepe Sheilar 4.Nolo Lerato 5.Likotsi Diau 6.Mojaki Daphney 7.Mehlo Vuyisile 8.Moreki Mpho				
16	CLLR MARIA BOEIJE	YES	01	09	01
	1.Mariti Morena 2.Morapeli Majane 3.Mototo Matseko 4.Tsolo Thibella 5.Mokotedi Elizabeth 6.Mohoje Maipato 7.Mokalanyane Molefi 8.Van Niekerk Alfonso 9.Van Niekerk Aa			1	
17	CLLR JOHAN GELDENHUIS	YES	00	01	00
	1.Ntsieane Mamokete				

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
18	CLLR MOEKETSI TSHABALALA	YES	01	00	07
	1.Makhanya Mokete 2.Phama Diphapang 3.Makhata Mohlolo 4.Matosela Jwalang 5.Jase Serebulo 6.Dimo Molefi 7.Ngalo Moleboheng 8.Lebitso Merriam				
19	CLLR ELLIS MOKATSANE	YES	00	00	00
	1.Sehla Ditsietsi 2.Thezane Mohanuwa 3.Getyes Nomayeza 4.Lechoo Onica 5.Tieli Mohau 6.Mahola Seipati 7.Duma Teboho 8.Kometsi Kamohelo 9.Sephula Tshokolo				
20	CLLR ENOCH RAMAJOE	YES	00	00	00
	1.Montsho Tekane 2.Mosia Masabata 3.Phakeli Molebogeng 4.Khanyile Thembekile 5.Molefi Motlalepule 6.Buso Masina 7.Makoaba Johannes 8.Lomo Eunice 9.Rapitso Sibongile				
21	CLLR PULE PHAMOTSE	YES	01	07	00

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Ward Name (Number)	Name Of Ward Councillor And Elected Ward Committee Members	Committee Established (Yes / No)	Number Of Monthly Committee Meetings Held During The Year	Number Of Monthly Reports Submitted To Speakers Office On Time	Number Of Quarterly Public Ward Meetings Held During Year
	1.Hlatshwayo Sonnyboy 2.Tatsi Simon 3.Mahoko Irene 4.Marupelo Masabata 5.Modungwa Mathapelo 6.Moleleki Modiehi 7.Ranoe Monica 8.Ntseng Dikeledi 9.Golisi Matshediso				
22	CLLR JACKSON RODERIC	YES	02	08	02
	1.Lekhetha Wyefolo 2.Mpeke Martha 3.Choba Alinah 4.Motete Selinah 5.Modibedi Maipato 6.Masumpa Alina 7.Mokhonanse Seipati 8.Motsemme Lydia 9.Menziwe Ingrid				

Appendices

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2022/23 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	11th Avenue Pipeline and Bloemhoekdam sluice gate	15-Apr-22	31-Aug-23	24 189
2	Kroonstad Waste Water Treatment Plant - Phase 2	13-Feb-23	10-Jul-24	105 304
3	Rammulotsi: Development and fencing of new landfill site – Phase 2	01-Jul-22	31-Aug-23	31 046
4	Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure	15-Mar-23	15-Oct-23	9 992
5	Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street	02-Mar-23	30-Sep-23	4 864
6	Rammulotsi: Development and fencing of new landfill site – Phase 1	01-Dec-2023	26-Jun-22	15 521
7	Maokeng: Upgrading of 2.5km sewer pipe line at Gelukwaarts	20-Oct-21	30-Jul-23	14 715
				TF.1

Basic Service Provision										
2021/22						2022/23				
Detail	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service	34 883	36 539	36 539	35 117		34 883	36 539	36 539	35 117	
Households without minimum service	449	454	13 886	0		449	454	13 886	0	
Total Households*	35 332	36 993	50 425	35 117		35 332	36 993	50 425	35 117	
Houses completed in year										
Shortfall in Housing units										
*Including informal settlements										
TF.2										

Basic Service Provision

Appendices

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/23

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
22-Jul-22	Internal audit report for third quarter: It is our view that by addressing the weaknesses/root causes, the system of internal control will be enhanced to provide reasonable assurance that risks are adequately managed and business objectives will be achieved.	Yes
	Audit Action plan 2021/22: The Committee noted the progress on the Audit Action Plan with concern, the committee urged management to attend to the audit action plan and work on resolving the findings before AGSA starts on their 2023 audit. The audit committee advise council to monitor the implementation of AGSA action plan to ensure achievement of clean audit and good governance.	Yes
	Draft Audit Committee Charter: The Committee recommends the Draft Audit Committee Charter for 2022/23 to Council for approval	Yes
	Section 71 Report - June 2022: The Committee recommended that management should ensure variances above 10% should be supplemented by narration of the movements.	Yes
	Draft Annual Budget 2022/23: The Committee recommended that management should present the Draft Budget to the Committee before submission to Council for the Committee to make its inputs on it. The recommended that management should ensure that narrations are included for all variances above 10%	No. Due to challenges with the system
	UIFW Registers: The Committee recommended that management should finalize the UIFW reduction strategy and submit to the Committee the UIFW registers for the Committee to monitor management's implementation of its reduction strategy. Management should develop a UIFW reduction policy to determine the process to be followed in dealing with past, current and future UIFWs.	Yes

Appendices

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
25 and 30 August 2022	AFS Plan: The Committee recommended that management stick to the deadlines stipulated on the approved AFS and timely communicate any challenges that might be experienced in meeting the deadlines.	Yes
	Draft Annual Financial Statements 2021/22: The Committee recommended that Management address all the review comments made by Internal Audit, Provincial Treasury as well as FS SALGA before submission to AGSA. On the meeting held on the 30th of August 2022 the Committee recommended the amended Draft Annual Financial Statements for submission.	Yes
	Draft Annual Performance Report 2021/22: The Committee requested management to make the changes proposed by Internal Audit on the Draft Performance Report. On the meeting held on the 30th of August 2022, the Committee recommended the amended Draft Annual Performance Report 2021/22 for submission.	Yes
04-Nov-22	Internal Audit Report for Fourth Quarter: Management should address the identified weaknesses/root causes, to enhance the system of internal control and provide reasonable assurance that risks are adequately managed.	Yes
	Human Resources Management Report for Third and Fourth Quarter: The Committee Recommends that: The Senior Management positions be filled as the productivity of the managers acting in the Director positions is affected when they are to perform both functions for too long. Internal controls be implemented and monitored to reduce overtime as this also impacts on the municipality's cashflow as well as the employee's wellness. The sick leave be monitored and controls be implemented to ensure that the sick leave is not being abused.	No, positions have not be filled. Positions were re-advertised to ensure compliance with the new Staff Regulations.

Appendices

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	UIFW Registers as at 30 June 2022: The Committee noted with concern the increase of the Municipality's UIFW expenditures year on year and recommended that Management through the MPAC prioritize the reduction of the UIFW expenditure by implementing the Municipality's approved UIFW Reduction Strategy.	Yes
	Risk Management Reports for Third and Fourth Quarter: The Committee recommends that the vacant position in the Risk Management Unit be filled to ensure continuity in the unit.	No. Position not yet filled.
25-Nov-22	Draft Audit Report 2022: The Committee congratulated management on the hard work and committee that led to the achievement of the improved audit opinion and recommended to management that the start working on the identified areas of concern or improvements as indicated by the AGSA in their report.	Yes
10-May-23	Risk Management Report for Third Quarter: The Audit Committee raised concerns to management to take Risk Management meetings seriously and ensure that these meetings take place quarterly and reports to be served to the audit committee for consideration.	Yes
	Risk Management Report for Fourth Quarter 2021/22: The Committee recommended that the report be tabled in the Risk Management Committee.	Yes
	Risk Management Report for First and Second Quarter 2022/23: The Committee recommended that the report be tabled in the Risk Management Committee.	Yes
	Internal Audit Report for First and Second Quarter 2022/23: The Committee recommended that management should address the identified weaknesses/root causes in order to enhance the system of internal control and provide reasonable assurance that risks are adequately management.	Yes

Appendices

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	Progress on the Audit Action Plan 2022/23: The Committee recommended that management should expedite the training on the web-based action plan and ensure that exerted efforts is made towards implementing the AGSA findings.	Yes
	Performance Assessment Report for First and Second Quarter 2022/23: The Audit Committee advised management to ensure that audit committee dates are diarised and management make efforts to attend scheduled audit committee meetings. Representatives for the departments should always be in the meetings.	Yes
	Section 71 Report for September 2022 and December 2022: The Audit Committee advised management to ensure that audit committee dates are diarised and management make efforts to attend scheduled audit committee meetings. Representatives for the departments should always be in the meetings.	Yes
	Human Resource Management Report for First and Second Quarter 2022/23: The Committee recommended that the Municipality finalize the appointment of the directors.	No, positions have not be filled. Positions were re-advertised to ensure compliance with the new Staff Regulations.
	ICT Report for First and Second Quarter 2022/23: The audit committee recommended that the department includes in its budget, funds to test and implement the Disaster Recovery Plan. The committee also recommended that Management through the Municipal Manager ensures that the ICT Steering Committee sits regularly to look into matters affecting ICT.	Yes.

Appendices

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2022/23)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Kunene Makopo Risk Solutions (Pty) Ltd	Short Term Insurance for a Period of Three Years	02-Sep-21	01-Sep-24	Ms. Irene Mokheseng	R 107 000,00
Technomobile CC	Refurbishment of the Kroonstad Waste Water Treatment Works	23-Sep-21	22-Mar-22	Ms. Lerato Ngobeni	R 11 853 274,09
Vuxeni Information Technologies	Supply And Delivery of 2x Servers	01-Oct-21	Once off	Mr. Karabo Moroke	R 1 666 028,00
Sky Metro Equipment	Supply, Delivery, Installation, Deployment & Printing Services (including print management software) for a Period of Three Years	18-Oct-21	17-Oct-24	Mr. Karabo Moroke	R 6 059 304,00
Sebatsi (Pty) Ltd JV	Maokeng: Upgrading of 2.5km Sewer Pipeline at Gelukwaarts	18-Oct-21	17-Apr-22	Mr. Onalenna Garegae	R 10 923 079,74
Berakhah Trading (Pty) Ltd	Construction of 0.83km Paved Road from 4274-4218 and 0.33km from 4756-4902 with V-Drain Storm Water at Rammulotsi	29-Oct-21	28-Apr-22	Mr. Onalenna Garegae	R 5 768 103,00
Dwellers Trading And Projects	Maokeng Selection Park: Upgrading of Roads 1.34km Water Storm Water	29-Oct-21	29-Jun-22	Ms. Selloane Modise	R 6 010 404,91
Motlalepula Infotech And Projects	Rammulotsi (Northleigh): Construction of 1km Storm Water and Channelling of Vlei Area	29-Oct-21	29-Apr-22	Mr. Onalenna Garegae	R 6 531 353,33
Recurso HRM	Invitation for a Service Provider for the provision and installation of the cemetery management software for the Moghaka Local Municipality	05-Jan-22	04-Jul-22	Mr. Mashudu Gavhi	R 450 000,00
Jolenhla Consulting CC	Implementation of Disaster Recovery Server Room	05-Jan-22	Once Off	Mr. Karabo Moroke	R 573 992,20
Proper Consulting Engineers	Provision of Water Quality Management and Monitoring for Water and Wastewater Quality for a Period of Three Years.	06-Jan-22	05-Jan-25	Mr. Benjamin Xaba	R 4 424 895,03
Lebisang Kattelhong Trading	Supply and Delivery of 100 (Voip) IP Phones (including their IP licenses)	07-Feb-22	Once Off	Mr. Karabo Moroke	R484 949,00
Legegeru Industries CC	Supply and Construction of Welded Mesh Anti-Climbing High Security Double Galvanised Fence Complete with post, panels and Gates at the WestPark Cemetery.	15-Feb-22	14-Aug-22	Mr. Mashudu Gavhi	R2 474 368,79
Outeniqua Leadership Institute	Re-Advertisement: Municipal Finance Management Programme: 48965 NQF Level 6 with 166 Credits	30-Mar-22	29-Mar-23	Ms. Keke Moabi	R 324 225,00

Appendices

Long Term Contracts (20 Largest Contracts Entered into during 2022/23)						R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value	
White Leopard Trading	Construction of 11th Avenue Water Pipeline and Repair of Bloemhoek Dam Sluice Gate	26-Apr-22	30-Apr-23	Ms. Lerato Ngobeni	R	20 687 254,55
Rethuseng Live and Services	Re-Advertisement: Electrification of Maokeng Ext 10 (WAR VETERANS)	27-May-22	26-Aug-22	Mr. Louis Greeff	R	3 422 123,48
TM Consortium	Re-Advertisement: Installation of 8 High mast Lights in Maokeng	27-May-22	26-Aug-22	Mr. Louis Greeff	R	5 926 653,24
Lamak Trading (Pty) Ltd	Panel of Service Providers For The Removal And Destruction of Records/Archives Belonging To Mqphaka Local Municipality For The Period of Three Years As And When Required	23-Aug-21	22-Aug-24	Mr. Ngope Motaung	As and When	
1. Lebmac Enterprise (Pty) Ltd 2. Tallship Haulers (Pty) Ltd 3. Vick Pule Construction And Projects 4. Tuhin and Tawhid Traders CC	Panel Of Tyre Workshops For Supply, Delivery, Tyre Fitment, Wheel Puncture Repairs And Wheel Alignment For A Period Of Three Years	23-Aug-21	22-Aug-24	Ms. Tshepiso Skosana	As and When	
Jicama 167 (Pty) Ltd T/A AAS Operations Ndulamiso Aqua Solutions Ifa Lethu Technologies CC Majava Water (Pty) Ltd Mojisaule Events JV Olwami Holdings	Panel of Service Providers For Supply & Delivery Chemical and Commodities Water and Wastewater Treatment Works, Plant Optimisation and Service of Chemical Dosing System and Chlorine System for Duration of Three Years	01-Dec-21	30-Nov-24	Mr. Benjamin Xaba	As and When	

T H.1

Public Private Partnerships Entered into during 2022/23						R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2018/19	
None entered into during the financial year.						

T H.2

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

RATINGS

1. Poor 2. Good 3. Very Good 4. Excellent

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Community and Social Services	Solid Waste Management	Linomtha Plant hire and Road Construction	Refuse Compactor Trucks	1 year (or as and when required.	4	4	The Service Provider delivered a good service	The Sectio is always communicating with the Service Provider and advising.
Community and Social Services	Solid Waste Management Services	Khabokedi Waste Management	Maintenance of landfill sites Viljoenskroon and Steynsrus	3 years	3	3	Challenge still experienced in Viljoenskroon. Service is very good in Steynsrus	The Sectio is always communicating with the Service Provider and advising.
Community and Social Services	Solid Waste Management Services	Wilson and Sons Trucking CC	Refuse Compactor Trucks	1 year (or as and when required.	4	4	Excellent	Provide the substitute truck when needed.
Community and Social Services	Traffic Management Services	AKP Trading (Speed Violation Systems	Traffic Law Enforcement. Renting software and online assistance	1 year	4	4	Excellent	None
Community and Social Services	Traffic Management Services	AKP Trading (Speed Violation Systems	AKP Trading Speed Violation Systems	1 years	4	4	Excellent	None
Community and Social Services	Security Services	CSS Security	Alarms	3 years	2	None	None	None

Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Community and Social Services	Solid Waste Management	Sebenza	Refuse Compactor Trucks	3 years	4	4	Excellent	None
Community and Social Services	Security Services	Isidingo Security	Physical Security	3 years	2	2	None	None
Technical Services	PMU	White Leopard	Construction of 4km water pipeline at 11 th Avenue and repair of sluice gate at Bloemhoek dam.	1 year	2	2	None	None
Technical Services	Sebatsi Pty Ltd	Sebatsi Pty Ltd	Maokeng upgrading of 2.5km sewer pipe line at Gelukwaarts	8 Months	2	2	None	None
Technical Services	PMU	African Engineering and Construction Solution.	Rehabilitation of the Kroonstad Waste Water Treatment Works Phase 2	18 Months	2	2	None	None
Technical Services	PMU	Makone Consulting Engineers	Construction of 4km water pipeline at 11 th Avenue and repair of sluice gate at Bloemhoek dam	1 year	3	3	None	None
Technical Services	PMU	Mtema Mashao Consulting and Civil Engineers.	Professional Service	1 Year	2	2	None	None
Technical Services	PMU	Linomtha Plant Hire and Construction Pty Ltd.	Maokeng (Phomolong) upgrading of 2.8km water network infrastructure	9 Months	2	2	None	None
Technical Services	PMU	Amulet Group, Linomtha	Rehabilitation of the Kroonstad Waster	15 Moths	2	2	None	None

Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Technical Services		Construction and NYC Water and Mining JV	Water Treatment Works Phase 2					
Technical Services	PMU	SMEC SA.	Rammulotsi: Development and fencing of new landfill site, Phase 2.	3 Years	4	4	None	Several Communications between client, Consultant and Contractor. Cash flow from Contractor is the problem to complete the project.
Technical Services	Roads	Carboncor Distribution SA Pty Ltd	Supply and deliver Asphalt	3 years	4	4	None	None
Technical Services	Roads	Setlatlapi Business Enterprise Pty Ltd	Supply and delivery of Asphalt	3 years	3	3	None	None
Technical Services	PMU	Mvulani Engineering Solutions	Maoken/Seisoville construction of 1.46km paved roads and stormwater at Mahabane Street.	1 year	2	2	None	None
Technical Services	PMU	Masilakhe Consulting Engineers Pty Ltd	Maokeng (Phomolong) upgrading of 2.8km water network infrastructure	1 year	3	3	None	None
Technical Services	Electricity	Musi Electrical Engineering	Panel for refurbishment/repair of faulty public lights	3 years	3	3	None	None

Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Technical Services	Electricity	Kent Electrical Services CC.	Panel for refurbishment/repair of faulty public lights.	3 years	3	3	None	None
Technical Services	Electricity	Umsamwonke Trading and Projects 2cc JV	Panel for supply, repair, replacement and maintenance on electricity meters.	3 years	3	3	None	None
Technical Services	Electricity	Sesway Engineering Pty Ltd	Panel for refurbishment/repair of faulty public lights.	3 years	3	3	None	None
Technical Services	PMU	Baitseanape Consulting Engineers	Maokeng/Brentpark construction of 1.316km paved road and stormwater at Canon Street.	1 year	2	2	None	None
Technical Services	PMU	Fypson	Maokeng, Gelukwaarts. Upgrading og Maskoneand Stilloane Street 0.796km paved road.	1 year	2	2	None	None
Technical Services	PMU	Mottalepula Infotech and Projects	Mtama Mashao Consulting and Civil Engineers Pty Ltd. Offering professional Services.	9 months	2	2	None	NONE
Technical Services	PMU	V3 Consulting Engineers Pty Ltd	Maokeng/Brentpark Construction of 1.5ml steel reservoir 0.5 elevated tank and pump station.	1 year	2	2	None	None

Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Corporate Services	ICT	PMH	Provision of primary Internet connectivity for all municipal sites.	3 years	4	4	7 th July Internet connectivity down, matter was reported to PHM and was fixed.	Backup internet to be installed.
Corporate Services	ICT	Sky Metro	Printer Lease	3 years	4	4	None	None
Finance	Revenue	Conlog Pty Ltd	Prepaid software	3 Years	1	1	Poor	Corrective measures are being taken to smoothen the process
Finance	Revenue	Ontec Systems Pty Ltd	Prepaid Software	3 years	3	3	Very Good	None
Finance	Revenue	Credit Intelligence Pty Ltd	Debt Collections and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	Khumalo Masondo Attorneys Inc.	Debt Collection and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	Revenue Consulting Pty Ltd	Debt Collection and Litigation	3 years	3	3	Very good	None
Finance	Revenue	SL Debt Recovery Pty Ltd	Debt Collection and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	DDP Valuers	Valuation Roll	5 years	3	3	Very Good	None

NB: Projects with a duration of six months or less are not included in this table.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2022/23 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Members of MayCo / Exco		Nil
Councillors		Nil
Municipal Manager		Municipal Electoral Officer (IEC)
Acting Chief Financial Officer		Nil
Deputy MM and (Executive) Directors		Nil
Other S57 Officials		
		Nil
		TJ

Appendices

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

PPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							
Vote Description	R' 000						
	2020/21	2021/22	Current: 2022/23			2022/23	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Executive & Council	196 249	235 193	177 745	177 745	261 248	-47%	0%
Vote 02 - Municipal Manager	-	-	-	-	-	0%	0%
Vote 03 - Corporate Services	675	803	1 181	1 181	114	90%	0%
Vote 04 - Finance	84 302	83 042	97 506	87 766	96 208	1%	10%
Vote 05 - Technical Services	608 428	622 344	817 749	833 271	655 531	20%	-2%
Vote 06 - Community Services	60 527	45 771	73 298	74 417	55 541	24%	-2%
Vote 07 - Local Economic Development	8 590	15 556	18 168	17 782	9 614	47%	2%
Total Revenue by Vote	958 771	1 002 709	1 185 647	1 192 162	1 078 256		
							TK1

Appendices

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							
Description	R '000						
	2020/21	2021/22	2022/23			2022/23 Variance	
	Actual Budget	Actual Budget	Original Budget	Adjustment Budget	Actual Collected	Original Budget	Adjustment Budget
Property rates	79						
Property rates - penalties & collection charges	352	84 416	89 572	81 939	50 713	-43,38%	-34,86%
Service Charges - electricity revenue	-	-	-	-	0	0,00%	0,00%
Service Charges - water revenue	367						
Service Charges - sanitation revenue	517	380 617	427 795	422 554	301 595	-29,50%	-28,27%
Service Charges - refuse revenue	152						
Service Charges - other	768	161 200	176 892	176 898	57 696	-67,38%	-67,39%
Rentals of facilities and equipment	50						
Interest earned - external investments	701	55 712	63 341	63 191	24 865	-60,74%	-60,51%
Interest earned - outstanding debtors	37						
Dividends received	736	39 995	43 966	43 966	20 704	-52,91%	-52,91%
Fines	55		66				
Licences and permits	722	61 665	379	66 379	32 243	-51,43%	-51,43%
Agency services	-	-	-	-	0	0,00%	0,00%
Transfers recognised - operational	-	-	-	-	0	0,00%	0,00%
Other revenue	-	-	-	-	0	0,00%	0,00%
Gains on disposal of PPE	-	-	-	-	0	0,00%	0,00%
Environmental Protection	-	-	-	-	0	0,00%	0,00%
Total Revenue (excluding capital transfers and contributions)	1 006 361	1 019 734	1 129 763	1 118 745	749 634	-50,71%	-48,97%

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Appendices

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Regional Bulk Infrastructure Grant	30 000 000.00		29 246 962.00			
Water Services Infrastructure Grant	20 900 000.00		4 114 960.00			
Integrated National Electrification Programme Grant	2 050 000.00		2 819 316.00			
Expanded Public Works Programme	1 463 000.00		1 458 617.00			
Other Specify:						
Total	54 412 000.00		37639855			

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The municipality did not receive any additional conditional grants in this regard.

Appendices

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class					0%		
Infrastructure - Total		260	260	238	-	-	-
Infrastructure:							
Road transport - Total		-	-	-	-	-	-
Roads,							
Pavements & Bridges							
Storm water							
Infrastructure:							
Electricity - Total		110	110	104	-	-	-
Generation							
Transmission &							
Reticulation		110	110	104			
Street Lighting							
Infrastructure:							
Water - Total		-	-	-	-	-	-
Dams &							
Reservoirs							
Water purification							
Reticulation							
Infrastructure:							
Sanitation - Total		150	150	134	-	-	-
Reticulation							
Sewerage		150	150	134		-	-
purification							
Infrastructure:							
Other - Total		-	-	-	-	-	-
Waste							
Management							

Appendices

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Transportation							
Gas							
Other							
Community - Total		-	-	-	-	-	-
Parks & gardens					-	-	-
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Table continued next page							

Appendices

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Table continued from previous page							
Capital Expenditure - New Assets Programme*							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	16 697	17 978	20 715	9 934	-	-	-
General vehicles		1 100	2 956	3 969			
Specialised vehicles							
Plant & equipment	825	4 516	4 696	349			
Computers - hardware/equipment	11 924	1 231	2 869	466			
Furniture and other office equipment	1 273	3 793	4 456	650			
Abattoirs							
Markets							
Civic Land and Buildings	2 675			4 500			
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)					-	-	-
Other		7 338	5 738				
Agricultural assets	-	-		-	-	-	-
List sub-class							

Appendices

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	-	500		-	-	-	-
Computers - software & programming		500	300				
Other (list sub-class)							
Total Capital Expenditure on new assets	16 697	18 738	20 975	10 172	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Capital expenditure by Asset Class							
Infrastructure - Total	66 994	56 116	77 761	32 175	-	-	-
Infrastructure: Road transport - Total	22 074	15 354	11 207	2 212	-	-	-
Roads, Pavements & Bridges	22 074	15 354	11 207	2 212			

Appendices

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Storm water							
Infrastructure:							
Electricity - Total	2 145	1 205	2 055	3 185	-	-	-
Generation							
Transmission & Reticulation	2 145			1 610			
Street Lighting		1 205	2 055	1 575			
Infrastructure:							
Water - Total	13 460	-	2 289	7 831	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation	13 460		2 289	7 831			
Infrastructure:							
Sanitation - Total	20 937	17 001	32 001	7 321	-	-	-
Reticulation							
Sewerage	20 937	17 001	32 001	7 321			
purification							
Infrastructure:							
Other - Total	8 378	22 556	30 209	11 626	-	-	-
Waste							
Management	8 378	22 556	30 209	11 626			
Transportation							
Gas							
Other							
Community	2 031	3 844	4 152	560	-	-	-
Parks & gardens							
Sportsfields & stadia	2 031	1 444	2 052				
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							

Appendices

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Clinics Museums & Art Galleries Cemeteries Social rental housing Other		2 400	2 100	560			
Heritage assets	-	-	-	-	-	-	-
Buildings Other							
Table continued next page							
Table continued from previous page							
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development Other							
Other assets		-	-	-	-	-	-
General vehicles Specialised vehicles Plant & equipment Computers - hardware/equipment Furniture and other office equipment Abattoirs Markets Civic Land and Buildings Other Buildings Other Land							

Appendices

Capital Expenditure - New Assets Programme*							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Surplus Assets - (Investment or Inventory) Other							
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	-	-	-	-	-	-	-
Computers - software & programming Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	69 025	59 960	81 913	32 735	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Refuse Fire							
Conservancy Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	2021/22	2022/23			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure				
Capital expenditure by Asset Class								
Infrastructure - Total	47 209	59 226	59 196	36 288	-	-	-	
Infrastructure: Road transport -Total	26 786	22 588	22 558	15 412	-	-	-	
Roads, Pavements & Bridges	21 360	22 588	22 558	15 412				
Storm water	5 426							
Infrastructure: Electricity - Total	2 077	-	-	-	-	-	-	
Generation								
Transmission & Reticulation	2 077							
Street Lighting								
Infrastructure: Water - Total	8 860	17 326	17 326	1 733	-	-	-	
Dams & Reservoirs	7 920							
Water purification								
Reticulation	940	17 326	17 326	1 733				
Infrastructure: Sanitation - Total	2 276	13 917	13 917	16 676	-	-	-	
Reticulation								
Sewerage purification	2 276	13 917	13 917	16 676				
Infrastructure: Other - Total	7 210	5 395	5 395	2 467	-	-	-	
Waste Management	7 210	5 395	5 395	2 467				
Transportation								
Gas								
Other								
Community	9 404	-	-	-	-	-	-	
Parks & gardens								
Sportsfields & stadia	9 404							

Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure			
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							
Table continued next page							
Table continued from previous page							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development							
Other							
Other assets		-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							

Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure			
Other Land							
Surplus Assets - (Investment or Inventory) Other							
<u>Agricultural assets</u>	-	-	-	-	-	-	-
List sub-class							
<u>Biological assets</u>	-	-	-	-	-	-	-
List sub-class							
<u>Intangibles</u>	-	-	-	-	-	-	-
Computers - software & programming Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	56 613	59 226	59 196	36 288	-	-	-
<u>Specialised vehicles</u>	-	-	-	-	-	-	-
Refuse Fire Conservancy Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2022/23

Capital Programme by Project: 2020/21					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					0
	14 312 907		12 543 669	100%	-14%
Sanitation/Sewerage					
	4 192 659		3 135 329	100%	-34%
Electricity					
Roads					
	24 387 482		24 387 482	100%	0%
Cemetries					
Refuse Removal					
	9 239 187		9 239 187	100%	0%
Sports, Arts & Culture					
	10 719 128		10 719 128	100%	0%
Safety and Security					
TN					

Appendices

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2022/23

Capital Programme by Project by Ward: 2022/23			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Rammulotsi: Development and fencing of new landfill site - phase 2	23	YES	
Maokeng: Upgrading of 2.5km sewer pipe line at Gelukwaarts	7, 14	YES	
Rammulotsi (Northleigh): Construction of 1km storm water and channeling of vlei area	23	YES	
Maokeng: Installation of 8 Highmast Lights	8-9	NO	
Maokeng/Nyakallong: Upgrading of Community and Sports Facility – Phase 2	11	NO	
Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street	10	NO	
Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure	11,12	NO	
Rammulotsi: Development and fencing of new landfill site – Phase 2	23	NO	
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street	13,15	NO	
Maokeng/Constantia: Construction of 0.51km paved road and storm water at Messi Street (MIS:458272)	5	NO	
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street	4	NO	
11th Avenue Pipeline and Bloemhoekdam sluice gate		NO	
Kroonstad Waste Water Treatment Plant - Phase 2		NO	

Appendices

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
None that the municipality is aware of.				
Clinics (NAMES, LOCATIONS)				
None that the municipality is aware of.				

Appendices

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	None that the municipality is aware of.	
Housing:		
Licensing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		

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Appendices

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2022/23				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2022/23 R' 000	Total Amount committed over previous and future years
No grants or loans were made during the financial year.				
* Loans/Grants - whether in cash or in kind				TR

VOLUME II: ANNUAL FINANCIAL STATEMENTS

To published on the municipal website.



**Moqhaka Local Municipality
Annual Financial Statements
for the year ended 30 June 2023**

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act no. 117 of 1998). Moqhaka Local Municipality is situated within the southern part of the Fezile Dabi District in the Free State province. The seat of local government is Kroonstad.
Nature of business and principal activities	Moqhaka is a local municipality performing functions as set out in the Constitution of South Africa, 1996 (Act no. 105 of 1996).
Mayoral committee	
Executive Mayor	Mokatsane, ME
Speaker	Khiba, SV
Council Whip	Semakale, MM
Members of the Mayoral Committee	Tau, RD Ramovha, S Ntsala, TM Tshabalala, MP Lulama, MR Khotle, MA Phamotse, EP Ramajoe, EL Ramathibe, BS
Grading of local authority	The Moqhaka Municipality is a grade 4 Local Authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998 (Act no. 20 of 1998).
Accounting Officer	Tshabalala, PH
Chief Finance Officer (CFO)	Visagie, R (Acting)
Registered office	Municipal Offices Hill Street Kroonstad 9499
Business address	Municipal Offices Hill Street Kroonstad 9499
Postal address	PO Box 302 Kroonstad 9500
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Attorneys	Du Randt & Louw Attorneys Phambane Mokone Attorneys Peyper Attorneys Malebogo Maeyane Attorneys Khumalo Masondo Attorneys Majavu Incorporated

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Members of Council

Baba, MN
Boeije, HME
Botha, AV
Chabalala, SM
Dalton, CM
Geldenhuis, J
Lebone, NS
Louwrens, L
Makoko, MP
Marapo, JS
Meko, J
Mnaba, NM
Mofokeng, TG
Mokoena, PS
Motsoeneng, SM
Mpele, MPE
Muller, ND
Nolo, NM
Pittaway, SH
Ramoola, MJ
Rankokosane, MD
Roderick, KJ
Saaiman, CJ
Sekhesa, L
Sello, T
Serapela, DJ
Sesing, IS
Thebe, EMM
Tloome, C
Van Heerden, L
Van Schalkwyk, L
Visagie, AJ

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act, 2003 (Act no. 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
SCM	Supply Chain Management
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MIG	Municipal Infrastructure Grant

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of cors as disclosed in note 35 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution of South Africa, 1996 (Act no. 108 of 1996) read with the Remuneration of Public Officer Bearers Act, 1998 (Act no. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 6 to 84, which have been prepared on the going concern basis, were approved by the accounting officer on 29 February 2024 and were signed by:



Tshabalala, PH
Accounting Officer

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

The accounting officer submits her report for the year ended .

1. Review of activities

Main business and operations

Moghaka is a local municipality performing functions as set out in the Constitution of South Africa, 1996 (Act no. 108 of 1996) and operates in the Moghaka Municipal area.

Net deficit of the municipality was R 372 523 214 (2022: deficit R 191 395 954).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The analysis of the going concern is clearly depicted in note 55.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have an impact on the annual financial statements, except for matters as outlined in note 57.

4. Accounting Officers' interest in contracts

The accounting officer's did not have any interest in contracts during the financial year.

5. Accounting policies

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122 (3) of the Municipal Financial Management Act, (Act No. 56 of 2003).

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Tshabalala, PH	South African

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	19 968 046	41 538 962
Inventories	4	96 985 931	96 874 951
Investments	5	120 189	112 026
Receivables from exchange transactions	6	370 646 053	397 000 234
Receivables from non-exchange transactions	7	56 622 218	62 717 104
VAT receivable	8	144 850 801	118 332 047
		689 193 238	716 575 324
Non-Current Assets			
Investments	5	325 090	281 540
Receivables from exchange transactions	6	1 175 624	2 130 908
Receivables from non-exchange transactions	7	100 063	244 122
Heritage assets	9	7 754 166	7 761 921
Intangible assets	10	2 798 695	2 816 557
Investment property	11	105 102 271	107 623 327
Property, plant and equipment	12	1 901 464 084	1 947 015 785
		2 018 719 993	2 067 874 160
Total Assets		2 707 913 231	2 784 449 484
Liabilities			
Current Liabilities			
Consumer deposits	13	15 746 169	14 413 657
Finance lease obligation	14	1 238 510	942 792
Borrowings	15	10 564 266	12 654 537
Payables from exchange transactions	16	1 176 336 118	882 274 913
Provisions	17	51 000	58 000
Unspent conditional grants and receipts	18	2 353 851	1 764 538
Employee benefit obligation	19	7 986 232	7 244 490
		1 214 276 146	919 352 927
Non-Current Liabilities			
Finance lease obligation	14	1 177 728	2 416 237
Borrowings	15	9 382 617	11 757 098
Provisions	17	128 396 708	111 511 971
Employee benefit obligation	19	144 058 000	156 266 000
		283 015 053	281 951 306
Total Liabilities		1 497 291 199	1 201 304 233
Net Assets		1 210 622 032	1 583 145 251
Accumulated surplus		1 210 622 032	1 583 145 251
Total Net Assets		1 210 622 032	1 583 145 251

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	593 248 978	555 326 952
Rental of facilities and equipment	22	5 723 509	5 043 682
Fees earned	23	148 187	208 378
Interest received	24	40 824 842	28 204 430
Other income	25	11 910 541	17 217 727
Fair value adjustment	26	1 623 365	2 043 982
Gains on employee benefit obligation	27	32 544 012	925 000
Total revenue from exchange transactions		686 023 434	608 970 151
Revenue from non-exchange transactions			
Taxation revenue			
Services charges (Availability charges)	28	720 383	706 989
Property rates	29	82 052 199	74 402 755
Interest received	24	4 394 287	2 836 586
Transfer revenue			
Government grants and subsidies	30	330 100 606	316 798 485
Public contributions and donations	31	7 319 275	517 047
Fines	32	4 222 791	3 381 411
Total revenue from non-exchange transactions		428 809 541	398 643 273
Total revenue	33	1 114 832 975	1 007 613 424
Expenditure			
Employee related costs	34	(358 522 472)	(327 453 995)
Remuneration of councillors	35	(20 795 484)	(19 486 076)
Repairs and maintenance	36	(99 520 899)	(85 802 121)
Depreciation and amortisation	37	(111 131 304)	(108 311 080)
Finance costs	38	(83 081 714)	(73 897 023)
Debt impairment	39	(257 884 270)	(66 883 067)
Bulk purchases	40	(345 543 776)	(336 647 480)
Contracted services	41	(72 129 949)	(71 641 574)
General expenses	42	(124 516 952)	(88 506 392)
Total expenditure		(1 473 126 820)	(1 178 628 808)
Operating deficit		(358 293 845)	(171 015 384)
Cost on disposal of assets	43	(5 421 450)	(4 166 969)
Losses on employee benefit obligation	27	-	(2 822 878)
Impairment loss on assets	44	(8 807 919)	(13 390 723)
		(14 229 369)	(20 380 570)
Deficit for the year		(372 523 214)	(191 395 954)

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	1 814 654 926	1 814 654 926
Adjustments		
Prior year adjustments (Note 51)	(40 113 721)	(40 113 721)
Balance at 01 July 2021 as restated*	1 774 541 205	1 774 541 205
Changes in net assets		
Deficit for the year	(191 395 954)	(191 395 954)
Total changes	(191 395 954)	(191 395 954)
Restated* Balance at 01 July 2022	1 583 145 246	1 583 145 246
Changes in net assets		
Deficit for the year	(372 523 214)	(372 523 214)
Total changes	(372 523 214)	(372 523 214)
Balance at	1 210 622 032	1 210 622 032

* See Note 51

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		496 145 517	536 488 015
Government grants and subsidies		330 689 919	302 282 061
Interest income		2 091 824	1 150 843
Taxation and fines revenue		4 222 791	3 381 411
Other income		17 268 242	22 008 135
Dividends		27 949	23 023
		<u>850 446 242</u>	<u>865 333 488</u>
Payments			
Employee costs		(369 445 953)	(338 646 640)
Suppliers		(366 096 318)	(367 513 305)
Finance costs		(59 679 726)	(60 720 340)
		<u>(795 221 997)</u>	<u>(766 880 285)</u>
Net cash flows from operating activities	46	<u>55 224 245</u>	<u>98 453 203</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(68 802 807)	(85 724 175)
Purchase of other intangible assets	10	(441 400)	(498 000)
Additions to investments	5	(8 163)	(5 234)
Net cash flows from investing activities		<u>(69 252 370)</u>	<u>(86 227 409)</u>
Cash flows from financing activities			
Repayment of borrowings	15	(6 600 000)	(6 600 000)
Finance lease repayments		(942 791)	(1 645 956)
Increase in finance lease liabilities		-	4 829 880
Net cash flows from financing activities		<u>(7 542 791)</u>	<u>(3 416 076)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(21 570 916)</u>	<u>8 809 718</u>
Cash and cash equivalents at the beginning of the year		41 538 962	32 729 244
Cash and cash equivalents at the end of the year	3	<u>19 968 046</u>	<u>41 538 962</u>

* See Note 51

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	711 994 000	823 000	712 817 000	593 248 978	(119 568 022)	21
Rental of facilities and equipment	7 598 000	(21 000)	7 577 000	5 723 509	(1 853 491)	22
Other income	20 364 000	(4 255 000)	16 109 000	46 226 105	30 117 105	23&25&26&27
Interest received	33 720 000	(2 274 000)	31 446 000	40 824 842	9 378 842	24
Total revenue from exchange transactions	773 676 000	(5 727 000)	767 949 000	686 023 434	(81 925 566)	

Revenue from non-exchange transactions

Taxation revenue

Service charges (Availability charges)	-	-	-	720 383	720 383	28
Property rates	89 572 000	(7 633 000)	81 939 000	82 052 199	113 199	29
Interest received	-	-	-	4 394 287	4 394 287	24

Transfer revenue

Government grants and subsidies	261 818 000	18 725 000	280 543 000	330 100 606	49 557 606	30
Public contributions and donations	-	-	-	7 319 275	7 319 275	31
Fines	4 697 000	30 000	4 727 000	4 222 791	(504 209)	32

Total revenue from non-exchange transactions	356 087 000	11 122 000	367 209 000	428 809 541	61 600 541	
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Total revenue	1 129 763 000	5 395 000	1 135 158 000	1 114 832 975	(20 325 025)	
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Expenditure

Employee costs	(364 984 000)	(9 691 000)	(374 675 000)	(358 522 472)	16 152 528	34
Remuneration of councillors	(22 249 000)	(1 478 000)	(23 727 000)	(20 795 484)	2 931 516	35
Depreciation and amortisation	(10 958 000)	-	(10 958 000)	(111 131 304)	(100 173 304)	37
Finance costs	(8 696 000)	-	(8 696 000)	(83 081 713)	(74 385 713)	38
Debt impairment	(84 072 000)	75 386 000	(8 686 000)	(257 884 270)	(249 198 270)	39
Bulk purchases	(345 829 000)	(3 399 000)	(349 228 000)	(345 543 776)	3 684 224	40
Contracted services	(141 853 000)	(3 842 000)	(145 695 000)	(171 650 849)	(25 955 849)	36&41
General expenses	(109 929 000)	(27 801 000)	(137 730 000)	(138 746 321)	(1 016 321)	42&43&44

Total expenditure	(1 088 570 000)	29 175 000	(1 059 395 000)	(1 487 356 189)	(427 961 189)	
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Operating deficit	41 193 000	34 570 000	75 763 000	(372 523 214)	(448 286 214)	
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Transfers recognised - capital	80 773 000	22 115 000	102 888 000	67 439 606	(35 448 394)	30
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Capital expenditure	(80 773 000)	(22 115 000)	(102 888 000)	(67 439 606)	35 448 394	30
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Deficit for the year	41 193 000	34 570 000	75 763 000	(372 523 214)	(448 286 214)	
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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand

Note(s)

2023

2022

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

These annual financial statements comply with all the requirements of the Standards of Generally Recognised Accounting Practice.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality, and have been rounded off to the nearest Rand.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Services and rates debtors

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. write down is included in the statement of financial performance in the year in which it arose.

Fair value estimation

The fair value of investment properties is determined with reference to market conditions as at year end. This valuation was performed by a registered professional valuer.

Provisions

Provisions were raised and management determined an estimate based on the best information available at the time of making the judgement and estimate of the financial effect.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values

The municipality's management determines the estimated useful lives and related depreciation / amortisation charges for the property, plant and equipment as well as intangible assets. The municipality re-assess the useful lives and the residual values if material of the individual asset. This estimate is based on industry norms and future plans of the municipality communicated through its strategic planning processes.

If material, management will change the depreciation consideration of the condition and actual use charge where useful lives are more / less than previously estimated.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that materially impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

Bad debts

All financial assets measured at amortised cost, or cost, are subject to an impairment review in accordance with paragraphs .57 to .64 of GRAP 104

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it is probable that the borrower will enter sequestration or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
- i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
 - ii. national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph .58). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Investment property (continued)

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

The gain or loss arising from derecognition of an item of investment property is included in surplus or deficit when the item is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

- When the municipality leases out the property and receives rental income.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- Determining any cash generations independent from other assets.
- Purpose of holding the asset, whether generally held to earn rental income or for capital appreciation.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 36).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 11).

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

It is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

An entity applies GRAP 12 to the costs of obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item to produce inventories during that period. The obligations for costs accounted for in accordance with GRAP 12 or this Standard are recognised and measured in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	25 - 30 years
Building Fixtures	Straight-line	3 - 5 years
Plant and machinery	Straight-line	2 - 40 years
Furniture and fixtures	Straight-line	3 - 15 years
Motor vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	3 - 15 years
IT equipment	Straight-line	3 - 10 years
Infrastructure	Straight-line	5 - 100 years
Community	Straight-line	15 - 30 years
Quarries	Straight-line	15 - 20 years
Landfill sites	Straight-line	15 - 80 years
Finance leases - 3G cards	Straight-line	Contract Term
Finance leases - Cellphones	Straight-line	Contract Term
Solid waste	Straight-line	5 - 55 years
Waste water network	Straight-line	5 - 100 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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Accounting Policies

1.5 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 36).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the property, plant and equipment.

Transfer

Transfers from property, plant, and equipment assets are only made when the particular asset no longer meets the definition of a property, plant, and equipment.

Transfers to property, plant, and equipment are only made when the asset meets the definition of a property, plant, and equipment.

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 36).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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Accounting Policies

1.7 Heritage assets (continued)

If a heritage asset is revalued, the entire class of heritage assets to which that asset belongs shall be revalued. If the heritage asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

There is a presumption that fair value can be measured reliably for a heritage asset. However, that presumption can be rebutted when market-determined prices or values are not available and alternative estimates of fair value are determined to be

clearly unreliable. In such a case, the heritage asset shall be measured using the cost model. The carrying amount of the heritage asset shall be its revalued amount at the date of the last revaluation less any subsequent accumulated impairment losses.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Moqhaka Local Municipality

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Accounting Policies

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	20 years
Computer software	Straight-line	3 - 5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

Moghaka Local Municipality

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Accounting Policies

1.8 Intangible assets (continued)

Residual value

The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to acquire the asset at the end of its useful life; or there is an active market for the asset and:

- (i) residual value can be determined by reference to that market; and
- (ii) it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value
Investments	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value if subsequently measured at fair value.

Moqhaka Local Municipality

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Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

Moghaka Local Municipality

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Accounting Policies

1.9 Financial instruments (continued)

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Moghaka Local Municipality

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Accounting Policies

1.9 Financial instruments (continued)

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Tax

Value Added Tax (VAT)

VAT comprises current and non-current VAT (deferred VAT). VAT is accounted for on an accrual basis, but the VAT declarations to the South African Revenue Services (SARS) are made on a payment basis in terms of section 15 of the Value-Added Tax Act 89 of 1991 (VAT Act). On a payment basis, the municipality must declare output tax when the recipient makes payment according to a taxable supply made to the recipient by the municipality. The municipality is liable to account for VAT at the standard rate of 15% in terms of section 7(1)(a) of the VAT Act in respect or response to a taxable supply of goods or services. Where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes, no output tax is declared to the SARS. The municipality can deduct input tax on qualifying VAT expenditure in terms of section 16 of the VAT Act also on the payment basis when they make payments to suppliers and the VAT expenditure is incurred in the course or furtherance of a taxable activity.

A VAT asset is recognised to the extent that the municipality will be able to deduct the net input tax in future VAT declarations to the SARS. VAT assets are reviewed at each reporting date and are adjusted based on the probability that the VAT asset can be realised in future VAT declarations to the SARS. The VAT asset will be reduced to the extent that it is no longer probable that the VAT asset will be realised. A VAT liability is recognised to the extent that the municipality will be obligated to declare a net output tax in future VAT declarations to the SARS.

The municipality assesses at each reporting date whether there is an indication that its output tax amount payable to the SARS is impaired. If any such indication exists, the municipality estimates the output tax payable amount based on observable data indicating a measurable decrease in the estimated future cash flows expected from its customers.

The VAT is offset in the statement of financial position because offsetting reflects the substance of the transaction as VAT is declared to the SARS on a net basis.

VAT is recognised using the VAT rates enacted or substantially enacted at the financial position date and considering any VAT payable or receivable adjustment in the past years.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Moghaka Local Municipality

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Accounting Policies

1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories shall be recognised as an asset if, and only if,

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested.

Actuarial gains or losses: Actuarial gains and losses are recognised in the surplus or deficit in the reporting period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. Independent qualified actuaries carry out valuations of these obligations. The benefits are charge to income as incurred throughout the year.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.14 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Future events that may affect the amount required to settle an obligation is reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 58.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense rather than as an adjustment of the amount of revenue originally recognised.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue from the rental of facilities and equipment is recognised on a straight-lined basis over the term of the lease agreement.

Penalty interest is levied on unpaid amounts each month. This revenue is recognised when leviable in terms of law.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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1.16 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

According to section 1 of the MFMA: "irregular expenditure", in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act and which has not been condoned in terms of section 170; or
- b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the Municipal Systems Act, 2000 (Act no. 32 of 2000) and which has not been condoned in terms of that Act; or

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Irregular expenditure (continued)

- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the Municipal Systems Act, 2000 (Act no. 32 of 2000), and the Public Office Bearers Act, 1998 (Act no. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Then the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed in note 51.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practical, and the prior period comparatives are restated accordingly.

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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1.23 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Other grants and donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Other grants and donations shall be recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.25 Contractual commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Contractual commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

1.26 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.27 Budget information (continued)

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in Appendix E to the annual financial statements.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.28 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

An entity shall initially measure statutory receivables at their transaction amount. The statutory receivables in paragraph .06 shall be measured initially in accordance with the applicable Standard of GRAP. The amount determined on initial measurement in accordance with another Standard of GRAP is the same as the transaction amount described in this Standard.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

An entity shall assess at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. If any such indication exists, the entity shall apply paragraphs .22 to .29.

Moghaka Local Municipality

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Accounting Policies

1.28 Statutory receivables (continued)

The future cash flows of a group of statutory receivables that are collectively evaluated for impairment can be estimated using historical experience for receivables with similar characteristics. Entities that have no entity-specific historical experience or insufficient experience, can use peer group experience (when available) for comparable groups of statutory receivables. Historical experience may need to be adjusted to reflect the effects of current conditions that did not affect the period on which the historical experience is based and, to remove the effects of conditions in the historical period that do not exist currently. Where historical experience is used, the methodology and assumptions used to estimate future cash flows shall be reviewed regularly to reduce any differences between estimated and actual impairment losses.

An impairment loss recognized in prior periods for a statutory receivable shall be revised if there has been a change in the estimates used since the last impairment loss was recognized, or to reflect the effect of discounting the estimated cash flows in accordance with paragraph .23.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Moqhaka Local Municipality

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Accounting Policies

1.30 National Housing Programme

The Moqhaka Local Municipality is a Category B municipality. The municipality is not yet accredited for the housing development scheme. The municipality is currently in the process of a level 1 accreditation. However, the municipality is still required in terms of the guidelines on accounting for arrangements undertaken in terms of the National Housing Programme.

In terms of this level 1 accreditation, the municipality is required to identify and plan local housing programmes and projects.

This is done through the Municipal Human Settlements Plan (MHSP), which is integrated into the municipality's Integrated Development Plan (IDP). The IDP has been approved through a Council resolution and subsequently submitted to the MEC for Local Government for review and comment.

In complying with the requirements of the ASB guidelines, the municipality further identified sites for Reconstruction and Development Programme (RDP) development. These sites have been included as inventory in the Annual Financial Statements.

The municipality makes available the land earmarked for RDP housing construction as classified under inventory on vacant sites to the provincial Department of Human Settlement and disposes of the land once beneficiaries take ownership and/or when deeds registrations are finalised.

Beneficiary management

The municipality assists in the collection of application forms from beneficiaries, informing eligible beneficiaries of the outcome of their application by the relevant provincial Department of Human Settlements and assisting with the handover of the houses.

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Notes to the Annual Financial Statements

Figures in Rand

2023

2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2025	Unlikely there will be a material impact
• GRAP 104	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits; and iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	To be determined	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	To be determined	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14 602 200	27 365 409
Short-term deposits	5 365 846	14 173 553
	19 968 046	41 538 962

Cash and cash equivalents pledged as collateral

Guarantee issued to the Department of Mineral Resources	50 000	50 000
This cession is linked to ABSA notice deposit account number: 205-8247-882		

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
		30 June 2022	30 June 2021		30 June 2022	30 June 2021
ABSA Bank - Cheque account - 405 327 4876	14 574 006	27 353 182	6 103 851	14 573 134	27 352 309	6 103 163
ABSA Bank - Call account - 91 3190 1443	5 364 809	14 172 135	26 598 376	5 365 846	14 173 553	26 598 376
ABSA Bank - Cheque account - 405 327 4876 Accrued interest	29 066	13 100	-	29 066	13 100	3 311
Total	19 967 881	41 538 417	32 702 227	19 968 046	41 538 962	32 704 850

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Inventories		
Consumables stores	24 949 411	24 705 417
Vacant Sites held for resale	71 747 749	71 904 749
Water	288 771	264 785
	96 985 931	96 874 951
Consumable Inventory held by the municipality increased by R 243 994 in the current year (2022: increase R 10 618 752).		
Vacant sites by the municipality decreased by R 157 000 in the current year (2022: decrease R 4 485 700).		
Water Inventory held by the municipality increased by R 23 986 in the current year (2022: increase R 34 369).		
During the year inventory that were expensed through the Statement of Financial Performance amounted to R 12 940 787 (2022: R 9 532 230).		
No Inventories have been pledged as collateral for liabilities of the municipality.		
5. Investments		
Designated at fair value		
ABSA deposits	120 189	112 026
At fair value		
Senwes	177 330	165 508
The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (11 822 shares at R15.00).		
Senwesbel	147 760	116 032
The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (18 130 shares at R8.15).		
	325 090	281 540
Total other financial assets	445 279	393 566
Non-current assets		
At fair value	325 090	281 540
Current assets		
At amortised cost	120 189	112 026
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		

Moqhaka Local Municipality

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6. Receivables from exchange transactions		
Gross balances		
Electricity	132 306 659	100 478 496
Water	610 605 042	588 000 723
Waste water	178 776 041	161 337 802
Waste	127 691 001	115 469 949
Other services	86 186 262	84 842 078
Prepayments	5 558 532	3 622 596
	1 141 123 537	1 053 751 644
Less: Allowance for impairment		
Electricity	(54 048 801)	(33 350 286)
Water	(450 986 980)	(418 398 466)
Waste water	(107 976 190)	(75 132 812)
Waste	(79 030 771)	(54 327 064)
Other services*	(78 434 742)	(75 542 782)
	(770 477 484)	(656 751 410)
Net balance		
Electricity	78 257 858	67 128 210
Water	159 618 062	169 602 257
Waste water	70 799 851	86 204 990
Waste	48 660 230	61 142 885
Other services	7 751 520	9 299 296
Prepayments	5 558 532	3 622 596
	370 646 053	397 000 234
Included in above is receivables from exchange transactions		
Rentals	761 518	664 567
Sundry services	85 424 744	84 177 511
	86 186 262	84 842 078
The following categories are included in the balance of sundry services:		
Burial and cemeteries, Advertising and signs, Building plans, Fire and rescue services, Connection of water and sanitation, Clearance certificates, Sale of stands, etc.		
Electricity		
Current (0 -30 days)	2 057 328	1 360 828
31 - 60 days	1 638 289	1 013 875
61 - 90 days	2 033 403	961 497
> 90 days	72 528 838	63 792 010
	78 257 858	67 128 210

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6. Receivables from exchange transactions (continued)		
Water		
Current (0 -30 days)	4 338 834	4 088 277
31 - 60 days	3 455 095	3 045 941
61 - 90 days	4 288 378	2 888 584
> 90 days	147 535 755	159 579 455
	159 618 062	169 602 257
Waste water		
Current (0 -30 days)	2 142 547	2 092 805
31 - 60 days	1 706 150	1 559 229
61 - 90 days	2 117 631	1 478 678
> 90 days	64 833 523	81 074 278
	70 799 851	86 204 990
Waste		
Current (0 -30 days)	1 476 405	1 483 139
31 - 60 days	1 175 689	1 105 002
61 - 90 days	1 459 236	1 047 916
> 90 days	44 548 900	57 506 828
	48 660 230	61 142 885
Other services		
Current (0 -30 days)	213 945	264 859
31 - 60 days	170 368	197 331
61 - 90 days	211 457	187 137
91 - 120 days	7 155 750	8 649 969
	7 751 520	9 299 296
Prepayments		
Current (0 -30 days)	5 558 532	3 622 596
Summary of debtors by customer classification		
Total		
Current (0 -30 days)	36 212 748	25 197 241
31 - 60 days	28 836 895	18 550 403
61 - 90 days	35 791 630	17 623 343
> 90 days	1 034 723 732	988 758 061
	1 135 565 005	1 050 129 048
Less: Allowance for impairment	(770 477 484)	(656 751 410)
	365 087 521	393 377 638
Non-current receivables from exchange transactions		
> 365 days	1 175 624	2 130 908
Reconciliation of allowance for impairment		
Balance at beginning of the year	(656 751 410)	(584 769 588)
Contributions to allowance	(770 477 484)	(656 751 410)
Debt written off against allowance	138 713 763	-
Reversal of allowance	518 037 647	584 769 588
	(770 477 484)	(656 751 410)

Moghaka Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
6. Receivables from exchange transactions (continued)		
Non-current receivables from exchange transactions		
Arrangements included in the above receivables from exchange transactions amounting to R 1 175 624 (2022: R 2 130 908) is a number of consumers with whom arrangements have been made to pay the debt over a period longer than one year.		
No receivable from exchange transaction have been pledged as collateral for liabilities of the municipality.		
Credit quality of consumer debtors		
The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
7. Receivables from non-exchange transactions		
Eskom account deposit	781 154	747 501
Fuel deposits	2 484 820	2 484 820
Long term debtors	100 063	244 122
Other receivables	269 391	1 291 313
Outstanding electricity collections	13 071 972	12 894 455
Statutory receivables: Assessment rates	39 230 417	44 759 190
Statutory receivables: Fines	784 464	539 825
	56 722 281	62 961 226
Non-current assets	100 063	244 122
Current assets	56 622 218	62 717 104
	56 722 281	62 961 226
Assessment rates		
Gross balances	83 778 587	77 775 517
Less: Allowance for impairment	(44 548 170)	(33 016 327)
	39 230 417	44 759 190
Total receivables from non-exchange transactions	56 722 281	62 961 226
Total		
Current (0 -30 days)	2 414 240	2 100 613
31 - 60 days	1 922 505	1 787 667
61 - 90 days	2 386 165	1 664 034
> 90 days	77 055 677	72 223 203
Less: Impairment	(44 548 170)	(33 016 327)
	39 230 417	44 759 190
Reconciliation of allowances for impairment: Assessment rates		
Balance at the beginning of the year	(33 016 327)	(30 183 668)
Contribution to allowance	(44 548 170)	(33 016 327)
Reversal of allowance	33 016 327	30 183 668
	(44 548 170)	(33 016 327)
Fines		
Gross balance	3 909 158	2 714 989
Less: Impairment	(3 124 694)	(2 175 164)
	784 464	539 825

Moghaka Local Municipality

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7. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment: Fines

Balance at the beginning of the year	(2 175 164)	(1 392 332)
Contribution to allowance	(3 124 694)	(2 175 164)
Reversal of impairment	2 175 164	1 392 332
	(3 124 694)	(2 175 164)

The calculation in respect of the impairment fines receivable is based on an assessment of the past payment history of fines per category. The total average collectability of fines were 23% (2022: 26%).

The calculation for initial recognition and measurement of fines reduced and or cancelled is based on an assessment of past reduced and or cancelled history of fines per category. The total average estimated reductions used were 25% (2022: 10%).

Non-current receivables from non-exchange transactions

Long term debtors	100 063	244 122
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8. VAT receivable

VAT	144 850 801	118 332 047
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The municipality is registered on the cash basis for VAT purposes. This means that VAT is only paid once cash is received or actual payments are made.

9. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	7 761 921	(7 755)	7 754 166	7 761 921	-	7 761 921

Reconciliation of heritage assets 2023

	Opening balance	Impairment losses recognised	Total
Heritage assets	7 761 921	(7 755)	7 754 166

Reconciliation of heritage assets 2022

	Opening balance	Total
Heritage assets	7 761 921	7 761 921

Moghaka Local Municipality

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9. Heritage assets (continued)

Heritage assets

The municipality's heritage assets comprise of significant historical assets within the Moghaka Municipality.

These are made up of the:

Anglo-Boer War Memorial Burial Site,
Sports monument,
Mayoral chains, and
ZR Mahabane House.

Reconciliation of heritage assets

	Carrying amount 2023	Carrying amount 2022
Municipal jewellery	1 277 800	1 277 800
Areas of land of historic or specific significance	242 367	250 122
Culturally significant buildings	6 233 999	6 233 999
	7 754 166	7 761 921

10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6 637 421	(3 838 726)	2 798 695	6 196 021	(3 379 464)	2 816 557

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	2 816 557	441 400	(459 262)	2 798 695

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	2 742 315	498 000	(423 758)	2 816 557

Other information

There were no intangible assets that were assessed as having an indefinite useful life.

There are no intangible assets whose titles are restricted or pledged as security for municipality's liabilities.

There are no contractual commitments for the acquisition of intangible assets.

Moqhaka Local Municipality

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11. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	105 102 271	-	105 102 271	107 623 327	-	107 623 327

Reconciliation of investment property - 2023

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	107 623 327	(3 876 942)	(223 929)	1 579 815	105 102 271

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	105 837 439	(228 500)	2 014 388	107 623 327

Pledged as security

There are currently no restrictions on investment property as they have not being pledged as securities for liabilities.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations for the acquisition of investment property.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Details of valuation

The fair value of the investment property was provided by EMS Solutions registered as a Professional Associated Valuer under subsection (2) of section 22 of the Property Valuers Profession Bill, 2000 (Act no. 47 of 2000).

Amounts recognised in surplus and deficit for the year

Rental revenue from investment property	5 723 509	5 043 682
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Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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12. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	50 503 535	-	50 503 535	45 779 606	-	45 779 606
Buildings	71 261 622	(31 747 171)	39 514 451	71 207 873	(30 010 561)	41 197 312
Plant and machinery	10 127 535	(6 967 231)	3 160 304	10 603 209	(7 061 683)	3 541 526
Furniture and office equipment	11 799 541	(7 761 368)	4 038 173	12 294 569	(8 219 087)	4 075 482
Motor vehicles	58 124 974	(42 849 195)	15 275 779	56 877 444	(42 408 070)	14 469 374
IT equipment	18 250 261	(10 342 860)	7 907 401	19 582 221	(10 016 079)	9 566 142
Landfill sites	17 209 966	(13 770 154)	3 439 812	17 209 966	(13 574 836)	3 635 130
Infrastructure	4 153 571	(2 586 927 931)	1 566 643 247	4 120 030 039	(2 488 484 708)	1 631 545 331
Community	203 175 681	(125 161 186)	78 014 495	200 296 685	(116 372 969)	83 923 716
Capital work in progress	133 337 180	(2 536 570)	130 800 610	106 262 260	(320 208)	105 942 052
Finance leased assets	3 689 597	(1 523 320)	2 166 277	3 689 597	(349 483)	3 340 114
Total	4 731 051 070	(2 829 586 986)	1 901 464 084	4 663 833 469	(2 716 817 684)	1 947 015 785

Moghaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Public contributions and donations	Depreciation	Impairment loss	Total
Land	45 779 606	-	-	-	223 929	4 500 000	-	-	50 503 535
Buildings	41 197 312	53 748	-	-	-	-	(1 614 814)	(121 795)	39 514 451
Plant and machinery	3 541 526	581 945	(135 972)	-	-	-	(790 256)	(36 939)	3 160 304
Furniture and office equipment	4 075 482	848 575	(185 291)	-	-	7 800	(645 169)	(63 224)	4 038 173
Motor vehicles	14 469 374	2 849 391	(463 450)	-	-	1 119 843	(2 509 947)	(189 432)	15 275 779
IT equipment	9 566 142	571 242	(342 393)	-	-	-	(1 836 846)	(50 744)	7 907 401
Landfill sites	3 635 130	-	-	-	-	-	(195 318)	-	3 439 812
Infrastructure	1 631 545 331	2 295 576	(260 404)	31 328 206	-	653 632	(96 819 668)	(2 099 426)	1 566 643 247
Community	83 923 716	288 550	-	2 590 446	-	-	(5 086 187)	(3 702 030)	78 014 495
Capital work in progress	105 942 052	61 313 780	-	(33 918 652)	-	-	-	(2 536 570)	130 800 610
Finance leased assets	3 340 114	-	-	-	-	-	(1 173 837)	-	2 166 277
	1 947 015 785	68 802 807	(1 387 510)	-	223 929	6 281 275	(110 672 042)	(8 800 160)	1 901 464 084

Moghaka Local Municipality

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Public contributions and donations	Depreciation	Impairment loss	Total
Land	45 629 606	150 000	-	-	-	-	-	-	45 779 606
Buildings and fixtures	40 270 688	2 525 227	-	-	-	-	(1 598 603)	-	41 197 312
Plant and machinery	2 886 554	1 328 859	(17 315)	-	-	-	(636 952)	(19 620)	3 541 526
Furniture and office equipment	3 351 116	1 053 191	(10 245)	-	-	226 790	(524 660)	(20 710)	4 075 482
Motor vehicles	16 837 446	-	(17 109)	-	-	-	(2 218 999)	(131 964)	14 469 374
IT equipment	5 980 972	4 636 845	(18 184)	-	-	-	(1 321 208)	(2 540)	9 566 142
Landfill sites	1 507 868	-	(51 781)	2 346 750	-	-	(167 707)	-	3 635 130
Infrastructure	1 715 297 275	2 122 035	(656 135)	23 344 990	-	-	(95 896 741)	(12 666 093)	1 631 545 331
Community	89 172 045	26 013	-	-	-	-	(5 044 752)	(229 590)	83 923 716
Capital work in progress	67 358 627	70 243 005	-	(25 691 740)	(5 647 632)	-	-	(320 208)	105 942 052
Finance leased assets	178 814	3 639 000	-	-	-	-	(477 700)	-	3 340 114
	1 988 471 011	85 724 175	(770 769)	-	(5 647 632)	517 047	(107 887 322)	(13 390 725)	1 947 015 785

Capital commitments

Approved and contracted for capital expenditure

Infrastructure	102 685 200	23 745 644
Motor vehicles	152 777 510	152 777 510
Community	2 774 800	706 876
Buildings	575 521	-
Landfill sites	5 558 937	25 306 603
Other	-	138 856
	264 371 968	202 675 489

Moghaka Local Municipality

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Figures in Rand	2023	2022
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12. Property, plant and equipment (continued)

Capital Work In Progress - 2023

	Included within infrastructure and landfill sites	Included within community	Included within Building & Fixtures	Total
Opening balance	94 795 588	10 702 001	444 464	105 942 053
Additions/capital expenditure	25 390 913	(532 356)	-	24 858 557
	120 186 501	10 169 645	444 464	130 800 610

Capital Work In Progress - 2022

	Included within Infrastructure and landfill sites	Included within Community	Included within Building & Fixtures	Total
Opening balance	58 243 044	8 671 120	444 464	67 358 628
Additions/capital expenditure	36 552 544	2 030 880	-	38 583 424
	94 795 588	10 702 000	444 464	105 942 052

Reconciliation of infrastructure assets

Infrastructure

Roads and storm water	626 348 026	648 580 750
Electricity	317 962 010	347 169 330
Water	365 752 286	367 624 271
Sewerage	256 580 958	268 171 545
	1 566 643 280	1 631 545 896

Assets registers contain assets with a carrying value of R0. These are assets which have either been fully impaired or have been disposed in the 2021-22 financial year. The latter are kept in the register for comparison purposes.

Capital work in progress refers to infrastructure, community ongoing projects and assets which have been paid for and have not been delivered as at 30 June 2023.

Significantly Delayed Capital Work in Progress include: Fencing of Steynsrus/Matlwangtlwang Offices, Construction of 0.608km paved road and stormwater in Rammulotsi, Construction of indoor-outdoor sports facilities in Koekoe Village.

Halted Capital Work in Progress include: Construction of 66kv overhead ring main feed line phase 1, Upgrading sewer treatment work phase 3.

Significantly Delayed Capital Work in Progress

	Amount
Infrastructure	2 931 840
Buildings & Fixtures	444 464
Community	7 023 916
	10 400 220

Halted Capital Work in Progress

	Amount
Infrastructure	17 641 396

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13. Consumer deposits		
Electricity	4 901 194	4 000 717
Water	6 615 599	6 247 499
Sundries	4 229 376	4 165 441
	15 746 169	14 413 657
14. Finance lease obligation		
Minimum lease payments due		
- within one year	1 756 320	1 756 320
- in second to fifth year inclusive	1 317 240	3 073 560
	3 073 560	4 829 880
less: future finance charges	(657 322)	(1 470 851)
Present value of minimum lease payments	2 416 238	3 359 029
Present value of minimum lease payments due		
- within one year	1 238 510	942 792
- in second to fifth year inclusive	1 177 728	2 416 237
	2 416 238	3 359 029
Non-current liabilities	1 177 728	2 416 237
Current liabilities	1 238 510	942 792
	2 416 238	3 359 029
<p>It is municipality policy to lease certain motor vehicles and equipment under finance leases. The average lease term does not exceed 5 years. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to the note 12.</p> <p>The lease payments does not escalate per annum in line with the service level agreement that the municipality signed, and no arrangements have been entered into for any contingent rent.</p>		
15. Borrowings		
At amortised cost		
Development Bank of Southern Africa	19 946 883	24 411 635
Non-current liabilities		
At amortised cost	9 382 617	11 757 098
Current liabilities		
At amortised cost	10 564 266	12 654 537

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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15. Borrowings (continued)

Defaults and breaches

The municipality restructured all loans from the Development Bank of Southern Africa during 2012. The restructured loan bears interest on the outstanding amount at a fixed rate of 9% while amounts in arrears will bear interest at 11%

The loan is payable in 60 (sixty) quarterly payments starting on 1 August 2012. The municipality has not defaulted payments in the current year. The municipality was not able to remedy the defaults and terms of the loan was not required to be renegotiated in terms of the restructured loan.

Balance in arrears

Capital	8 035 189	7 613 957
Interest	152 852	5 040 580
	8 188 041	12 654 537

16. Eskom payment arrangement

Trade payables	1 124 900 222	844 625 466
Payments received in advanced	29 021 882	17 769 326
Deposits received	76 893	87 457
Retention creditors	6 351 706	6 153 798
Third parties	15 985 415	13 638 866
	1 176 336 118	882 274 913

Bulk electricity

Current (0 -30 days)	63 230 898	47 979 310
31 - 60 days	58 861 102	62 452 152
61 - 90 days	68 462 447	-
> 90 days	839 105 927	647 573 168
	1 029 660 374	758 004 630

Various trade creditors

Current (0 -30 days)	22 602 917	12 513 961
31 - 60 days	34 956 297	6 303 767
61 - 90 days	1 903 688	2 240 089
> 90 days	35 572 504	65 563 018
	95 035 406	86 620 835

Auditor-General of South Africa

Current (0 -30 days)	204 443	-
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Suppliers have not been paid within the prescribed 30 day period due to cash flow constraints.

17. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed	Interest costs	Change in estimate	Total
Funeral death benefit	58 000	-	(7 000)	-	-	51 000
Rehabilitation of landfill sites	68 576 550	-	-	1 099 861	11 559 037	81 235 448
Rehabilitation cost of quarries	14 264 332	-	-	1 624 878	703 965	16 593 175
Leave pay	28 671 089	1 896 996	-	-	-	30 568 085
	111 569 971	1 896 996	(7 000)	2 724 739	12 263 002	128 447 708

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Notes to the Annual Financial Statements

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17. Provisions (continued)

Reconciliation of provisions - 2022

	Opening Balance	Reversed	Interest costs	Change in estimate	Total
Funeral death benefit	67 000	(9 000)	-	-	58 000
Rehabilitation cost of landfill sites	65 257 158	-	971 976	2 347 416	68 576 550
Rehabilitation cost of quarries	13 120 893	-	1 449 859	(306 420)	14 264 332
Leave pay	29 110 450	(439 361)	-	-	28 671 089
	107 555 501	(448 361)	2 421 835	2 040 996	111 569 971
Non-current liabilities				128 396 708	111 511 971
Current liabilities				51 000	58 000
				128 447 708	111 569 971

Funeral death benefit

The funeral death benefit scheme was initiated by the Municipality for its employees who were appointed prior to 1996. The scheme is only open to these municipal employees, and payouts are only made to employees who are deceased while in the service of the Municipality. The scheme participants make a monthly contribution of R 2.50 and upon death the beneficiary/family receives the R 1 000 payout.

Rehabilitation of landfill sites and quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act no. 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites and quarries at Kroonstad, Viljoenskroon and Steynsrus.

Summary of liability for landfill site and quarries costs

Kroonstad (landfill site)	43 028 862	37 406 987
Steynsrus (landfill site)	12 766 386	9 203 859
Viljoenskroon (landfill site)	25 440 201	21 965 704
Kroonstad (gravel quarry)	7 875 223	7 240 988
Steynsrus (gravel quarry)	8 717 952	7 023 344
	97 828 624	82 840 882

Key assumptions used:

Assumptions used at the reporting date:

Viljoenskroon - CPI	- %
Viljoenskroon - discount rate used	- %
Steynsrus - CPI	6.81 %
Steynsrus - discount rate used	11.95 %
Kroonstad - CPI	- %
Kroonstad - discount rate used	- %

Kroonstad and Viljoenskroon rates are 0% for CPI and discount rate as the useful lives are 0 and no discounting is applied.

Leave pay

Annual leave accrues to employees on a monthly basis in accordance with the conditions of employment. Employees are entitled to 16 non-vested leave days and 8 vested leave days per annum, accumulated to a maximum of 48 leave days. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of leave and the estimated leave days to be forfeited.

Moqhaka Local Municipality

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17. Provisions (continued)

It is not the municipality's policy to encash leave in the normal course of business, except upon resignation, termination or retirement.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Grant	2 353 851	1 764 538
Movement during the year		
Balance at the beginning of the year	1 764 538	19 338 574
Additions during the year	330 100 606	316 798 251
Income recognition during the year	(329 511 293)	(334 372 287)
	2 353 851	1 764 538

See note 30 for the reconciliation of grants from other spheres of government. The amounts are recognised as revenue when the qualifying expenditure is incurred.

19. Employee benefit obligations

Employee benefit obligations

Reconciliation of Employee benefit obligation - 2023	Opening Balance	Additions / (reversal)	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	18 979 000	1 938 000	2 213 000	(1 751 000)	(1 347 000)	20 032 000
Post-retirement Medical Plan	137 287 000	5 838 000	16 329 000	(4 043 988)	(31 384 012)	124 026 000
13th Cheque	7 244 490	741 742	-	-	-	7 986 232
	163 510 490	8 517 742	18 542 000	(5 794 988)	(32 731 012)	152 044 232

Reconciliation of Employee benefit obligation - 2022	Opening Balance	Additions	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	18 112 000	1 737 000	1 792 000	(2 454 000)	(208 000)	18 979 000
Post-retirement Medical Plan	134 648 000	-	3 763 000	3 946 878	2 822 878	137 287 000
13th Cheque	6 619 327	625 163	-	-	-	7 244 490
	159 379 327	2 362 163	5 555 000	1 492 878	2 614 878	163 510 490

Carrying value

Long service awards	(20 032 000)	(18 979 000)
Post retirement medical aid	(124 026 000)	(137 287 000)
13th cheque	(7 986 232)	(7 244 490)
	(152 044 232)	(163 510 490)
Non-current liabilities	(144 058 000)	(156 266 000)
Current liabilities	(7 986 232)	(7 244 490)
	(152 044 232)	(163 510 490)

Long service awards

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19. Employee benefit obligations (continued)

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2023.

Key assumptions used

Discount rates used	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and yield curve
Salary inflation	Equal to CPI+1
Net discount rate	Yield Curve Base

The basis on which the discount rate has been determined is as follow:

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	18 979 000	18 112 000
Net expense recognised in the statement of financial performance	1 053 000	867 000
	20 032 000	18 979 000

Net expense recognised in the statement of financial performance:

Current service cost	1 938 000	1 737 000
Interest cost	2 213 000	1 792 000
Actuarial (gains) losses	(1 347 000)	(208 000)
Benefit payments	(1 751 000)	(2 454 000)
	1 053 000	867 000

Calculation of actuarial gains and losses

Current Service Cost	1 938 000	1 737 000
Benefits paid	(1 347 000)	(2 454 000)
Actuarial gain / (loss)	(1 751 000)	(208 000)
	(1 160 000)	(925 000)

Post retirement medical aid plan

The Municipality's current active employees and pensioners have the choice of participating in the following medical schemes:

- LA Health Medical Scheme
- Bonitas Medical Scheme;
- Hosmed Medical Scheme
- Samwumed Medical Scheme; and
- Key Health Medical Scheme.

Moqhaka Local Municipality

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19. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Present value of the defined benefit obligation-wholly unfunded	137 287 000	134 648 000
Current interest cost	16 329 000	3 763 000
Actuarial (gains) losses	(31 384 012)	2 822 878
Benefits payments	(4 043 988)	(3 946 878)
Current service cost	5 838 000	-
	124 026 000	137 287 000

Net expense recognised in the statement of financial performance:

Current service cost	5 838 000	-
Interest cost	16 329 000	3 763 000
Actuarial (gains) losses	(31 384 012)	2 822 878
Benefits payments	(4 043 988)	(3 946 878)
	(13 261 000)	2 639 000

Calculation of actuarial gains and losses

Actuarial (gains) losses	(31 384 012)	2 822 878
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The post retirement medical plan is a defined benefit plan, of which the members are made up as follows:

Continuation Members (Pensioners)	63	61
Current (In Service) Members	620	603

Key assumptions used

Assumptions used at the reporting date:

Discount rate	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and yield curves
Medical Aid Contribution Inflation	CPI+1.5%
Net Effective Discount Rate	Yield curve based

The expected benefit payments over the next annual reporting period is reflected in the table

Balance at 30 June 2023	-	124 026 000
Current Service Cost	-	5 332 000
Interest cost	-	16 064 000
Curtailement	-	(4 621 000)
	-	140 801 000

20. Eskom payment arrangement

Reconciliation of Eskom payment arrangement

Opening balance	-	327 653 727
Other changes / movements during the year	-	(327 653 727)
	-	-

Arrangement debt

The municipality entered into a payment arrangement with Eskom concerning a portion of their Eskom electricity bulk account. In terms of the payment arrangement, the municipality is required to service the arranged debt over five years, whereby the municipality committed to pay Eskom an additional amount to their monthly electricity bulk account.

Moqhaka Local Municipality

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20. Eskom payment arrangement (continued)

The municipality regrettably defaulted on making all required payments in terms of the payment arrangement, which led to the arrangement debt becoming payable immediately in terms of the arrangement agreement with Eskom.

As a consequence of the default, the municipality derecognised the long-term arrangement debt arrangement amount, which led to an increase of the current Eskom debt amount due.

21. Service charges

Sale of electricity	334 124 124	343 696 195
Sale of water	155 608 401	120 120 204
Solid waste	43 000 218	37 401 956
Waste water	60 516 235	54 108 597
	593 248 978	555 326 952

Income foregone

The income foregone included in the difference service charges relates to discounts given to farmers, discounts given to pensioners and also incentives given to debtors settling their accounts in terms of the debt collection and credit control policy.

22. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	5 723 509	5 043 682
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23. Fees earned

Administrative and management fees	148 187	208 378
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24. Interest received

Interest revenue

Bank	2 091 824	1 150 843
Receivables from exchange transactions	38 733 018	27 053 587
Receivables from non-exchange transactions	4 394 287	2 836 586
	45 219 129	31 041 016

All amounts above included in investment revenue arises from exchange transactions.

Moqhaka Local Municipality

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25. Other income		
Administration income	679 059	524 210
Building plans and inspection fees	915 539	1 068 731
Burial income	1 784 405	1 602 183
Clearance certificates	286 495	302 804
Connection fees	1 075 302	2 827 219
Discount received	462 061	404 257
Dividends received	27 949	23 023
Erven sales	2 102 998	6 548 206
Escort fees	2 180	2 874
Fire brigade and rescue services	-	412 640
Hostel fees	41 255	41 255
Insurance claims	600 158	230 046
Proceed from auction	2 191 439	-
Provision for rehabilitation adjustment	-	306 420
Railway siding	12 482	128 935
Special services	-	5 387
Sundry income	1 372 646	2 257 516
Unclaimed deposits	332 588	497 649
Water valuation adjustments	23 985	34 372
	11 910 541	17 217 727
26. Fair value adjustments		
Investment property	1 579 815	2 014 388
Investment in shares	43 550	29 594
	1 623 365	2 043 982
27. Gains (losses) on employee benefit obligations		
Long service awards: Actuarial gains / (losses)	1 160 000	925 000
Post retirement medical benefit: Actuarial gains / (losses)	31 384 012	(2 822 878)
	32 544 012	(1 897 878)
28. Services charges (Availability charges)		
Water	359 644	344 627
Waste water	360 739	362 362
	720 383	706 989
29. Property rates		
Rates received		
Residential	21 512 684	18 893 362
Commercial	37 183 378	33 948 163
State	23 356 137	21 561 230
	82 052 199	74 402 755

Moghaka Local Municipality

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Notes to the Annual Financial Statements

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29. Property rates (continued)		
Valuations		
Commercial	6 226 023 313	6 197 317 314
Multi-purpose	187 414 003	185 544 004
Municipal	462 104 203	483 940 203
Non-ratable	239 807 806	242 024 806
Residential	4 717 590 698	4 694 849 696
State	1 154 342 017	1 160 022 017
	12 987 282 040	12 963 698 040

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

An average rate of R 0.021 (2022: R 0.021) is applied to property valuations to determine assessment rates.

Rates are levied on a monthly basis. Interest at prime plus 1% per annum (2022: prime plus 1%) is levied on rates outstanding two months after due date. (Excluding national government property rates which is levied on an annual basis).

An application was made with the Department of CoGTA on 17 July 2020 for an extension of the Valuation Roll (01 July 2017 – 30 June 2021) due to the impact of Covid-19, condition of the water supply, solid waste and waste water services, planned extension off the new developments for business & residential developments, replacement of faulty water & electricity meters inclusive of indigents as well of funds needed for improvement of AG's report relating to infrastructure and immovable assets register. Approval was granted on 23 October 2020 by the Head of CoGTA Mr Mokete Victor Duma until June 2024.

Income foregone

The Income foregone included in the different property rates relates to the first R 200 000 of all residential properties that are exempted from paying property rates including, discounts given to farmers, discounts given to pensioners and also incentives given to debtors settling their accounts in terms of the debt collection and credit control policy.

30. Government grants and subsidies

Operating grants

Equitable share	257 433 000	230 417 000
LG SETA Grant	-	19 778
Financial Management Grant (FMG)	2 300 000	2 200 000
Housing Development Grant	1 500 000	2 151 484
Expanded Public Works Program (EPWP)	1 428 000	1 392 000
	262 661 000	236 180 262

Capital grants

Water Services Infrastructure Grant (WSIG)	10 292 000	16 065 046
Rehabilitation of sewerage network - DWS	-	8 134 363
Rehabilitation of sewerage network - CoGTA	-	6 500 000
Municipal Infrastructure Grant (MIG)	45 594 000	48 418 814
Integrated National Electrification Program (INEP)	1 923 000	1 500 000
Regional Bulk Infrastructure Grant (RBIG)	9 630 606	-
	67 439 606	80 618 223
	330 100 606	316 798 485

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30. Government grants and subsidies (continued)

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	72 667 606	86 381 251
Unconditional grants received	257 433 000	230 417 000
	330 100 606	316 798 251

Equitable share

Current year receipts	257 433 000	220 958 000
Conditions met - transferred to revenue	(257 433 000)	(230 417 000)
Grant withheld by National Treasury	-	9 459 000
	-	-

This grant is primarily used to subsidise the provision of basic services to indigent households. All registered indigent households receive a monthly subsidy based on the basic service charges for water, electricity, sewerage, refuse, which is funded from the grant. Indigent households also receive 10kl free water and 50kwh free electricity per month.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	6 082 814
Current year receipts	45 594 000	42 336 000
Conditions met - transferred to revenue	(45 594 000)	(48 418 814)
	-	-

The grant is used to supplement the municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services.

LG SETA Grant

Balance unspent at beginning of year	1 764 538	1 231 714
Current year receipts	589 313	552 602
Conditions met - transferred to revenue	-	(19 778)
	2 353 851	1 764 538

Conditions still to be met - remain liabilities (see note 18).

The grant is used for training municipality staff to enhance their skills in their respective positions.

Extended Public Works Program (EPWP)

Current year receipts	1 428 000	1 392 000
Conditions met - transferred to revenue	(1 428 000)	(1 392 000)
	-	-

This grant is used in respect of job creation projects and programmes.

Moqhaka Local Municipality

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30. Government grants and subsidies (continued)

Finance Management Grant (FMG)

Current year receipts	2 300 000	2 200 000
Conditions met - transferred to revenue	(2 300 000)	(2 200 000)
	-	-

This grant is to train and appoint intern staff members in the finance department of the municipality.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	-	12 024 046
Current year receipts	10 292 000	13 500 000
Conditions met - transferred to revenue	(10 292 000)	(16 065 046)
Other	-	(9 459 000)
	-	-

Conditions still to be met - remain liabilities (see note 18).

This grant is used for infrastructure development including rehabilitation of key infrastructure assets.

Housing Development Grant

Current year receipts	1 500 000	2 151 484
Conditions met - transferred to revenue	(1 500 000)	(2 151 484)
	-	-

The grant is used for the capacitation and support towards a level one accreditation of the housing section.

Rehabilitation of sewerage network - DWS

Current year receipts	-	8 134 363
Conditions met - transferred to revenue	-	(8 134 363)
	-	-

This grant is used for the rehabilitation of Kroonstad waste water treatment works.

Integrated National Electrification Program (INEP)

Current-year receipts	1 923 000	1 500 000
Conditions met - transferred to revenue	(1 923 000)	(1 500 000)
	-	-

This grant is used for the electrification of households.

Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	9 360 606	-
Conditions met - transferred to revenue	(9 360 606)	-
	-	-

The grant is used for the refurbishment of the wastewater treatment works in Kroonstad.

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30. Government grants and subsidies (continued)		
Rehabilitation of sewerage network - CoGTA		
Current year receipts	-	6 500 000
Conditions met - transferred to revenue	-	(6 500 000)
	-	-

This grant is used for the rehabilitation of the Kroonstad waste water treatment works.

31. Public contributions and donations

Public contributions and donations	7 319 275	517 047
AJ Dieseldiens	-	4 000
Department of Rural Development	4 500 000	-
Department forestry, fisheries and the environment	1 119 843	-
Matliduna	7 800	-
Department of Water and Sanitation	653 632	-
Fezile Dabi District Municipality	-	503 304
Provincial Treasury	1 038 000	-
Mr. Gau	-	2 781
Wanga Power Projects	-	6 962
	7 319 275	517 047

For the financial year ending 30 June 2023

- Department of Rural Development donated Land to the value of R4 500 000.
- Department forestry, fisheries and the environment donated Motor vehicles to the value of R1 119 843.
- Matliduna donated furniture and office equipment to the value of R7 800.
- Department of Water and Sanitation donated Infrastructure assets to the value of R653 632.

The Provincial Treasury paid the audit fees for the municipality to the value of R1 038 000.

For the financial year ending 30 June 2022

- AJ Dieseldiens donated IT equipment to the value of R4 000.
- Wanga Power Projects donated IT equipment to the value of R6 962.
- Fezile Dabi District Municipality donated IT equipment to the value of R279 295.

Fezile Dabi District Municipality donated Furniture and office equipment to the value of R224 009.

- Mr. Gau donated Furniture and office equipment to the value of R2 781.

32. Fines

Illegal connections	350 891	127 642
Law enforcement	21 330	550 339
Municipal traffic	3 850 570	2 703 430
	4 222 791	3 381 411

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33. Revenue		
Fair value adjustments	1 623 365	2 043 982
Service charges	593 248 978	555 326 952
Gains on employee benefit obligation	32 544 012	925 000
Rental of facilities and equipment	5 723 509	5 043 682
Fees earned	148 187	208 378
Other income	11 910 541	17 217 727
Interest received	40 824 842	28 204 430
Service charges (Availability charges)	720 383	706 989
Property rates	82 052 199	74 402 755
Indirect taxes (VAT, customs duty)	4 394 287	2 836 586
Government grants & subsidies	330 100 606	316 798 485
Public contributions and donations	7 319 275	517 047
Fines	4 222 791	3 381 411
	1 114 832 975	1 007 613 424

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	593 248 978	555 326 952
Fair value adjustments	1 623 365	2 043 982
Gains on employee benefit obligation	32 544 012	925 000
Rental of facilities and equipment	5 723 509	5 043 682
Fees earned	148 187	208 378
Other income	11 910 541	17 217 727
Interest received	40 824 842	28 204 430
	686 023 434	608 970 151

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Service charges (Availability charges)	720 383	706 989
Property rates	82 052 199	74 402 755
Interest received	4 394 287	2 836 586
Transfer revenue		
Government grants & subsidies	330 100 606	316 798 485
Public contributions and donations	7 319 275	517 047
Fines	4 222 791	3 381 411
	428 809 541	398 643 273

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34. Employee related costs		
Basic salary	207 462 755	196 345 673
Bonus	16 865 575	14 751 248
Leave pay provision charge	4 034 003	5 470 553
Overtime payments	35 565 483	31 318 920
Car allowance	21 359 314	18 108 639
Housing benefits and allowances	1 392 225	1 582 063
Other allowances	18 548	19 814
Telephone allowances	525 981	532 898
Post-employment medical aid- current service cost	5 838 000	-
Standby allowances	2 958 233	2 821 107
Long service awards	811 055	628 955
Defined contribution plans	37 054 201	33 287 003
Medical aid - company contributions	21 750 297	19 624 013
Group life insurance	1 011 573	1 115 237
Industrial council levy	111 471	110 675
UIF	1 763 758	1 737 197
	358 522 472	327 453 995

Remuneration of Municipal Manager: P.H Tshabalala

Annual remuneration	119 137	-
Housing allowance	7 945	-
Car allowance	39 799	-
Social contribution	24 414	-
Cellphone allowance	5 217	-
	196 512	-

2022-2023

During the current financial year the following directors acted as Municipal Manager and received an acting allowance:

Mr. J. Maswanganyi R 47 916,
Mr. I. Mokgatle R 19 297.

2021-2022

During the current financial year the following directors acted as the Municipal Manager and received an acting allowance

Mr. M. Mthwalo R 76 226,
Mr. I. Mokgatle R 92 797,
Ms. S. Monyaki R 125 882.

Remuneration of Municipal Manager: M.S Mqwathi (Deceased)

Annual remuneration	-	116 949
Car allowance	-	65 606
Social contribution	-	37 245
Cellphone allowance	-	6 000
Leave day payout	-	568 740
	-	794 540

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34. Employee related costs (continued)		
Remuneration of Chief Financial Officer: T.R Marumo (Terminated)		
Annual remuneration	-	566 052
Car allowance	-	252 403
Social contribution	-	127 866
Cellphone allowance	-	15 300
Leave day payout	-	419 633
	-	1 381 254

2022-2023

During the current financial year, the following officials acted as the Chief Financial Officer and received an acting allowance:

Mr. J. Maswanganyi R 51 144,
Mr. R. Buys R 195 803,
Mr. S. Theletsane R 10 222.

2021-2022

During the current financial year, Mr. J. Maswanganyi acted as the Chief Financial Office and received an acting allowance totalling R 39 763.

Executive Director: Technical Services: I.S Mokgatle

Annual remuneration	787 942	817 610
Car allowance	505 435	481 193
Social contribution	1 456	124
Cellphone allowance	13 565	19 304
	1 308 398	1 318 231

Executive Director: Corporate Services: M.E Mthwalo (Terminated)

Annual remuneration	-	642 279
Car allowance	-	249 763
Social contribution	-	127 866
Cellphone allowance	-	15 000
Leave days payout	-	445 294
	-	1 480 202

2022-2023

During the current financial year, the following officials acted as the Director Corporate Services and received an acting allowance:

Mr. R. Odendaal R 28 527,
Ms. T. Maqena R 136 496.

2021-2022

During the current financial year, Mr. R. Odendaal acted as the Director Corporate Services and received an acting allowance totalling R 28 656.

Moqhaka Local Municipality

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34. Employee related costs (continued)		
Executive Director: Community Services: P.H Tshabalala (Terminated)		
Annual remuneration	-	566 052
Car allowance	-	128 083
Social contribution	-	42 093
Housing allowance	-	207 597
Cellphone allowance	-	9 000
Leave days payout	-	384 916
	-	1 337 741

2022-2023

During the current financial year, the following officials acted as the Director Community Services and received an acting allowance:

Mr. T. Qhena R 30 902,
Mr. M. Rakgase R 54 040,
Ms. Dnd . van der Westhuizen R 62 745.

2021-2022

During the current financial year, Mr. T. Qhena acted as the Director Community Services received an acting allowance totalling R 29 839.

Executive Director: LED and Planning: S.J Monyaki (Terminated)

Annual Remuneration	-	691 934
Car Allowance	-	252 000
Social contribution	-	93
Housing allowance	-	123 945
Cellphone allowance	-	19 696
Leave days payout	-	150 947
	-	1 238 615

2022-2023

During the current financial year, the following officials acted as the LED and Planning Services and received an acting allowance:

Mr. T. Leie R 10 993,
Mr. G. Mogorosi R 63 255,
Ms. L. Mapane R 64 516.

2021-2022

During the current financial year, Mr. T. Leie acted as the LED and Planning Services received an acting allowance totalling R 60 600.

35. Remuneration of councillors

Executive Major	978 717	914 469
Speaker	802 382	745 136
Councillors	18 266 027	17 126 975
Council Whip	748 358	699 496
	20 795 484	19 486 076

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35. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council-owned vehicle for official duties.

The Executive Mayor has the use of a council-owned vehicle for official duties and has one full-time bodyguard and driver.

The Speaker has one full-time driver and the use of a council-owned vehicle for official duties.

Refer to related parties note for detailed disclosure.

36. Repairs and maintenance

Repairs and maintenance	99 520 899	85 802 121
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Repairs and maintenance consists of:

Buildings	62 691 144	44 833 382
Electrical network	7 995 484	15 489 849
Water and sewer network	3 601 213	4 237 075
Fleet	3 319 428	2 810 042
Roads	4 511 690	4 788 793
Other repairs and maintenance	17 401 940	13 642 980
	99 520 899	85 802 121

37. Depreciation and amortisation

Property, plant and equipment	110 672 042	107 887 322
Intangible assets	459 262	423 758
	111 131 304	108 311 080

38. Finance costs

Annuity loans and finance leases	2 135 249	2 556 176
Employee benefits	18 542 000	5 555 000
Landfill sites and quarries	2 724 739	2 421 835
Late payment on creditors	59 679 726	60 720 340
Other interest paid	-	2 643 672
	83 081 714	73 897 023

39. Debt impairment

Receivables from exchange transactions	243 227 733	61 875 244
Receivables from non-exchange transactions	14 656 537	5 007 823
	257 884 270	66 883 067

40. Bulk purchases

Electricity - Eskom	345 540 258	336 621 161
Water	3 518	26 319
	345 543 776	336 647 480

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41. Contracted services		
Specialist services	52 394 621	45 561 023
Other contractors	19 735 328	26 080 551
Specialist services consists of:		
Security services	50 721 160	43 651 705
Maintenance services	1 673 461	1 909 318
	52 394 621	45 561 023
Other contractors consists of:		
Professional services	904 796	1 044 695
Electricity vending services	8 078 684	12 682 018
Water chemicals	7 644 003	5 471 020
Other contracted services	2 879 845	6 660 818
Valuation services	228 000	222 000
	19 735 328	26 080 551
42. General expenses		
Advertising	1 316 365	627 489
Auditors remuneration	8 650 640	7 860 825
Bank charges	1 119 375	1 080 903
Cleaning	171 491	75 243
Commission paid	15 970 659	16 427 157
Community expenses	127 104	125 001
Consumables stores	28 568 124	7 731 004
Entertainment	162 611	192 984
Fuel and oil	6 712 854	7 604 680
Funeral costs	49 714	109 130
Insurance	5 075 176	4 614 403
Lease rentals on operating lease	13 158 380	9 064 063
Legal services	3 926 579	3 517 627
Licences - other	3 655 568	4 510 075
Licences - vehicles	678 575	712 538
Medical expenses	753 525	518 479
Other expenses	5 317 641	8 171 922
Postage and courier	1 257 459	475 697
Printing and stationery	82 293	60 875
Protective clothing	2 754 582	2 768 285
Provision for rehabilitation adjustment	12 263 002	2 347 416
Skills development levy	3 031 170	2 838 707
Subscriptions and membership fees	3 588 751	3 202 866
Telephone and fax	1 655 296	1 549 864
Travel and subsistence	3 025 905	1 045 703
Workmens compensation	1 444 113	1 273 456
	124 516 952	88 506 392
43. Cost on disposal of assets		
Investment property	3 876 940	228 500
Property, plant and equipment	1 387 510	770 536
Vacant sites	157 000	3 167 700
	5 421 450	4 166 736

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44. Impairment loss		
Impairments		
Property, plant and equipment	8 807 919	13 390 723
45. Auditors' remuneration		
Fees	8 650 640	7 860 825
46. Cash generated from operations		
Deficit	(372 523 214)	(191 395 954)
Adjustments for:		
Depreciation and amortisation	111 131 304	108 311 080
Cost on disposal of assets	5 421 450	4 166 969
Public contribution and donations	(7 319 275)	(517 047)
Discount received	(462 061)	(404 257)
Fair value adjustments	(1 623 365)	(2 043 982)
Gains on employee benefit obligation	(32 544 012)	(925 000)
Losses on employee benefit obligation	-	2 822 878
Property, plant and equipment (Transfers)	(223 929)	5 647 632
Investment property (Transfers)	223 929	-
Finance costs	23 401 988	13 176 683
Impairment loss on assets	8 807 915	13 390 723
Debt impairment	257 884 270	66 883 067
Interest-Receivables from exchange transactions	(38 733 018)	(27 053 587)
Interest-Receivables from non exchange transactions	(4 394 287)	(2 836 586)
Provisions raised	(2 144 007)	(6 225 334)
Prior period adjustments	-	(3 033 072)
Water valuation adjustments	(23 985)	(34 372)
Provision for rehabilitation adjustment	12 263 002	2 347 416
Leave pay provision charge	4 034 003	5 470 553
Post-employment medical aid- current service cost	5 838 000	-
Changes in working capital:		
Inventories	(243 995)	(10 618 749)
Receivables from exchange transactions	(177 185 250)	(84 448 378)
Receivables from non-exchange transactions	(4 023 305)	(10 472 704)
Unspent conditional grants and receipts	589 313	(14 516 424)
Payables from exchange transactions	295 561 262	704 941 439
Interest concession	-	(115 289 547)
Consumer deposits	1 332 512	972 401
Employee benefit obligation	(3 302 246)	(3 321 715)
VAT receivables	(26 518 754)	(28 887 203)
Eskom payment arrangement	-	(327 653 727)
	55 224 245	98 453 203
47. Irregular expenditure		
Opening balance as previously reported	891 837 807	771 354 551
Add: Irregular expenditure - current	97 477 869	120 483 256
Less: Amount written off - prior period	(847 076 704)	-
Closing balance	142 238 972	891 837 807

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47. Irregular expenditure (continued)

Irregular expenditure incurred during the financial year

Irregular expenditure disclosure figure should be added indicating that Irregular expenditure is always calculated inclusive of VAT. The figures disclosed above have been presented in this set of AFS inclusive of VAT.

Deviations	-	157 378
Incorrect awarding of BBEEE points (25% subcontracting)	11 369 590	1 166 005
Local content instruction notes were not followed	9 047 570	12 530 624
Non-compliance with the PPPFA Act and Section 112 of the MFMA for the use of panels	9 286 741	36 045 756
Tax clearance not obtained	978 571	886 758
Tender documents did not include the requirements for mandatory subcontracting	54 885 026	35 816 730
Tender were not advertised for required number of days	-	7 587 926
SCM competitive bidding process was not followed to re-appoint contractor	-	2 423 395
Three written quotations not invited	7 133 053	1 567 643
Objective test not stipulated in the bid documentation	4 777 318	22 301 041
	97 477 869	120 483 256

48. Fruitless and wasteful expenditure

Opening balance as previously reported	58 630 736	28 836 224
Add: Fruitless and wasteful expenditure identified - current	61 001 447	29 686 263
Add: Fruitless and wasteful expenditure identified - prior period	-	108 249
Less: Amount written off - prior period	(58 630 736)	-
Closing balance	61 001 447	58 630 736

Expenditure identified in the current year include those listed below:

Interest and penalties	61 001 447	19 428 044
Arbitration awards	-	108 249
Refurbishment of the Kroonstad Waste Water Treatment Works	-	10 258 219
	61 001 447	29 794 512

49. Unauthorised expenditure

Opening balance as previously reported	451 772 673	347 616 301
Add: Unauthorised expenditure - current	338 494 818	103 156 372
Add: Unauthorised expenditure - prior period	-	1 000 000
Less: Amount written off - prior period	(450 772 673)	-
Closing balance	339 494 818	451 772 673

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	338 494 818	103 156 372
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49. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Financial Services	72 789 680	53 753 185
Corporate Services	2 508 954	-
Technical Services	259 402 635	40 959 684
Council	3 793 549	8 443 503
	338 494 818	103 156 372

Analysed as follows: Non-cash

Depreciation and amortisation	39 561 236	40 959 684
Finance charges (e.g. interest charge on the Eskom account)	57 583 726	53 753 185
Impairment loss on assets	3 793 549	8 443 503
Bad debt written off	235 047 353	-
Current service cost (Post Employee Medical Aid)	2 508 954	-
	338 494 818	103 156 372

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a SCM policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

During the financial year there were instances where goods and services were procured and deviated from the normal SCM policy.

The reason for these deviations were documented and reported to the accounting officer who considered them and approved the deviation from the normal SCM Regulations.

Description	Number	2023
Emergency	4	1 135 624
Sole supplier	24	1 975 055
Urgent	43	2 308 785
	71	5 419 464

Description	Number	2022
Emergency	8	2 336 613
Sole Supplier	15	199 747
Urgent	53	3 752 965
	76	6 289 325

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Notes to the Annual Financial Statements

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51. Prior-year adjustments						
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:						
Statement of financial position						
2022						
	Note	As previously reported	Correction of error	Statement of financial performance	Re-classification	Restated
Cash and cash equivalents	3	41 563 356	(24 394)	-	-	41 538 962
Receivables from non-exchange transactions	7	64 374 216	(1 452 287)	-	39 297	62 961 226
Inventories	4	98 192 951	(1 318 000)	-	-	96 874 951
Property, plant and equipment	12	1 946 747 431	302 183	-	(33 829)	1 947 015 785
Payables from exchange transactions	16	(942 404 039)	60 168 424	-	(39 297)	(882 274 912)
Unspent conditional grants and receipts	18	(4 822 150)	3 057 612	-	-	(1 764 538)
Employee benefit obligations	19	(65 883 490)	(97 627 000)	-	-	(163 510 490)
Accumulated surplus		(1 620 072 542)	40 113 721	(3 186 431)	-	(1 583 145 252)
		(482 304 267)	3 220 259	(3 186 431)	(33 829)	(482 304 268)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Other income	25	(17 265 724)	48 000	-	(17 217 724)
Government grants and subsidies	30	(313 740 873)	(3 057 612)	-	(316 798 485)
Repairs and maintenance	36	85 773 289	(4 997)	33 829	85 802 121
Depreciation and amortisation	37	108 482 507	(171 427)	-	108 311 080
General expenses	42	88 536 349	(29 961)	-	88 506 388
Cost on disposal of assets	43	4 171 231	(4 262)	-	4 166 969
Surplus for the year		(44 043 221)	(3 220 259)	33 829	(47 229 651)

Errors

A number of prior period errors were corrected during the year ending 30 June 2023. The details of the retrospective prior period errors adjusted are reflected below.

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2022

51. Prior-year adjustments (continued)

Cash and cash equivalents, Accumulated surplus

The Municipality do not provide petty cash to user departments anymore. A correction was done accordingly resulting in the decrease of Accumulated surplus to the amount of R 24 394 and the decrease of Cash and cash equivalent to the amount of (R 24 394).

Receivables from non-exchange transactions, Accumulated surplus

The fruitless and wasteful balance was written off by Council. A correction was done accordingly resulting in the decrease of Accumulated surplus to the amount of R 1 452 287 and the decrease of Receivables from non-exchange transactions to the amount of (R 1 452 287).

Payables from exchange transactions, Accumulated surplus

The Eskom agreement lapsed. A correction was done accordingly resulting in the increase of Accumulated surplus to the amount of (R 58 775 321) and the decrease of Payables from exchange transactions to the amount of R 58 775 321.

Unspent conditional grants and receipts, Government grants and subsidies

The Cogta Grant was not fully recognised. A correction was done accordingly resulting in the decrease of Unspent conditional grants and receipts to the amount of R 3 057 378 and the increase of Government grants and subsidies to the amount of (R 3 057 378).

Inventories, Accumulated surplus

Municipal stands were transferred to residents. A correction was done accordingly resulting in the decrease of Inventories to the amount of (R 1 318 000) and the decrease of Accumulated surplus to the amount of R 1 318 000.

Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 131 503 and the increase of Accumulated surplus to the amount of (R 131 503).

Property, plant and equipment, Repairs and maintenance

Property, plant and equipment were overstated. A correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 42 300) and the increase of Repairs and maintenance to the amount of R 42 300.

Property, plant and equipment, Accumulated surplus

Property, plant and equipment were overstated. A correction was done accordingly resulting in the decrease of Property, plant and equipment to the amount of (R 17 040) and the decrease of Accumulated surplus to the amount of R 17 040.

Payables from exchange transactions, Accumulated surplus

Retentions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 1 184 348 and the increase of Accumulated surplus to the amount of (R 1 184 348).

Payables from exchange transactions, Repairs and maintenance, General expenditure

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 60 764, the decrease of Repairs and maintenance to the amount of (R 30 804) and decrease of General expenditure to the amount of (R 29 960).

Payables from exchange transactions, Repairs and maintenance

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 2 288 and the decrease of Repairs and maintenance to the

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51. Prior-year adjustments (continued)
amount of (R 2 288).

Payables from exchange transactions, Repairs and maintenance

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 14 205 and the decrease of Repairs and maintenance to the amount of (R 14 205).

Property, plant and equipment, Accumulated surplus, Depreciation and amortisation

Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 132 542, the increase of Depreciation and amortisation to the amount of R 8 545 and the increase of Accumulated surplus to the amount of (R 141 086).

Property, plant and equipment, Accumulated surplus, Depreciation and amortisation

Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 188 103, the decrease of Depreciation and amortisation to the amount of (R 187 539) and the increase of Accumulated surplus to the amount of (R 564).

Accumulated surplus, Other income

Other income were overstated. A correction was done accordingly resulting in the decrease of Other income to the amount of R 48 000, and the increase of Accumulated surplus to the amount of (R 48 000).

Accumulated surplus, Employee benefit obligation

The employee benefit obligation was understated as not all active employees were considered when the calculation was done. A correction was done accordingly resulting in the increase of Employee benefit obligation to the amount of (R 97 627 000), and the decrease of Accumulated surplus to the amount of R 97 627 000.

Unspent conditional grants and receipts, Government grants and subsidies

The Unspent conditional grants and receipts was overstated as National Treasury did not take the R 234 when they withheld funds from the equitable shares. A correction was done accordingly resulting in the decrease of Unspent conditional grants and receipts to the amount of R 234, and the increase of Government grants and subsidies to the amount of (R 234).

Property, plant and equipment, Accumulated surplus, Depreciation and amortisation, Cost on disposal of assets

Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 40 878, the increase of Accumulated surplus to the amount of (R 44 183), the increase of Depreciation and amortisation to the amount of R 7 567, and the decrease of Cost on disposal of assets to the amount of R (4 262).

Reclassifications

The following reclassifications adjustment occurred:

Receivables from non-exchange transactions, Payables from exchange transactions

Third party refunds were incorrectly disclosed under payables from exchange transactions. A correction was done accordingly resulting in the increase of Receivables from non-exchange transactions to the amount of R 39 297 and the increase of Payables from exchange transactions to the amount of (R 39 297).

Repairs and maintenance, Property, plant and equipment

Property, plant and equipment was overstated in the prior year. A correction was done accordingly resulting in the increase of Repairs and maintenance to the amount of R 33 829 and the decrease of Property, plant and equipment to the amount of (R 33 829).

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Notes to the Annual Financial Statements

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52. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Infrastructure	264 371 968	202 675 489
Approved and not contracted for:		
• Infrastructure	65 514 772	18 818 218
Total capital commitments		
Approved and contracted for	264 371 968	202 675 489
Approved and not contracted for	65 514 772	18 818 218
	329 886 740	221 493 707

Infrastructure commitments approved and contracted for will be funded by grants from government.

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	32 305	25 100
Current year fee	3 712 130	3 156 303
Amount paid - current year	(3 736 730)	(3 149 098)
	7 705	32 305

Audit fees

Opening balance	(1 553 932)	9 197 104
Current year fee	12 772 088	5 223 865
Interest charged	130 654	11 546
Amount paid - current year	(9 874 447)	(6 789 343)
Amount paid - previous years	(1 269 920)	(9 197 104)
	204 443	(1 553 932)

PAYE and UIF

Opening balance	3 595 583	3 705 637
Current year subscription / fee	54 084 396	50 886 201
Amount paid - current year	(53 131 765)	(50 996 255)
	4 548 214	3 595 583

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and medical aid deductions		
Opening balance	7 030 542	6 755 165
Current year subscription / fee	92 198 445	82 961 509
Amount paid - current year	(91 299 135)	(82 686 132)
	7 929 852	7 030 542
Skills development levy		
Opening balance	237 547	214 838
Current payroll deductions	3 031 273	2 839 070
Amount paid - current year	(3 008 774)	(2 816 361)
	260 046	237 547
Distribution losses		
Estimated electricity losses suffered by the municipality for the year under review are as follows:		
Technical losses 4% (2022: 4%).		
Non-Technical losses 13.18% (2022: 12.24%).		
Estimated line losses	18 914 858	18 657 181
Losses due to faulty meters, tampering or theft	65 244 964	57 048 353
	84 159 822	75 705 534
Estimated water losses suffered by the municipality for the year under review is are follows:		
Water losses 21% (2022: 71.10%).		
Estimated water losses	66 389 940	42 387 110
Details of amounts written off		
2023		
Debt written off against allowance	138 713 763	-

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' arrear consumer accounts		
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.		
	30 June 2023	30 June 2022
Mosolodi (Nzunga ND) SL	20 501	16 325
Botha RA	5 334	2 329
Khiba MJ	15 578	20 378
Khotle MI	15 322	20 995
Klaas TL	34 317	24 987
Lebone B	15 522	11 312
Maleeme ML	38 726	48 121
Marapo BB&MM	1 281	6 468
Mbona NK	11 210	6 867
Meko MJ	125 506	94 691
Mngonyama E	64 838	55 778
Mofokeng MC	47 135	42 230
Mokatsane ELM	105 824	89 667
Mokoena NM	73 986	51 042
Morake ME	101 299	83 093
Mosiua TD&S	32 032	23 685
Nolo MM	23 574	17 711
Ntsala SN	45 993	57 684
Papashane TJ	8 674	10 576
Phamotse MI	107 506	102 570
Ramajoe MS	6 459	2 230
Ramoola MW	352	2 315
Rankokosane BN	3 820	3 019
Saaiman CJ	56 639	47 533
Sekheja L	45 980	57 622
Sello T	1 229	-
Serapela MS&ML	117 024	109 924
Thebe EM	19 789	25 997
Tshabalala S	64 072	61 382
Tsobo NE	5 227	10 311
Visagie AJ	23 146	37 017
Motsoeneng DM&NL	13 121	12 300
	1 251 016	1 156 159

54. Non-compliance with the Municipal Finance Management Act

During the current financial year the following non-compliance issues were identified:

Supply chain management regulations 12(1)(c) & (d) 17(1)(a) - (c)

Goods and services of a transaction value between R 10 000 and R 200 000 were procured without inviting at least three written price quotations from accredited prospective providers.

Deviations from competitive bidding were approved on the basis of it being an emergency, urgency or sole supplier.

Municipal Finance Management Act section 116(2)(b), (c)

The performances of all contractors were not monitored on a monthly basis.

Municipal Finance Management Act section 65 (e)

Creditors were not paid in 30 days as required by the Act.

Municipal Finance Management Act section 52(d)

Moghaka Local Municipality

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54. Non-compliance with the Municipal Finance Management Act (continued)

The budget implementation and state of financial affairs submission was not in accordance with the prescribed time frame.

55. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 1 210 622 032 and that the municipality's total assets exceed its total liabilities by R 1 210 622 032.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following are events and conditions that cast doubt on the municipalities ability to continue as a going concern.

The municipality incurred a deficit for the current financial year of R 372 523 214 and R 191 395 953 in the previous financial year.

The current liabilities amounting to R 1 214 276 146 exceeds current assets of R 689 193 238 by R 525 082 908.

The receivables from exchange transactions decreased from R 399 131 142 to R 371 821 677, which resulted in a 7% decrease as at 30 June 2023.

The payables from exchange transactions increased from R 882 274 912 to R 1 176 336 119 which results in a 25% increase. The creditors' payment period also increased from 461 days to 576 days as at 30 June 2023. The payables from exchange transactions outstanding for a period longer than 30 days amounted to R 1 035 790 696 (92%). Eskom is the biggest contributor in terms of payables. The Municipality applied for the Debt Relief Programme rolled out by National Treasury to give relief in terms of writing off the debt owed to Eskom if the municipality keeps up with paying the current account. At 30 June 2023 this application was not yet finalised by Eskom. The key condition for this application is that the municipality must pay its current account every month for 12 months, then Eskom will write off one third of the outstanding debit.

The cash equivalents amounted to R 19 968 046 as 30 June 2023 (2022: R 41 538 962).

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

Despite the material uncertainties which cast a significant doubt on the municipality's ability to continue as a going concern, the municipality will continue to have the power to levy rates in the following financial period. The municipality is also likely to receive continued government funding, as has been disclosed in the Division of Revenue Act of 2023, as there are no current indications that government funding will be withheld from the municipality for any reason.

56. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	371 821 677	-	371 821 677
Receivables from non-exchange transactions	-	56 722 281	-	56 722 281
Cash and cash equivalents	-	-	19 968 046	19 968 046
Investments	445 279	-	-	445 279
	445 279	428 543 958	19 968 046	448 957 283

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56. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	At cost	Total
Consumer deposits	15 746 169	-	15 746 169
Finance lease obligation	2 416 238	-	2 416 238
Provisions	128 447 708	-	128 447 708
Borrowings	-	19 946 883	19 946 883
Payables form exchange transactions	-	1 176 336 119	1 176 336 119
Unspent conditional grants and receipts	2 353 851	-	2 353 851
	148 963 966	1 196 283 002	1 345 246 968

2022

Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	399 131 142	-	399 131 142
Receivables from non-exchange transactions	-	62 961 226	-	62 961 226
Cash and cash equivalents	-	-	41 538 962	41 538 962
Investments	393 566	-	-	393 566
	393 566	462 092 368	41 538 962	504 024 896

Financial liabilities

	At amortised cost	At cost	Total
Consumer deposit	14 413 657	-	14 413 657
Finance lease obligation	3 359 029	-	3 359 029
Provisions	111 569 971	-	111 569 971
Borrowings	-	24 411 635	24 411 635
Payables form exchange transactions	-	882 274 912	882 274 912
Unspent conditional grants and receipts	1 764 538	-	1 764 538
	131 107 195	906 686 547	1 037 793 742

57. Subsequent events

Parameter fencing at Wespark Cemetery, which was recently unbundled into community assets, was removed due to reports of theft. Community services is in the planning process of redirecting the fence to other municipal properties.

58. Contingencies

Contingent liabilities - pending claims

The municipality is a defendant against various claims against the council. All the claims are being contested based on legal advice.

The certainty and the timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflow amounts.

Contingent liabilities

Claims by individuals due to damage of property in various incidents	25 828 756	21 822 091
Claims from suppliers - contractual disputes	28 032 060	11 798 254

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58. Contingencies (continued)

Contingent assets

The municipality is a claimant against the Insure Guardrisk. The claims are being contested based on legal advice.

The certainty and the timing of the inflow of these assets are uncertain. The amounts disclosed below are possible inflow amounts.

Contingent assets

Claims against Guardrisk Insurance	36 053 580	36 053 580
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59. Budget differences

Material differences between budget and actual amounts

Refer to the Statement of Comparison of Budget and Actual Amounts in the annual financial statements for an analysis of budget versus the actual amounts.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to Appendix E to the annual financial statements.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to Appendix E to the annual financial statements.

60. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 15, cash and cash equivalents disclosed in note 3, and accumulated surplus as disclosed in the statement of financial position.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The municipality's risk to liquidity is a result of funds not being available to cover future commitments.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The municipality manages liquidity risk through proper management of working capital, ongoing review of future commitments, capital expenditure and actual versus forecast cash flows.

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
60. Risk management (continued)		
Financial Liabilities	2023	2022
Payables from exchange transactions	1 176 336 119	882 274 912
Finance lease	2 416 238	3 359 029
DBSA Loans	19 946 883	24 411 635

The municipality is in arrears with servicing of the Eskom debt.

The municipality defaulted on its DBSA loan agreement in the current financial year. The DBSA loan carries fixed interest rate at 9% per annum. In mitigating the risk of non-payment, the municipality did hold bilaterals with DBSA regarding the loan account and a debit order was signed to ensure that the loan repayments are honored on a monthly basis, which also takes into account the arrear loan repayment so as to ensure that the loan is paid up by the redemption date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties is monitored regularly.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk relating to trade receivables is managed in accordance with the municipalities' credit control and debt collection policy. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad earned doubtful debt. Additional information relating to the analysis of consumer debtors is given in note 6 to the annual financial statements.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	19 968 046	41 538 962
Investments	445 279	393 566
Receivables from exchange transactions	371 821 677	399 131 142
Receivables from non-exchange transactions	56 722 281	62 961 226

Annual Financial Statements for the year ended 30 June 2023

Figures in Rand

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Annual Financial Statements for the year ended 30 June 2023

Figures in Rand

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Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

62. Segment information

General information

Identification of segments

The municipality is organised into six functional directorates for management purposes. The directorates are Municipal Manager, Finance, Corporate Services, Community and Social Services, Technical Services, and Local Economic Development and Planning Services.

Only the Community and Social Services, Technical Services, and Local Economic Development and Planning Services directorates have been identified as reportable segments. Management monitors the operating results of these units to make decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The Municipal Manager, Finance, Corporate Services directorates are the governance and administration units of the municipality. However, they are not reportable segments; their results are reported as non-reportable segments to reconcile the results of the reportable segments to the total revenue and expenses of the municipality for the year under review.

The three reportable segments comprise of:

- Community and social services, which include sport and recreation, public safety, refuse removal, street cleaning and cemeteries;
- Technical services which include energy sources, water management, and wastewater management; and
- Local economic development and planning services, which include planning and development, housing, and the Kroonpark resort.

Management does not monitor financial performance geographically and does not have reliable separate financial information.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Segment 1
Segment 2
Segment 3
Segment 4

Goods and/or services

Local economic development and planning services
Technical services
Community and social services
Governance & Administration (Not reportable Segment)

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
Revenue					
External revenue from exchange transactions	7 076 440	554 286 857	77 569 366	6 265 930	645 198 593
External revenue from non-exchange transactions	2 538 000	75 121 643	4 970 413	341 785 199	424 415 255
Interest revenue - exchange	-	29 026 353	5 544 969	6 253 519	40 824 841
Interest revenue - non exchange	-	-	-	4 394 286	4 394 286
Revenue from transactions with other segments	-	15 169 564	412 215	-	15 581 779
Total segment revenue	9 614 440	673 604 417	88 496 963	358 698 934	1 130 414 754
Entity's revenue					1 130 414 754
Expenditure					
Bulk Purchases	57 002	345 002 160	484 614	-	345 543 776
Contracted Services	104 512	17 396 149	51 827 674	2 801 614	72 129 949
Debt impairment	-	224 425 083	14 268 263	19 190 924	257 884 270
Depreciation and amortisation	285 347	98 436 977	6 929 110	5 479 870	111 131 304
Employee related costs	26 689 713	105 724 352	106 611 626	119 496 781	358 522 472
Expenditure from transactions with other segments	4 462 294	9 599 438	1 515 238	4 809	15 581 779
Interest expense	-	-	21 266 739	61 814 975	83 081 714
General expenses	2 360 894	49 146 457	29 863 854	43 145 747	124 516 952
Remuneration of Councillors	-	-	-	20 795 484	20 795 484
Impairment loss on assets	-	-	-	8 807 919	8 807 919
Loss on disposal of assets	-	260 404	-	5 161 046	5 421 450
Repairs and maintenance	2 572 900	84 687 590	9 548 423	2 711 986	99 520 899
Total segment expenditure	36 532 662	934 678 610	242 315 541	289 411 155	1 502 937 968
Total segmental surplus/(deficit)	(26 918 222)	(261 074 193)	(153 818 578)	69 287 779	(372 523 214)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2022

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
Revenue					
External revenue from exchange transactions	13 404 865	521 442 743	40 869 891	5 048 224	580 765 723
External revenue from non-exchange transactions	2 151 484	83 408 935	2 703 430	307 542 837	395 806 686
Interest received - exchange	-	21 100 558	3 428 949	3 674 923	28 204 430
Interest received - non exchange	-	-	-	2 836 586	2 836 586
Revenue from transactions with segments	-	18 021 410	557 143	-	18 578 553

Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

62. Segment information (continued)

Total segment revenue	15 556 349	643 973 646	47 559 413	319 102 570	1 026 191 978
Entity's revenue					1 026 191 978
Expenditure					
Bulk purchases	47 775	336 130 960	468 745	-	336 647 480
Contracted services	1 899 127	20 062 358	45 153 667	4 526 422	71 641 574
Debt impairment	-	63 313 895	2 323 958	1 245 213	66 883 066
Depreciation and amortisation	226 945	97 118 915	6 732 002	4 233 220	108 311 082
Employee related cost	25 738 061	100 542 012	100 861 740	100 312 182	327 453 995
Expenditure from transactions with other segments	8 579 876	8 924 878	1 069 330	4 468	18 578 552
General expenses	839 798	27 733 575	15 041 572	44 891 447	88 506 392
Impairment loss on assets	-	-	-	13 390 723	13 390 723
Interest expense	-	2 643 672	7 976 835	63 276 516	73 897 023
Loss on disposal of assets	-	656 135	51 780	3 459 054	4 166 969
Losses on employee benefit obligation	-	-	2 822 878	-	2 822 878
Remuneration of councilors	-	-	-	19 486 076	19 486 076
Repairs and maintenance	3 789 853	69 743 245	9 651 696	2 617 327	85 802 121
Total segment expenditure	41 121 435	726 869 645	192 154 203	257 442 648	1 217 587 931
Total segmental surplus/(deficit)	(25 565 086)	(82 895 999)	(144 594 790)	61 659 922	(191 395 953)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Moghaka Local Municipality
Appendix A

Schedule of external loans as at 30 June 2023

Loan Number	Balance at 30 June 2022	Interest	Redeemed written off during the period	Balance at 30 June 2023	Carrying Value of Property, Plant & Equip	Other Costs In accordance with the MFMA
	Rand	Rand	Rand	Rand	Rand	Rand
12007690	24 411 635	2 135 249	6 600 000	19 946 884	1 887 553 880	-
	24 411 635	2 135 249	6 600 000	19 946 884	1 887 553 880	-

Development Bank of South Africa

Restructured DBSA Loan

Appendix B

Analysis of property, plant and equipment as at 30 June 2023													
Cost/Revaluation							Accumulated depreciation						
Opening Balance	Additions	Disposals	Transfers	Revaluations	Public contributions and donations	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
45 779 606	-	-	223 929	-	4 500 000	50 503 535	-	-	-	-	-	50 503 535	
71 207 873	53 749	-	-	-	-	71 261 622	(30 010 562)	-	(1 614 814)	(121 795)	(31 747 171)	39 514 451	
116 987 479	53 749	-	223 929	-	4 500 000	121 765 157	(30 010 562)	-	(1 614 814)	(121 795)	(31 747 171)	90 017 986	
4 120 030 039	2 295 608	(736 307)	31 328 206	-	653 632	4 153 571 178	(2 488 484 709)	475 904	(86 819 667)	(2 099 427)	(2 586 927 899)	1 586 643 279	
4 120 030 039	2 295 608	(736 307)	31 328 206	-	653 632	4 153 571 178	(2 488 484 709)	475 904	(86 819 667)	(2 099 427)	(2 586 927 899)	1 586 643 279	
200 296 684	288 550	-	2 590 446	-	-	203 175 680	(116 373 024)	-	(5 086 187)	(3 702 030)	(125 161 241)	78 014 439	
200 296 684	288 550	-	2 590 446	-	-	203 175 680	(116 373 024)	-	(5 086 187)	(3 702 030)	(125 161 241)	78 014 439	

Land and buildings

Land (Separate for AFS purposes)
Buildings (Separate for AFS purposes)

Infrastructure

Infrastructure

Community Assets

Community Assets

Appendix B

Analysis of property, plant and equipment as at 30 June 2023

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Public contributions and donations		Closing Balance		Opening Balance		Disposals		Depreciation		Impairment loss		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Heritage assets																										
Heritage assets	7 761 921		-		-		-		-		-		7 761 921		-		-		-		(7 755)		(7 755)		7 754 166	
	7 761 921		-		-		-		-		-		7 761 921		-		-		-		(7 755)		(7 755)		7 754 166	
Landfill Sites																										
Landfill sites	17 209 966		-		-		-		-		-		17 209 966		(13 574 836)		-		(195 318)		-		(13 770 154)		3 439 812	
	17 209 966		-		-		-		-		-		17 209 966		(13 574 836)		-		(195 318)		-		(13 770 154)		3 439 812	
Other assets																										
Motor vehicles	56 877 443	3 969 235	(2 721 704)		-		-		-		-		58 124 974		(42 408 074)		2 258 255		(2 509 948)		(189 432)		(42 849 199)		15 275 775	
Plant and machinery	10 603 210	581 943	(1 057 616)		-		-		-		-		10 127 537		(7 061 702)		921 645		(790 260)		(36 941)		(6 967 258)		3 160 279	
IT equipment	19 582 215	571 240	(1 903 198)		-		-		-		-		18 250 267		(10 018 089)		1 580 804		(1 838 848)		(50 744)		(10 342 877)		7 907 380	
Furniture and office equipment	12 294 588	856 374	(1 351 401)		-		-		-		-		11 799 542		(8 219 124)		1 166 110		(645 168)		(63 225)		(7 761 407)		4 038 135	
Work in progress	105 984 353	61 313 781	-	(33 960 953)		-		-	-		-		133 337 181		-		-		-		(2 536 570)		130 800 611		2 166 277	
Finance leased assets	3 689 597	-	-	-		-		-	-		-		3 689 597		(349 484)		-		(1 173 836)		-		(1 523 320)		2 166 277	
	209 031 387	67 292 573	(7 033 919)	(33 960 953)		-		-	-		-		235 329 088		(88 054 473)		5 906 814		(6 956 060)		(2 876 912)		(71 980 631)		163 348 457	

Appendix B

Analysis of property, plant and equipment as at 30 June 2023

Analysis of property, plant and equipment as at 30 June 2023															
Cost/Revaluation						Accumulated depreciation									
Opening Balance	Additions		Disposals		Revaluations	Public contributions and donations		Closing Balance	Opening Balance	Disposals		Depreciation	Impairment loss	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
116 987 479	53 749	-	-	223 929	-	4 500 000	-	121 765 157	(30 010 562)	-	-	(1 614 814)	(121 795)	(31 747 171)	90 017 986
4 120 030 039	2 295 608	(736 307)	31 328 206	-	-	653 632	-	4 153 571 178	2 488 484 709	475 904	-	(96 819 667)	(2 099 427)	(2 586 927 899)	1 566 643 279
200 296 684	288 550	-	-	2 590 446	-	-	-	203 175 680	(116 373 024)	-	-	(5 086 187)	(3 702 030)	(125 161 241)	78 014 439
7 761 921	-	-	-	-	-	-	-	7 761 921	-	-	-	-	(7 755)	(7 755)	7 754 166
17 209 968	-	-	-	-	-	-	-	17 209 966	(13 574 836)	-	-	(195 318)	-	(13 770 154)	3 439 812
209 031 387	67 292 573	(7 033 919)	(33 960 953)	-	-	-	-	235 329 088	(68 054 473)	5 906 814	-	(6 956 060)	(2 876 912)	(71 980 631)	163 348 457
4 671 317 476	69 930 480	(7 770 226)	181 628	-	-	5 153 632	-	4 738 812 990	2 716 497 604	6 382 718	-	(110 672 046)	(8 807 919)	(2 829 594 851)	1 909 218 139
Intangible assets															
Computer software															
6 196 021	441 400	-	-	-	-	-	-	6 637 421	(3 379 464)	-	-	(459 262)	-	(3 838 726)	2 798 695
6 196 021	441 400	-	-	-	-	-	-	6 637 421	(3 379 464)	-	-	(459 262)	-	(3 838 726)	2 798 695
Investment properties															
Investment property															
107 623 360	-	(3 876 942)	(223 929)	-	1 579 815	-	-	105 102 304	-	-	-	-	-	-	105 102 304
107 623 360	-	(3 876 942)	(223 929)	-	1 579 815	-	-	105 102 304	-	-	-	-	-	-	105 102 304
Total															
116 987 479	53 749	-	-	223 929	-	4 500 000	-	121 765 157	(30 010 562)	-	-	(1 614 814)	(121 795)	(31 747 171)	90 017 986
4 120 030 039	2 295 608	(736 307)	31 328 206	-	-	653 632	-	4 153 571 178	2 488 484 709	475 904	-	(96 819 667)	(2 099 427)	(2 586 927 899)	1 566 643 279
200 296 684	288 550	-	-	2 590 446	-	-	-	203 175 680	(116 373 024)	-	-	(5 086 187)	(3 702 030)	(125 161 241)	78 014 439
Landfill Sites	-	-	-	-	-	-	-	7 761 921	-	-	-	-	(7 755)	(7 755)	7 754 166
Other assets	-	-	-	-	-	-	-	17 209 966	(13 574 836)	-	-	(195 318)	-	(13 770 154)	3 439 812
Intangible assets	67 292 573	(7 033 919)	(33 960 953)	-	-	-	-	235 329 088	(68 054 473)	5 906 814	-	(6 956 060)	(2 876 912)	(71 980 631)	163 348 457
Investment properties	441 400	-	(3 876 942)	(223 929)	1 579 815	-	-	6 637 421	(3 379 464)	-	-	(459 262)	-	(3 838 726)	2 798 695
107 623 360	70 371 880	(11 647 168)	(42 301)	-	1 579 815	-	-	105 102 304	-	-	-	-	-	-	105 102 304
4 785 136 857	70 371 880	(11 647 168)	(42 301)	-	1 579 815	5 153 632	-	4 850 552 715	2 719 877 068	6 382 718	-	(111 131 308)	(8 807 919)	(2 833 433 577)	2 017 119 138

Total property plant and equipment



Appendix B

Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Appendix B

Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Segmental analysis of property, plant and equipment as at 30 June 2023

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Moghaka Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended					
Prior Year			Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
235 256 271	88 279 456	146 976 815	262 375 035	91 639 957	170 735 078
-	18 682 457	(18 682 457)	-	20 246 950	(20 246 950)
804 119	47 514 933	(46 710 814)	115 573	52 040 031	(51 924 458)
83 007 803	102 949 693	(19 941 890)	96 208 329	125 479 407	(29 271 078)
15 556 349	41 121 435	(25 565 086)	9 614 440	32 070 369	(22 455 929)
47 002 271	191 610 363	(144 608 092)	88 084 748	240 800 303	(152 715 555)
625 986 611	708 851 040	(82 864 429)	658 434 850	925 079 172	(266 644 322)
1 007 613 424	1 199 009 377	(191 395 953)	1 114 832 975	1 487 356 189	(372 523 214)
Municipality					
1 007 613 424	1 199 009 377	(191 395 953)	1 114 832 975	1 487 356 189	(372 523 214)
1 007 613 424	1 199 009 377	(191 395 953)	1 114 832 975	1 487 356 189	(372 523 214)

Moghaka Local Municipality
Appendix E

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2022 Act. Bal.	Current year 2022 Bud. Amt	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Service charges	593 969 361	712 817 000	(118 847 639)	-	The decrease in the services charges was mainly affected by the recalculation losses experience by the municipality, particularly on water services which affected mainly the industrial water supply as well as this unused prepaid electricity that was recognised at year end.
Property rates	82 052 199	81 939 000	113 199	0.1	
Rental of facilities and equipment	5 723 509	7 577 000	(1 853 491)	(24.5)	The significant decline was mainly as a result of tenants moving out due to adverse economic activities and some as a result of the conditions of the properties being leased out.
Interest received	45 219 129	31 446 000	13 773 129	43.8	The achievement was due to interest on outstanding debtors.
Fines	4 222 791	4 727 000	(504 209)	(10.7)	The non achieved revenue budget was mainly influenced by the fact that the law enforcement and traffic division did not have adequate tools of trade (vehicles) during the financial year, which affected them executing their responsibilities accordingly.
Government grants subsidies— Operational	262 661 000	280 543 000	(17 882 000)	(6.4)	
Other income	53 545 380	16 109 000	37 436 380	232.4	This achievement was due to the recognition of the gains on employee benefits.
	1 047 393 369	1 135 158 000	(87 764 631)	(7.7)	
Expenses					
Employee costs	(358 522 472)	(374 675 000)	16 152 528	(4.3)	
Remuneration of councillors	(20 795 484)	(23 727 000)	2 931 516	(12.4)	The actual councillors remuneration was less than anticipated.
Depreciation and amortisation	(111 131 304)	(10 958 000)	(100 173 304)	914.2	The municipality is progressively making budget available to cater for the GRAP 17 depreciation item, which is a non-cash transaction.
Finance costs	(83 081 713)	(8 696 000)	(74 385 713)	855.4	The finance cost increased significantly due to the interest on the overdue Eskom account.
Debt Impairment	(257 884 270)	(8 686 000)	(249 198 270)	2 869.0	The decrease in the debt impairment was as a result of the revision of the debt impairment in alignment to GRAP 104. As well as the debt written off by Council.
Bulk purchases	(345 543 776)	(349 228 000)	3 684 224	(1.1)	
Contracted Services	(171 650 848)	(145 695 000)	(25 955 848)	17.8	This was due to the increase cost of maintenance costs that the municipality incurred.

**Moghaka Local Municipality
Appendix E**

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2022 Act. Bal.	Current year 2022 Bud. Amt	Variance	Explanation of Significant Variances greater than 10% versus Budget
General Expenses	(138 746 322)	(137 730 000)	(1 016 322)	0.7
Other revenue and costs	(1 487 356 189)	(1 059 395 000)	(427 961 189)	40.4
Transfers recognised - capital	67 439 606	102 888 000	(35 448 394)	(34.5) This expenditure relates to capital grants that the municipality received and spend accordingly, except as indicated in note 30 to the Annual Financial Statements.
Capital expenditure	-	(102 888 000)	102 888 000	(100.0) This expenditure relates to capital grants that the municipality received and spend accordingly, except as indicated in note 30 to the Annual Financial Statements.
	67 439 606	-	67 439 606	-
Net surplus/ (deficit) for the year	(372 523 214)	75 763 000	(448 286 214)	(591.7)

Moghaka Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2023

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		
FMG	National Treasury	2 300 000	-	-	-	672 822	618 578	516 844	588 722	Yes	
MIG	National Treasury	22 772 000	8 801 000	14 021 000	-	10 182 273	12 002 353	8 107 047	15 520 092	Yes	
EPWP	National Treasury	357 000	-	1 071 000	-	205 549	419 640	430 990	371 821	Yes	
WSIG	National Treasury	4 631 000	3 293 000	2 368 000	-	1 843 717	4 611 251	1 731 176	2 105 857	Yes	
LG Seta	Seta	-	334 034	99 006	156 273	-	-	-	-	No	
Housing	FS Provincial Treasury	-	-	-	1 500 000	375 000	375 000	375 000	375 000	Yes	
INEP	National Treasury	-	-	-	1 923 000	89 697	-	1 851 585	-	Yes	
RBIG	DWS	-	-	5 636 587	3 994 019	-	-	5 636 587	3 994 019	Yes	
Equitable Share	National Treasury	100 399 000	84 953 000	72 081 000	-	100 399 000	84 953 000	72 081 000	-	Yes	
		130 459 000	97 381 034	95 276 593	7 573 292	113 768 058	102 979 822	90 730 229	22 955 511		

