LESEDI
Local Municipality

# Final

## ANNUAL REPORT

## 2020/2021

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# CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

**Cllr. MNR Nkosi**
**Executive Mayor: Lesedi Local Municipality**

The Municipal Finance Management Act, 2003 requires Municipalities to assess their performance during the first half of the Financial year and submit an assessment report to the Council, Provincial Treasury and National Treasury. The 2020/2021 annual report is intended to provide feedback to residents and stakeholders on the achievements the Municipality has registered against the key performance areas as enunciated in the Integrated Development Plan. This report is submitted against the backdrop of the termination of the term of office of the present Local Government administration.

As we submit this annual report, we are deeply disheartened that the whole World is engulfed in the Corona pandemic. Families are languishing in severe distress due to loved ones who have contracted the virus. The number of casualties keep increasing. Lockdowns are topical. Economies and revenues of Municipalities are in dire straits. Amid this setback, we continue as Lesedi Local Municipality to provide services to the community at large.

On the same note, the African National Congress has dedicated the year 2021 to Mama Sharlotte Maxeke who one hundred and fifty years ago was given birth to. She became the first Black Woman to be conferred with the Bachelor of Science. Mme Sharlotte Maxeke`s life is commemorated for selflessness and commitment. As we are confronted with the triple challenges of unemployment, inequality, and poverty, we take cue to the qualities and heritage of our fallen heroes and heroines.

The annual report under review (2020-2021) serves as the base of evidence of our commitment to the provision of basic services to the community. The Integrated Development Plan is a legal requirement that is reviewed annually and serves as the Master Plan for the Municipality. The implementation thereof translates into the resource allocation document that is referred to as the Budget.

The latter processes are a source to justify the reason for the existence of institutions of Local Government namely being the provision of basic services like electricity, water and sanitation. An essential element of Municipal dispensation is horizontal and vertical alignment. Various sectoral plans within the Municipality are embedded into the National Development Plan and the Growing Gauteng Together 2030. Matters pertaining to streamlining of issues pertinent to Gender, Youth, People with Disabilities and to some extent Military Veterans are expressed in the performance of the Municipality. This report serves as basis of evidence and a tool upon which we should be measured.

In addition to the issues relating to the annual report, the Council has galvanised its commitment to Operation Clean Audit. We have maintained an unqualified audit opinion with a degree of improvement that translates into the reduction of matters of emphasis. This goes without saying that a clean audit opinion is imminent.

Provincial and National Government coordination serves a crucial purpose of this report. Financial support in the form of grants and technical support has created an impetus to our organisation. The National Electricity Programme has jerked up its allocation to us to enable a proper alignment with the Human Settlement Programme. The same goes for other sectoral departmental interventions.

The Local Economic Development Strategy has been reviewed and approved by the Council. Private sector mobilisation continues to become a pillar of our stakeholder management plan. Spatial development has been designed along the lines of the Spatial

Planning and Land Use Management Act, 2013. The promulgation of the Vaal Special Economic Zone is envisaged to propel our economy into an investor-friendly environment. Rural development is a core component of our development mode. Informal settlements are being eradicated by free-standing and high-rise developments that in future will be enjoined with the economic opportunities to sustain livelihoods.

Law enforcement has transformed the organisation into a proactive mode of development where multilateral working relations are forged and coordinated with the Department of Justice, South African Police Service, Gauteng Provincial Department of Community Services and other related law enforcement agencies. By-laws are in place and a degree of improvement in this area is registered.

Revenue enhancement is a critical aspect of turning the organisation around. The growing debt book poses a high risk. Strategies are being drawn to manage revenue related risks. The next report is expected to formulate implementation actions to ameliorate this imbalance. Institutional issues along the lines of addressing critical posts has received the necessary attention. The post of the Municipal Manager has been filled. The only post that remains unfilled relates to the Chief Finance Officer. Legal matters pertaining to this post have been dealt with and recruitment will take effect as law prescribes. Relations with Labour are receiving the necessary attention. The Local Labour Forum provides a platform to engage labour relations issues. A room for improvement in this area has been identified.

Service delivery initiatives have taken the form of War Rooms with specific focus to daily complaints. As part of Nthirhisano campaign, a local Thuthukisa programme has been established under the leadership of the Executive Mayor, working together with Senior Management in consultation with Members of the Mayoral Committee and Ward Councillors. A supplementary initiative in the form of Customer Care Centre has assisted in bring the Municipality closer to the community. This was further bolstered by the introduction of the Citizen Engagement Platform where citizens can engage with the organisation on twenty-four hours basis.

The Municipality is in the process of implementing the District Development Model. A one plan document has been submitted to the Department of Corporate Governance and Traditional Affairs for consideration. This will culminate into a cohesive model for coordination, mobilisation, and implementation.

With this pronouncement, Lesedi Local Municipality submits its 2020-2021 Annual Report.

**Executive Mayor**

**CLR M. NKOSI**

# MUNICIPAL MANAGER'S FOREWORD

**MUNICIPAL MANAGERS FOREWORD**

The Municipal Managers foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality. Inclusive in this foreword is the information pertaining to:

♣ **Sector departments and the sharing of functions between the municipality and sector departments.**

Community Services performs at least 80 % of the functions that would ordinarily be accommodated under the Provincial as well as the regional competencies. These include the following:

1. Library Services and Sports, Recreation Heritage and Culture; which are provincial competencies
2. Municipal Health Services (MHS); which is a regional competency
3. Social Development, which is a provincial competency
4. Community Safety; which is a provincial competency

♣ **A statement on the previous financial year's audit opinion.**

The municipality has once again received an unqualified audit opinion with following notable improvements

- The were no material misstatements in the AFS.
- The Irregular expenditure incurred was R9m for 2019/20FY
- The Audit Opinion on APR confirms improvement from Qualified (2018/19FY) to Unqualified (2019/20FY)

**♣ A short statement on the current financial health of the municipality based on new budget formats as required by Treasury Regulations No 31804.**

The municipality does not owe bulk suppliers. The ESKOM, Rand Water and ERWAT accounts are on current. This includes all other suppliers that are paid within 30 days of receipt of invoice. We will continue ensuring that our municipality remains financially solid to assist the most venerable sectors of our communities that consist of indigent people, by providing necessary free basic services in the form of 6kl of water and 50kwh of electricity among other things. The municipality will forge partnerships with other role players to attract investment and to improve the skill levels with the communities.

**♣ The internal management changes in relation to Section 56/57 managers.**

The municipality has filled all the section 56/57 managers positions, except the one of the Chief Financial Officer due to litigation. However, plans are in place to finalise this appointment at the beginning of the next financial year. Management worked hard to entrench the principles of good governance and dedication within our organisation, by continuously improving the systems and integrating key components of the municipality.

The Senior Management Team meets religiously on weekly basis, to ensure the machinery of the municipality is continuously oiled to provide our communities with essential basic services, as mandated by the Constitution of the South Africa. The management has worked under difficult conditions of COVID 19, which let to reprioritisation of available resources to mitigate against the impact emanating from the spread of the virus among the employees and general public.

**♣ Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.**

The municipality conduct an annual Risk assessment in consideration of the PEST analysis and general SWOT analysis within the municipal space and government in general. During the year under review the municipality identified 22 risks, including the COVID 19 related ones and deployed interventions to full mitigate against such. The top five risks and the progress made in implementing mitigating measures are highlighted in the table below;

| No | Risk | Inherent Risk | Residual Risk | Quarter 1 review | Quarter 2 review | Quarter 3 review | Quarter 4 review |
|---|---|---|---|---|---|---|---|
| 1. | Increase in Irregular, Fruitless & Wasteful and Unauthorised Expenditure. | 25.00 | 25.00 | 25.00 | 25.00 | 12.00 | 12.00 |
| 2. | Inability to provide firefighting service. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 3. | Reputational / credibility damage. | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| 4. | Loss of revenue. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 5. | Potential infection of the municipal employees. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |

The municipality has managed to mitigate against 4 of the top risks, and budget has been committed to deal effectively with risk No.4, in form of procuring the Citizen Engagement application, that will significantly assist in improving communication with our citizens and provide feedback to the organisation.

This annual report will also demonstrate how the municipality is providing communities with access to basic services and show significant improvements in the lives of the residents of the Lesedi Local Municipality. The municipality will also ensure that all stakeholders are consulted through our public participation initiatives, on all areas that affect the lives of the communities, since the input of the public remains key in building a developmental local government. This will also be made possible by the procurement of Citizen Engagement Application so that we remain compliant with the Lockdown regulations as pronounced by the National Government.

Mr. S'busiso Dlamini

Acting Municipal Manager of Lesedi Local Municipality

# REVISED ANNUAL REPORT TEMPLATE

The financial years contained in this report are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and

We wish to thank all relevant municipal employees for their inputs and support throughout the development of this document.

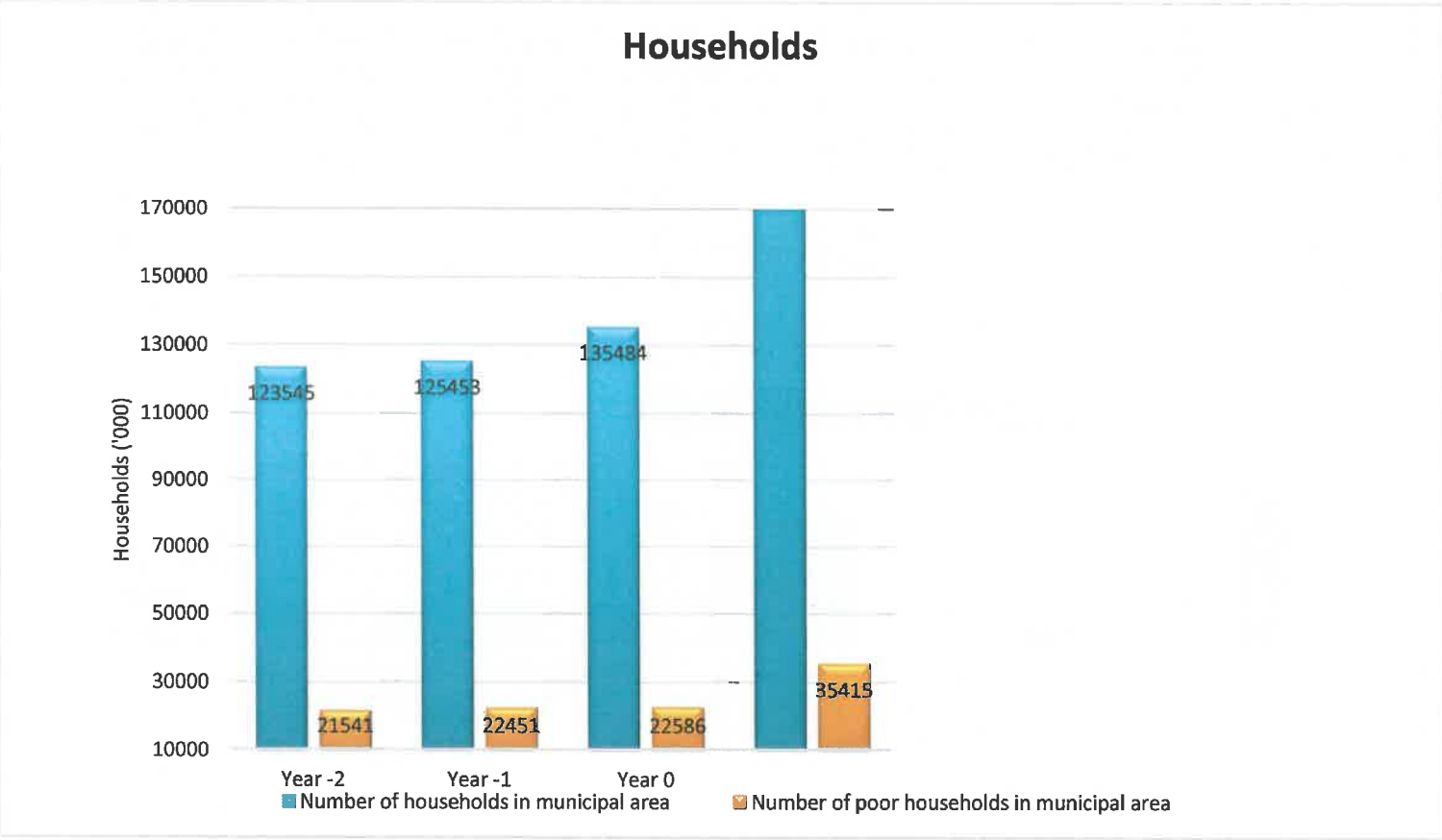
## 1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Lesedi Local Municipality (Lesedi LM) is situated in Heidelberg, which is situated along the N3 freeway at its intersection with the Provincial route R42, east of the Suikerborsrand Nature Reserve. The municipality is described primarily as a rural area, with towns situated within it, namely Heidelberg/Ratanda in the western part and Devon/Impumelelo on its eastern edge.

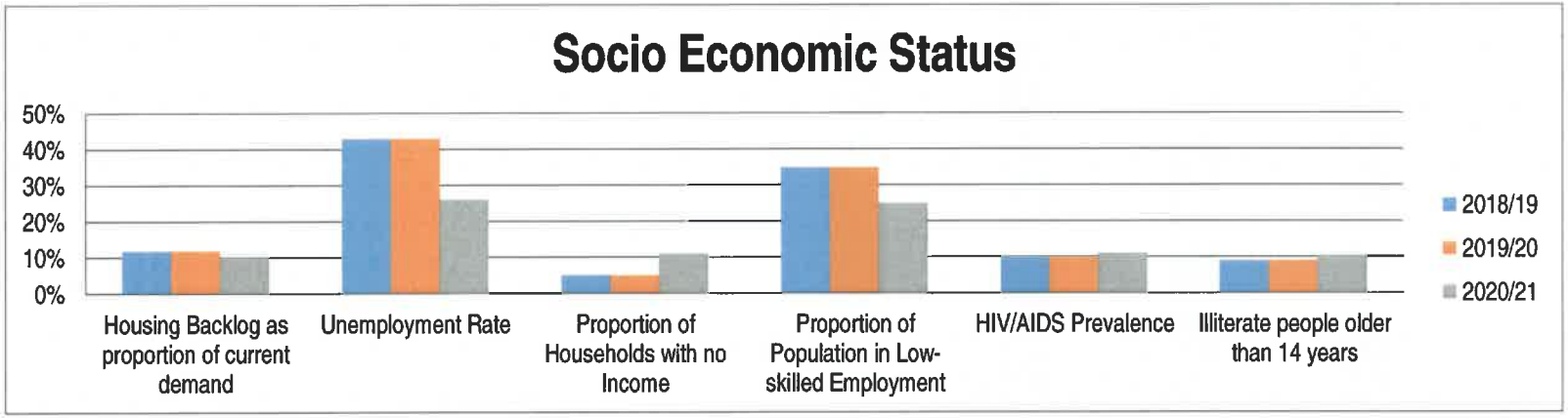
Lesedi is a Sesotho word meaning "light". The name was derived from the description of the municipality which represents light within the area. In 2014, the economy of Lesedi accounted for about 10,5% of total output form the Sedibeng District Municipality and 0,5% from the Gauteng Provincial economy. This suggests that production in Lesedi is therefore relatively minimal in comparison to the wider economy. Moreover, the municipality has strong productive industries namely, agriculture, mining, manufacturing, wholesale and retail, tourism, transport and logistic services.

The population in Lesedi Local Municipality increased from about 94 495 in 2011 to about 105 813 in 2019 at an annual growth rate of 3,26% per annum. This suggests that the municipality may be experiencing better economic opportunities resulting in people migrating into the municipality.

| Population Details | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Population '000 | | |
| Age | 2018/2019 | | | 2019/2020 | | | 2020/2021 | | |
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Age: 0 - 4 | 5451 | 5457 | 11075 | 5451 | 5457 | 11075 | 6558 | 6482 | 13040 |
| Age: 5 - 9 | 5662 | 5460 | 11272 | 5662 | 5460 | 11272 | 5032 | 4522 | 9554 |
| Age: 10 - 19 | 8974 | 8661 | 17909 | 8355 | 8066 | 16421 | 8514 | 8219 | 16773 |
| Age: 20 - 29 | 9428 | 7959 | 17390 | 13053 | 10003 | 23056 | 13301 | 10193 | 23494 |
| Age: 30 - 39 | 10745 | 9195 | 20046 | 9422 | 8649 | 18071 | 9601 | 8813 | 18414 |
| Age: 40 - 49 | 7751 | 6835 | 14570 | 7507 | 6365 | 13872 | 7650 | 6486 | 14136 |
| Age: 50 - 59 | 5204 | 5390 | 10184 | 4616 | 5642 | 10258 | 4704 | 5749 | 10453 |
| Age: 60 - 69 | 3720 | 3667 | 7252 | 2593 | 2795 | 5388 | 2642 | 2848 | 5490 |
| Age: 70+ | 2197 | 2674 | 4587 | 1572 | 2159 | 3731 | 1602 | 2200 | 3802 |
| *source: quantek 2020* | | | | | | | | | |


Households
170000
150000
130000
110000
90000
70000
50000
30000
10000
Households ('000)
123545
21541
125453
22451
135484
22586
35415
Year -2
Year -1
Year 0
Number of households in municipal area
Number of poor households in municipal area

| Socio Economic Status | | | | | | |
|---|---|---|---|---|---|---|
| Year | Housing Backlog as proportion of current demand | Unemployment Rate | Proportion of Households with no Income | Proportion of Population in Low-skilled Employment | HIV/AIDS Prevalence | Illiterate people older than 14 years |
| 2018/19 | 12% | 43% | 5% | 35% | 10% | 9% |
| 2019/20 | 12% | 43% | 5% | 35% | 10% | 9% |
| 2020/21 | 10% | 26% | 11% | 25% | 11% | 10% |
| | | | | | | *T 1.2.4* |



From the above statistics, it is evident that there has been steady improvement in the lives of the Lesedi Local Municipality residents. With the interventions from various educational projects like Khari-Khude and ABET, there is a significance decline on persons who are illiterate

| Overview of Neighbourhoods within Lesedi Local Municipality | | |
|---|---|---|
| **Settlement Type** | **Households** | **Population** |
| Towns | | |
| Heidelberg | 11571 | 34 713 |
| Devon | 580 | 2300 |
| Heidelberg Ext 8, 9 and 10 | 2100 | 9300 |
| | | |
| Sub-Total | 6680 | 22100 |
| Townships | | |
| Ratanda | 8000 | 46 360 |
| Obed Nkosi | 1750 | 5250 |
| Heidelberg Ext 23 & 26 | 3000 | 14647 |
| Heidelberg Ext 7 and 16 | 900 | 3500 |
| Impumelelo | 2000 | 8469 |
| Jameson Park | 468 | 1761 |
| Sub-Total | 16 118 | 79 942 |
| Rural settlements | | |
| Vischuil and Endicott | 320 | 983 |
| Kwazenzele | 287 | 1900 |
| Surrounding Farms | 630 | 1500 |
| Sub-Total | 1237 | 4383 |
| Informal settlements | | |
| Ratanda | 1100 | 3500 |
| Impumelelo | 890 | 2700 |
| Kwazenzele | 1500 | 3000 |

| Overview of Neighbourhoods within Lesedi Local Municipality | | |
|---|---|---|
| **Settlement Type** | **Households** | **Population** |
| Towns | | |
| Sub-Total | 3490 | 9200 |
| Total | 27 525 | 115625 |
| | | *T 1.2.6* |

NB. Own Statistical Data

| Natural Resources | |
|---|---|
| **Major Natural Resource** | **Relevance to Community** |
| Suikerbosrand Game Reserve | Heritage, Tourism and leisure. |
| Alice Glockner Game Reserve | Heritage, Tourism and leisure. |
| Blesbokspruit river | Water resource |
| Suikerbosrand river | Water resource |
| | *T 1.2.7* |

## 1.2. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

The Lesedi local Municipality is in a positive trend in terms of basic services provision to its residents, the types of basic services provided includes and not limited to the following. Water supply, sanitation provision, refuse removal service, electricity supply and roads & stormwater service. All registered and approved indigent households receive free basic services in the form of water and electricity. All formalized houses on formalized stands have access to water; sanitation and electricity connections. The municipality does not provide electricity to informal settlements. Gravel roads in rural settlements are graded periodically to ensure safety of road users.

Lesedi Municipality and Eskom are both electricity service provider. The municipality is continuously improving the level of basic access to electricity through the INEP grant. The challenge still remains in informal settlement where electricity can't be installed as these informal settlements are in the process of being eradicated through the developments in Impumelelo, Obed Nkosi and KwaZenzele. Currently the municipality in terms of occupied household is sitting at 98% of households with access to electricity and the balance is still backlogs which needs to be eradicated.

The dawn of the National State of Disaster as declared by the President of the Republic of South Africa on the 15 March 2020, which was subsequently followed by the National lockdown which took effect from midnight on the 26 March 2020 amid Covid-19 pandemic. Although during the year under review there was no level 5 lockdown, but it was always important to comply with the Disaster Management Regulations as released when different levels were declared. This had a negative impact on planned infrastructure projects which were planned for the 2020/2021 financial year as contractors had to comply with regulations as set for construction industry. The country had also seen a backlog in the supply of material for construction industry as the manufacturing was operating in reduced capacity amid lockdown regulations.

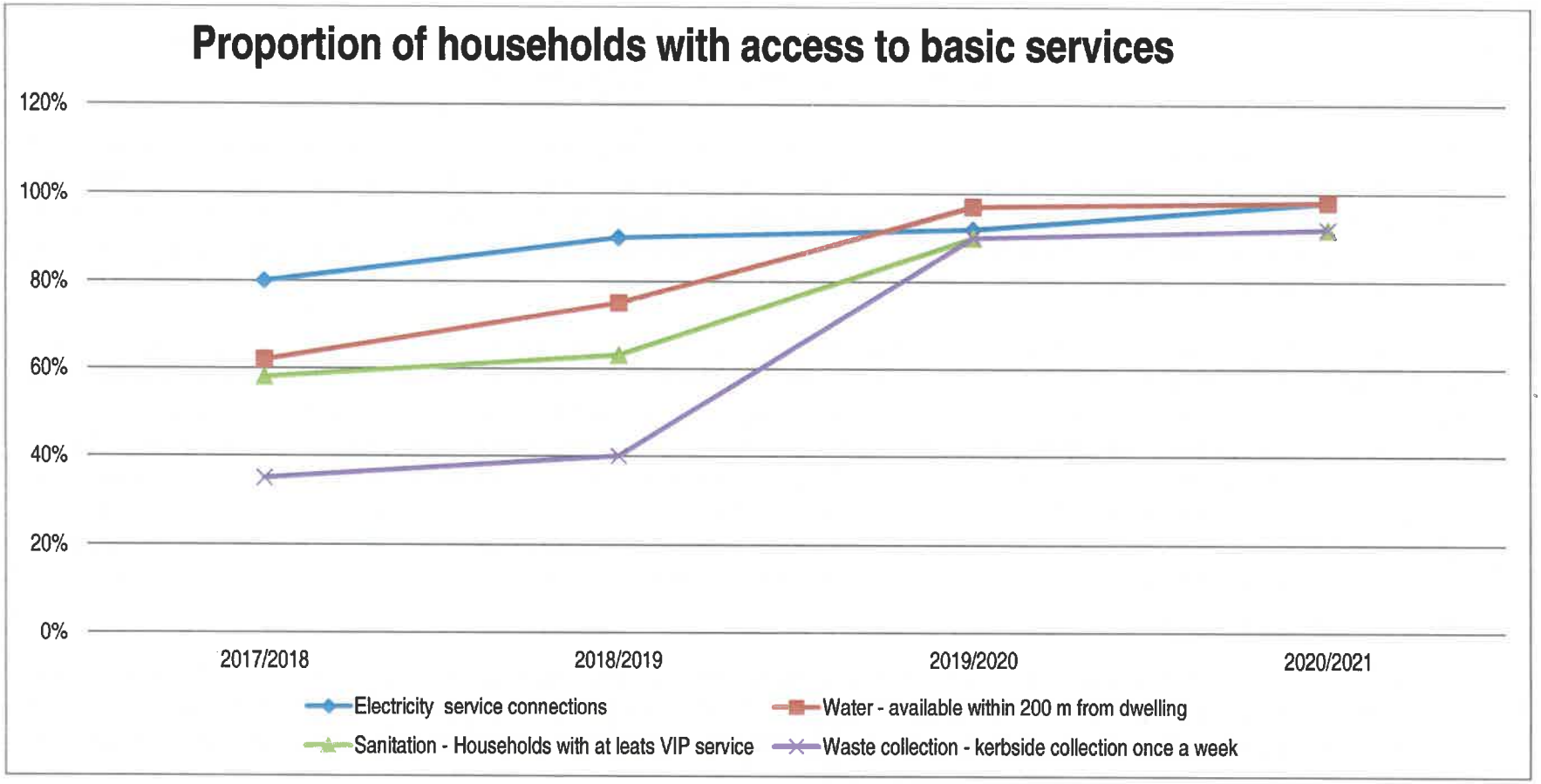
The Municipality along with other organs of state continued to ensure that critical service delivery in the form of water and sanitation is extended to those affected communities within the Municipality who had limited access to essential services. A number of interventions were implemented in conjunction with the Department of Water & Sanitation to ensure that communities have access

to water in the midst of Covid-19. The interventions were predominantly informed by the call from the Minister of Health, which seeked to inform and advise South Africans to wash their hands regularly with water and soap in curbing the spread of the Corona Virus.

The Department of Water and Sanitation had deployed four water tankers in the Municipality to ensure continuous delivery of water to destressed communities. The intervention from the Department is much appreciated by the Municipality and Infrastructure Services in particular as it clearly demonstrates intergovernmental cooperation's amongst organs of state in times of need.

A new way of working had to be adopted and always observed in various sectors of the economy, coupled with new inclusion on the Occupational Health and Safety in terms of Covid-19 specific policies, which needed to be implemented under the new normal across various sectors including construction.

| Proportion of Households with minimum level of Basic services | | | | |
|---|---|---|---|---|
| | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
| Electricity service connections | 80% | 90% | 92% | 98% |
| Water - available within 200 m from dwelling | 62% | 75% | 97% | 98% |
| Sanitation - Households with at least VIP service | 58% | 63% | 90% | 92% |
| Waste collection - kerbside collection once a week | 35% | 40% | 90% | 92% |


Proportion of households with access to basic services
120%
100%
80%
60%
40%
20%
0%
2017/2018
2018/2019
2019/2020
2020/2021
Electricity service connections
Water - available within 200 m from dwelling
Sanitation - Households with at leats VIP service
Waste collection - kerbside collection once a week

## COMMENT ON ACCESS TO BASIC SERVICES

Lesedi Local Municipality as a sphere of Government is mandated with the provision of basic services in terms of Powers and Functions vested on Local Government. Communities within the jurisdiction of Lesedi Local Municipality have access to the following basic services. Water supply from the tap, ground water from boreholes and tinkering service in out laying areas where there is no water supply network. Provision of basic sanitation is through Ventilated Improved Pit-latrines, chemical toilets at some informal settlements, water borne sanitation connected to septic tanks and sewer network.

However, sanitation still remains a challenge for some settlements which are remotely situated particularly the farm communities. Informal settlements in KwaZenzele and Impumelelo have communal sanitation service, whilst some residents have also constructed their own conventional pit-latrines which are not design according to any specification and thus consequently becoming unsafe for use by children and women. In light of the social and safety concerns regarding the conventional pit-latrines the Municipality sourced funding for the installation of 400 ventilated pit-latrine toilet units at various rural settlements within its jurisdiction which would be implemented in two outer years (2021-2023). The initiative is phase two of the programme which will be extended into other settlements which are in direct need of basic sanitation. Sanitation challenges in informal settlements will be addressed through a multi-year informal settlement eradication, housing projects at Obed Mthombeni Nkosi, KwaZenzele Extension 1 and Impumelelo Extension 3 and 4 Townships.

Refuse removal service is conducted once a week in formalised settlements, whilst businesses receive two to three services a week depending on the nature of the business. Informal settlements are serviced through communal dumping facilities, illegal dumping and littering in general is still a challenge for the Municipality. Programmes like the Extended Public Works Programme have been put in place to address littering and illegal dumping in general.

Surfacing of gravel roads has been a priority for the Municipality over a number of previous financial years, since the municipality is developing at high rate this put a strain in the development of proper street for safety and reliability of access roads to these areas. The Municipality is however working with the Department of Human Settlement to assist with the surfacing of some critical roads particularly in new settlements as the current MIG grant is not sufficient to meet the demand of areas that needs proper streets.

Formalised households have access to electricity provided either by the Municipality or ESKOM, new households were connected at Impumelelo Extension 3 (726) and Obed Nkosi 626 to the grid. Informal settlements do not have access to electricity since they are just transit areas which are not going to be formalised. Majority of the informal settlements emanated as a result of illegal land invasion, which is privately owned or not suitable for any type of habitation. The objective of the multi-year housing development is to eradicate the informal settlement by offering descent living conditions to former illegal settlements dwellers and other members of the public who are on the housing waiting list.

## 1.3. FINANCIAL HEALTH OVERVIEW

| FINANCIAL OVERVIEW |
|---|

The municipality realised a surplus of R91 928 000 which is slightly higher than the budgeted surplus of R90 014 000 for the financial year, this is a good position considering that this surplus is realised after taking into consideration non cash/ items which are depreciation at R38,122,000 and debt impairment at R149 515 000 and the poor performance of the traffic fines.

Cost containment measures which were implemented during the financial year resulted in the following savings:
Employee costs – saving of R11 094 000
Finance charges – saving of R3 492 000
Bulk Purchases – saving of R47 479 000
Contracted services- saving of R11 824
Other expenditure – saving of R8 342 000

| Financial Overview: 2020-21 | | | R' 000 |
|---|---|---|---|
| **Details** | **Original budget** | **Adjustment Budget** | **Actual** |
| Income: | | | |
| Grants | 233 823 024 | 285 391 959 | 267 642 810 |
| Taxes, Levies and tariffs | 781 852 588 | 776 620 724 | 775 067 864 |
| Sub Total | 1 015 675 612 | 1 062 012 683 | 1 042 710 674 |
| *Less:* Expenditure | 965 948 387 | 971 998 253 | 987 839 594 |
| Net Total* | 49 727 225 | 90 014 430 | 54 871 080 |
| ** Note: surplus/(defecit)* | | | *T 1.4.2* |

| 2021-21 | |
|---|---|
| **Detail** | **%** |
| Employee Cost | 22% |
| Repairs & Maintenance | 4% |
| Finance Charges & Impairment | 1% |
| | *T 1.4.3* |

COMMENT ON OPERATING RATIOS:

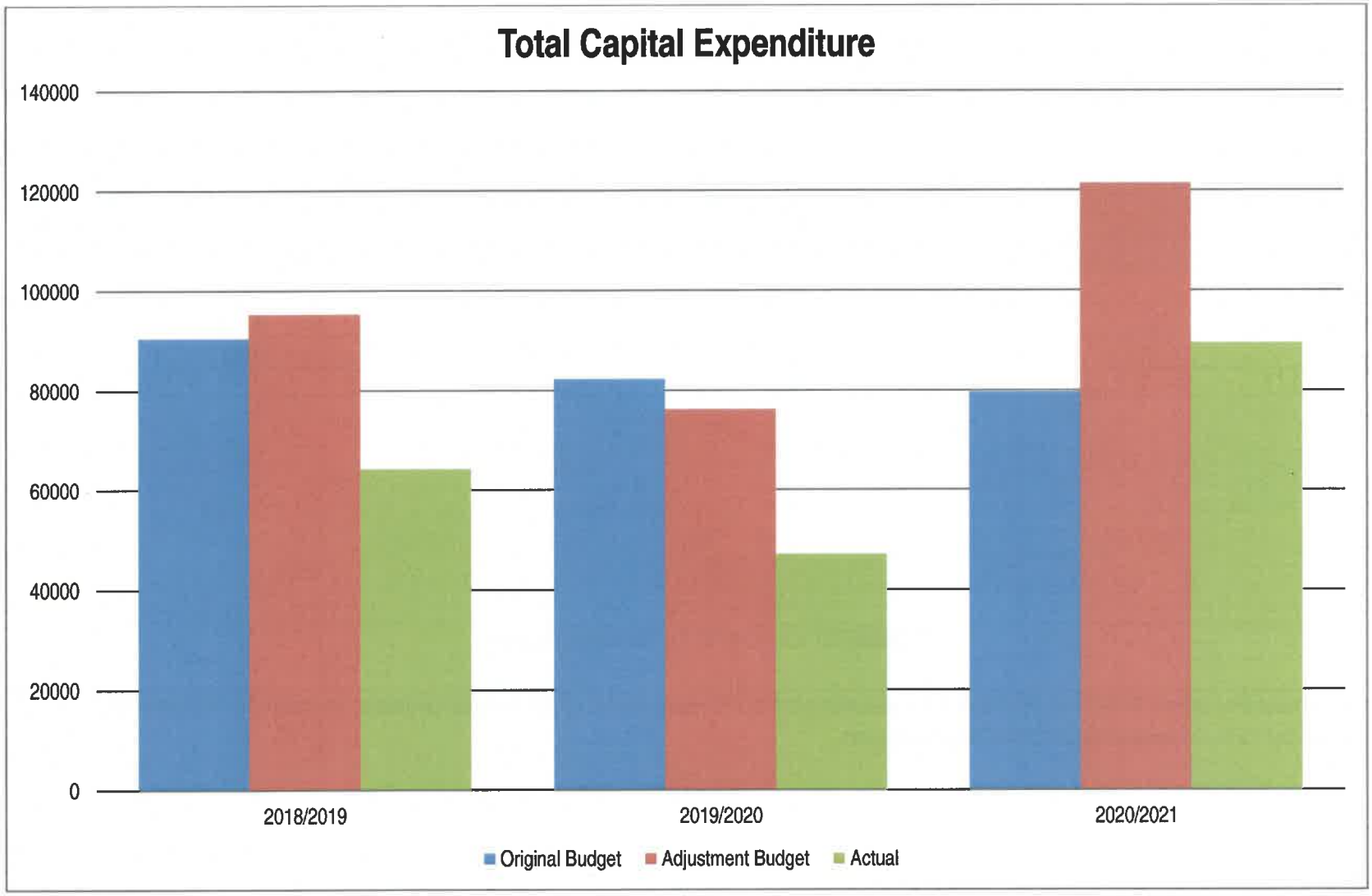
**Employee Costs** – 22% of total operating expenditure. This is within the expected norm of 27%.
**Repairs and maintenance costs** - 4% of total expenditure. This appears very low when compared to expected norm of 8% and this is due to budget and cash constraints which limit the municipality when it comes to the ability to perform required repairs and maintenance of municipal infrastructure.

**Finance charges** – 1% of total expenditure indicates that even though the municipality is in a position to take on additional debt to finance infrastructure investments, it is rather concentrating on improving cash flow by implementing credit control and thus making the debt book liquid enough to internally fund such projects.

| Total Capital Expenditure: Year -2 to Year 2020/21 | | | |
|---|---|---|---|
| | | | R'000 |
| Detail | 2018/2019 | 2019/2020 | 2020/2021 |
| Original Budget | 90468 | 82354 | 79691 |
| Adjustment Budget | 95270 | 76243 | 121440 |
| Actual | 64240 | 47062 | 89476 |
| | | | *T 1.4.4* |

COMMENT ON CAPITAL EXPENDITURE:

The municipality spent 74%% of its Capital expenditure for both internal and grant funded projects. In addition, the spending have increase by 12% compared to 2019/20 financial year.


Total Capital Expenditure
140000
120000
100000
80000
60000
40000
20000
0
2018/2019
2019/2020
2020/2021
Original Budget
Adjustment Budget
Actual

## ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

In the Auditor General (AG) Report (2015/16) findings were made on the organizational re-engineering process that was conducted in 2014/15 financial year. Issues of overspending, skills transference and job descriptions did not exist for a group of positions on the organizational structure. The South African Local Government Association (SALGA) confirmed that the service provider used was not accredited to conduct TASK job evaluation in the local government sector. As a result, a resolution was taken by Council to rationalize the re-engineering process already undertaken.

The process of organisational re-engineering was initiated in 2017/18 and will be concluded in the next financial year (2020/21). The following stakeholders were consulted in this regard;

Departmental Heads and their teams.

Senior Management Team

Councillors.

With regards to Human Resources we have seen great improvement in terms of policy development as critical HR Policies were developed and reviewed, amongst others the following key policies: namely; Leave Management Policy; Recruitment Policy; Code of Conduct and Disciplinary Procedure.

## 1.4. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2020/21 financial year

The municipality maintained an unqualified audit opinion on the regularity audit in the previous financial years.

| status of audit report**: | |
|---|---|
| **Status of audit report**:** | Qualified opinion on audit of performance information. |
| **Non-Compliance Issues** | **Remedial Action Taken** |
| | |
| | |
| | |
| | |

** This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0*

*** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.*

*T 6.2.2*

NB.

## 1.5. 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 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalize the 4th quarter Report for previous financial year | |
| 4 | Submit draft year 2020/21 Annual Report to Internal Audit and Auditor-General. | |
| 5 | Municipal entities submit draft annual reports to the Municipal Manager. | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant). | August |
| 8 | 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. | |
| 11 | Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data. | September - October |
| 12 | Municipalities receive and start to address the Auditor General's comments. | January– March |
| 13 | 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 |
| 17 | Oversight report is made public. | |

| | | |
|---|---|---|
| 18 | Oversight report is submitted to relevant provincial councils. | |

# CHAPTER 2 – GOVERNANCE

## INTRODUCTION TO GOVERNANCE

The Municipal Structures Act requires municipalities to established different structures for different purposes. The municipality has established those structures with proper distinctive role players conducting governance at different intervals either as oversight or executing the mandate of the municipality. The distinction is essential because each group on the level of governance has specific responsibilities and has therefore specific roles to play for which they are accountable. While on the other hand the Municipal Systems Act (Act 32 of 2000), requires these roles should be subjected to performance and risk management and eventually to internal and external audit to verify the processes and the outcomes.

As required Councilors are elected by the community and therefore the community members hold Councilors responsible for service delivery and the implementation of Batho Pele Principles. The administrative structure of the municipality is appointed to execute the resolution of the Council and the administration is accountable to Council. There is an approved Performance Management System of the municipality. The roles and responsibilities as outlined in the planning documents of the council (IDP, Budget & SDBIP) are cascaded down to key employees of the municipality. The implementation thereof is monitored and reviewed on a quarterly basis

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality as indicated in the Constitution of the Republic of South Africa in terms of section 151 (3) has established structures as required by Municipal Structures Act (Act No.117 of 1999) to govern its affairs. The municipality comprises of 26 Councillors.

- Thirteen (13) Ward Councillors

- Thirteen (13) PR Councillors

These 26 Councillors also comprise of the Executive Mayor, Speaker of Council and Five (5) Members of the Mayoral Committee. Through the delegated powers of authority, the oversight responsibility is shared amongst the established Council committees e.g. Section 79 or 80.

The Municipal Manager is central in ensuring that the roles and the responsibilities of these structures of the municipality are implemented as outlined in the Municipal Systems Act, (Act No.32 of 2000 as amended) Municipal Structures Act (Act No.117 of 1999 as amended) and other related legislation. The office of the Municipal Manager consists of the Monitoring and Reporting function which deals with Performance and Risk Management as well as Internal Audit for the provision of quality assurance services.

## 2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Lesedi Local Municipality consists of the following Council committees;

- Mayoral Committee
- Five (5) Section 80 Committees
- Two (2) Section 79 Committees i.e. MPAC and Petitions Management Committee
- Performance and Audit Committee
- Remuneration Committee

All committees of Council are fully functional.

**POLITICAL STRUCTURE**

**EXECUTIVE MAYOR**
(Cllr. MNR Nkosi)

**Functions**

- To identify the needs of the municipality
- To review and evaluate these needs in order of priority;
- To recommend to the municipal council strategies, programmes and services to address priority needs through the Integrated Development Plan (IDP;
- To recommend or determine the best methods, including partnership and strategies, programmes and services to the maximum benefit of the community.

**SPEAKER**
(Cllr M Motsepe)

**Functions**

- To ensure that the Council meets at least quarterly;
- To preside at meetings of the council;
- To maintain order during meetings; ensure compliance in the council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, No. 32 of 2000;
- To ensure that Council meetings are conducted in accordance with the rules and orders of the council;
- To promote public participation.

| COUNCILLORS |
| --- |
| |
| POLITICAL DECISION-MAKING |

The decisions making process is assisted by items or reports which are generated from departments and are tabled before the Senior Management Team (SMT). If items or reports are agreed upon in Senior Management meeting, this items or reports are further tabled before the applicable Section 80 Committees and then to the Mayoral Committee. The Mayoral Committee recommendations and resolutions which are approved are referred for tabling before the Council. All decisions approved by Council are implemented accordingly.

## 2.2 ADMINISTRATIVE GOVERNANCE

Daily activities or actions of the municipality are conducted by the Administrative Pillar which comprises of the Municipal Manager and five (5) Executive Managers responsible for the following departments:

Finance
Corporate and Legal
Community Services
Infrastructure Services
Local Economic Development and Planning

The municipality in order to realize its mandate, the cooperation between the Council's leadership and the Municipal Manager's enables the Municipal Manager's role is to drive the vision, mission and strategic direction of the municipality as articulated in the Integrated Development Plan of the municipality;

The cooperation enables the develop and implement business objectives, performance targets and operational efficacy of the municipality;

Set the tone at the top of the administration regarding the organisational ethics, code of conduct and values;

Provide leadership in the budgeting process guided by informed projections of revenues and expenditures, as well as oversee sound financial management and controls;

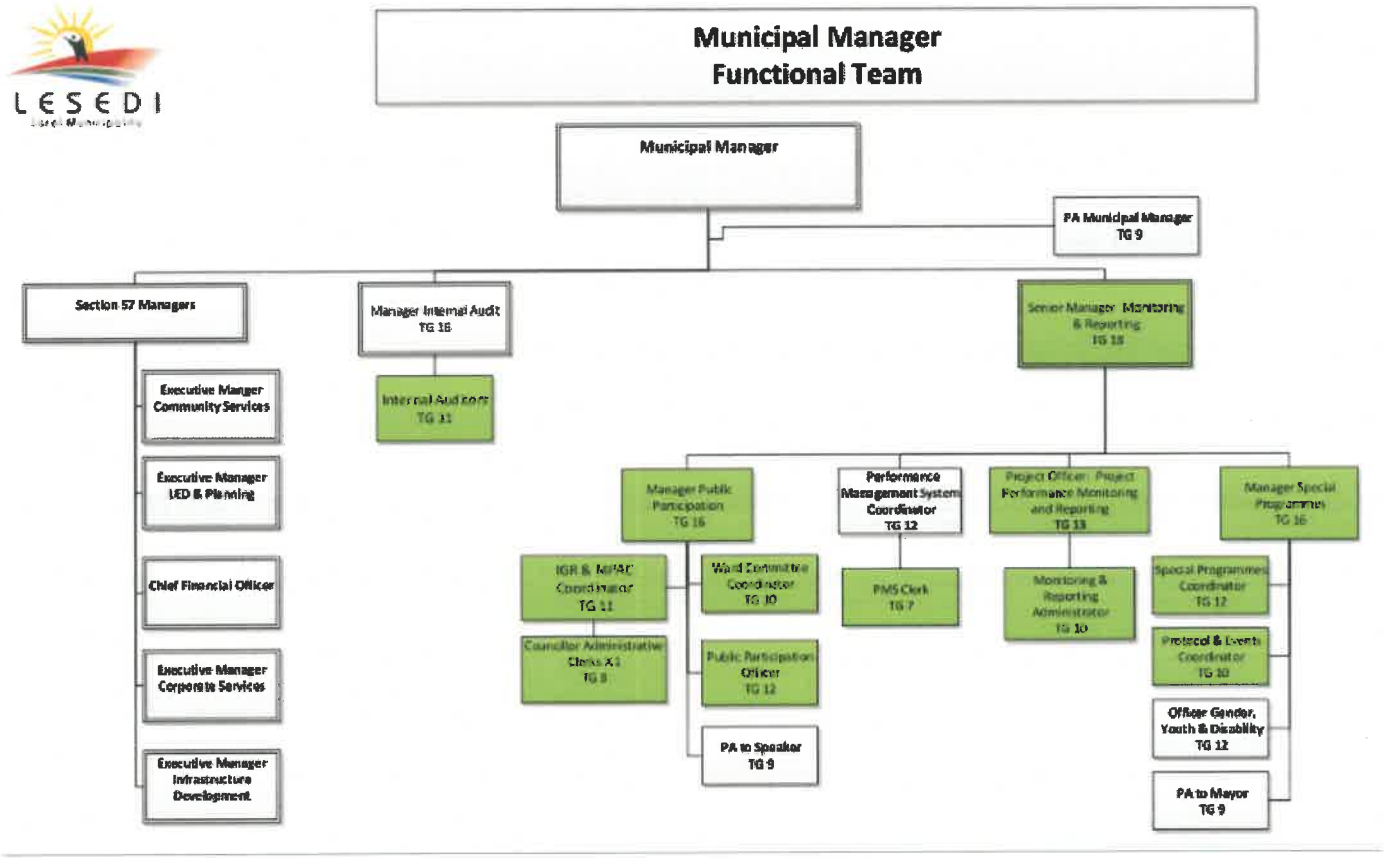
Develop, foster, maintain and review key and strategic relationships with key stakeholders;

Maintain an effective and reliable risk management and governance process and systems;

Ensure the maintenance of a monitoring and evaluation function and processes to monitor all activities, programs and projects; and

Ensure compliance and adherence to the applicable legislation, regulations, policies and rules impacting on local government

## ORGANISATIONAL STRUCTURE



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

Lesedi Local Municipality operates within the prescripts of the Democratic Constitution of South Africa, 1996 where local government is one of the spheres of government. The promulgation of the Intergovernmental Relations Framework Act (Act No. 13 of 2005) provides a regulatory framework within which all the spheres of government interact. The Municipality is not excluded and fully participates in all the intergovernmental structures that operate provincially and nationally. These structures enable the Municipality to contribute to legislative undertakings. Such structures operate within the framework of existing legislative to provide support and assist Municipalities to execute their legislative imperative. Committees have been set up vertically and horizontally to execute intergovernmental responsibilities. Grants and various support mechanisms are deliberated along the provisions expressed in various pieces of legislation. Most of these forums are coined along the lines of various government functions. They take the form of Members of Executive Councils and Members of Mayoral Committees forums, Premiers Coordination Forums, Municipal Manager's Forum, Chief Financial Officers forums and Chief Information Officers' Forum. These forums operate within the sphere of organized local government within the auspices of the South African Local Government Association, District Municipalities and Pan-Municipal Departments where policy and programmatic schedules are determined.

### 2.2 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The National Government has seconded Municipal Infrastructure Support Agency (MISA) to assist the municipality on service delivery initiatives.

| PROVINCIAL INTERGOVERNMENTAL STRUCTURES |
| --- |
| The municipality forms part of the Premier's coordinating forums, Provincial Sector Intergovernmental which comprises of MEC, MMCs and the sectoral technical IGR Forums which comprise of senior officials. There are also ongoing and regular engagements with different provincial government departments |
| DISTRICT INTERGOVERNMENTAL STRUCTURES |
| Lesedi Local Municipality forms part of the District wide IGR processes. Such structures are: Joint Mayoral Committee, CFO forum and Joint Municipal Managers (MM's forum). |

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

| OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION |
| --- |
| The municipality has established thirteen (13) ward committees which are sector based and monthly meetings are conducted. The objective of the committees is to increase consultation and improve service delivery. |

## 2.4 PUBLIC MEETINGS

**COMMUNICATION, PARTICIPATION AND FORUMS**

COMMUNICATION, PARTICIPATION AND FORUMS

During the annual review of both the Integrated Development Planning (IDP) and Budget, the Lesedi Local Municipality (LLM) ensures that all relevant stakeholders are involved in developing these plans, in accordance with the prescripts of Municipal Systems Act and the MFMA. In the year under review the LLM has robustly increased the number of participants during IDP/Budget Representative fora, inclusive of the areas where it remained impossible to get maximum involvement of the communities. The social media platforms were effectively used to increase the number of participants in the IDP/Budget meeting.

A total of three (3) meetings were held in the year under review. Meetings were held in Ratanda, Heidelberg, and Vischkuil/Kwazenzele respectively. Due to the COVID 19 regulations the meetings were kept small and consists mainly of various stakeholders within our jurisdiction. For the successful completion of the participations, the municipality relied heavily on submissions made via emails, as advertised in the official Lesedi Local Municipality website.

Furthermore, the scheduling of meetings took place to meet the requirements of the majority of the participants and most of the meetings were scheduled in the evenings. Though the material and documents handed to the participants were written in English, the meetings were mostly addressed in African Languages. All meetings were well attended and the attendance registers were kept for future reference.

IDP/ Budget meetings are always attended by stakeholders derive from our municipal data base; ward committee members; Community Development Workers; District Reps and NGO's. Our notices are placed on Local Newspaper and we send out notices to different stakeholders including SMSes. An invitation is also placed in our official Facebook page and website. Our IDP/Budget forums are area based i.e. Ratanda, Heidelberg and Devon.

Provincial and National sectoral departments are accorded an opportunity to comment through IDP Inter-sectoral engagements.

WARD COMMITTEES

Ward Committees are part of the process and review of the integrated development plan (IDP). They support the Council on performance by means of the approved PMS system. They make inputs and ensure participation during the review of Council budget. Participate with strategic decision making relating to the provision of municipal services. They act as advisory committee to the Ward Councillor.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councilors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| Ward 1. Public meeting | 0 | 0 | 0 | 0 | N/A | N/A |

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councilors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| Ward 2. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 3. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 4. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 5. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councilors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| Ward 6. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 7. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 8. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 9. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 10. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councilors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| Ward 11. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 12. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |
| Ward 13. Public meetings | N/A | 0 | 0 | 0 | N/A | N/A |

| COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD: |
|---|

The Ward Public Meetings have proven to be effective in providing the public with a platform for consultation and sharing information but due to Covid -19 regulations meeting could not sit.

| 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 |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align 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 time frames? | Yes |
| | |

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The municipality corporate governance structures are in place as required by different local government legislation *i.e.* Audit Committee, Municipal Public Accounts Committee (MPAC), Section 80 Committees, Local Labour Forum (LLF), Management Committee, Mayoral Committee and Council. All these committees exercise different oversight at different intervals or levels according to their roles and responsibilities. Required policies and systems before being approved by Council go through these committees.

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## 2.6 RISK MANAGEMENT

RISK MANAGEMENT

The municipality has an approved Risk Management Policy and Framework in place. A risk assessment workshops was conducted during the 2020/21 financial year to identify strategic risks. The risks identified as per the Strategic Risk Report are as follows:

**SUMMARY OF STRATEGIC RISKS**

Twenty two (22) risks identified during the Risk Assessment process are shown below as prioritised by participants in terms of Residual Risk Exposure:

| No | Risk | Inherent Risk | Residual Risk | Quarter 1 review | Quarter 2 review | Quarter 3 review | Quarter 4 review |
|---|---|---|---|---|---|---|---|
| 1. | Increase in Irregular, Fruitless & Wasteful and Unauthorised Expenditure. | 25.00 | 25.00 | 25.00 | 25.00 | 12.00 | 12.00 |
| 2. | Inability to provide firefighting service. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 3. | Reputational / credibility damage. | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| 4. | Loss of revenue. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 5. | Potential infection of the municipal employees. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 6. | Possible spread of infections amongst communities within the municipality. | 25.00 | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 |

| No | Risk | Inherent Risk | Residual Risk | Quarter 1 review | Quarter 2 review | Quarter 3 review | Quarter 4 review |
|---|---|---|---|---|---|---|---|
| 7. | Non-compliance to Occupational Health and Safety Act. | 25.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 8. | Non-compliance with National Environmental Management Act (NEMA). | 25.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 9. | Inadequate access control at all municipal buildings. | 25.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 10. | Inadequate enforcement of the By-Laws. | 25.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 11. | Low economic growth and development. | 25.00 | 20.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 12. | High vacancy in critical strategic positions. | 25.00 | 16.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 13. | Litigation. | 25.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| 14. | Inability to continue with operations in the event of disaster. | 25.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| 15. | Under spending on Capital Expenditure Projects (CAPEX). | 25.00 | 16.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 16. | Insufficient burial land within the municipality. | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| 17. | Fraud and corruption. | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 18. | Inability to deal with road maintenance and refurbishment | 25.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 19. | Possible infections of customers visiting municipal | 25.00 | 12.00 | 4.00 | 4.00 | 4.00 | 4.00 |

| No | Risk | Inherent Risk | Residual Risk | Quarter 1 review | Quarter 2 review | Quarter 3 review | Quarter 4 review |
|---|---|---|---|---|---|---|---|
| | offices to buy or pay for services. | | | | | | |
| 20. | Insufficient / Inadequate provision of basic services. | 25.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 21. | Insufficient use of the Geographical Information System - GIS | 25.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 22. | Loss of information. | 25.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 |

## FRAUD AND ANTI-CORRUPTION STRATEGY

Lesedi Local Municipality is affiliated with Public Service Commission (PSC) Fraud Hotline system wherein members of the community can report Fraud and Corruption activities. This system is accessible for 24 hours to community members to report cases which are then forwarded to the office of the Municipal Manager for further investigation.

The Council has approved the Anti-fraud and Anti- Corruption Policy and several workshops were conducted with both Councillors and management in this regard.

The municipality has also forged partnership with The Ethics Institute of South Africa to develop relevant policies, improve awareness and reporting.

## 2.8 SUPPLY CHAIN MANAGEMENT

The Lesedi Local Municipality's Supply Chain Management (SCM) Policy was reviewed and adopted by council as required in June 2020.The requirements as stated under Section 112(h) of the MFMA were fully complied with. LLM's SCM policy complies fully with the SCM Regulations as gazetted.

## 2.9 BY-LAWS

By-laws were developed and publicised for public comments (33 in total). The promulgation of priority by-laws was done and these included the finance and LEDP by-laws. The legal department is in a process of publishing more by-laws in 2019/20 financial year.)

## 2.10 WEBSITES

| Documents published on the Municipality's / Entity's Website | Yes / No |
|---|---|
| **Current annual and adjustments budgets and all budget-related documents** | Yes |
| **All current budget-related policies** | Yes |
| **The previous annual report 18/19** | Yes |
| **The annual report 2019/20 published/to be published** | Yes |
| **All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards** | Yes |
| **All service delivery agreements** | Yes |
| **All long-term borrowing contracts** | N/A |
| **All supply chain management contracts above a prescribed value (R 100 000.00) for 2019/2020** | 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) of MFMA (Act No. 56 of 2003) during 2019/20** | N/A |

| Documents published on the Municipality's / Entity's Website | Yes / No |
|---|---|
| Contracts agreed in 2018/19 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | Yes |
| Public-Private Partnership agreements referred to in section 120 made in 2019/20 | N/A |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 2019/20 | Yes |
| | |

All of the requirement information for Municipal websites as set out in MFMA section 75 is updated.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not conduct a Customer Satisfaction Survey to measure the citizens' perception of all municipal services during 2020 / 2021 financial year, however the Customer is now operating for 24hrs, and the its performance is measured through the Implementation of the Key Performance Indicators as approved in the SDBIP.

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

The Department's key performance area as outlined in the IDP is basic services; the provision of basic services to the communities has increased over a number of years. The surfacing of gravel roads and installation of stormwater infrastructure to address safety and reliable road network was implemented at Obed Nkosi, Ratanda Extension 6, Heidelberg Extension 23, Jameson Park and KwaZenzele. Roads at Impumelelo Extension 2 were also surfaced as part of the multi-year broader housing development Programme support from the Department of Human Settlement.

Access to water supply was extended to the following new settlements Impumelelo Extension 4 (Phase 1) and Obed Mthombeni Nkosi (Phase 2). 800 and 400 stands were serviced respectively by the Developer appointed by the Gauteng Department of Human Settlement. In ensuring constant and reliable water supply to different consumers in Heidelberg, 6940m of aging and leaking water supply asbestos cement and steel pipelines were replaced as part of phase of the multi-year aging water infrastructure renewal project. The source of funding for the project was the Water Services Infrastructure Grant (WSIG) from the Gauteng Department of Water and Sanitation.

1200 new stands at Impumelelo Extension 4 Phase1 and Obed Mthombeni Nkosi were serviced by the Developer in extending provision to access sanitation services to new settlements. Municipal Infrastructure Grant (MIG) Business Plans were also approved for installation of Ventilated Improved Pit latrines (VIP) toilet structures, the actual construction of 400 units in various Rural Settlements will be implemented in the 2021/22 financial year. Upgrading of the sewer pipeline in Ratanda extension 2 project (414 m), did not take place during the 2020/21 financial year due to financial constraints emanating from delays in procurement process and ranging from several administrative issues.

Though the basic service delivery performance increased during the year under review, several cases relating to theft and vandalism of the Municipal water and sanitation infrastructure were also experienced. Cooperative approach between the Municipality, Law enforcement agencies and the community at large, is vital in addressing criminal activities which robs and inconvenience communities in relation to the much-needed service delivery.

Through INEP grant the municipality managed to connect new households at Impumelelo Extension 3 (726) and Obed Nkosi 626 to the grid. The department continued with efforts to maintain the existing infrastructure in order to ensure sustainable provision of

electricity. The critical area that was upgraded was the main line from Eskom substation to the Municipal Jameson Park substation which was tripping as the underground cables were running in wetland.

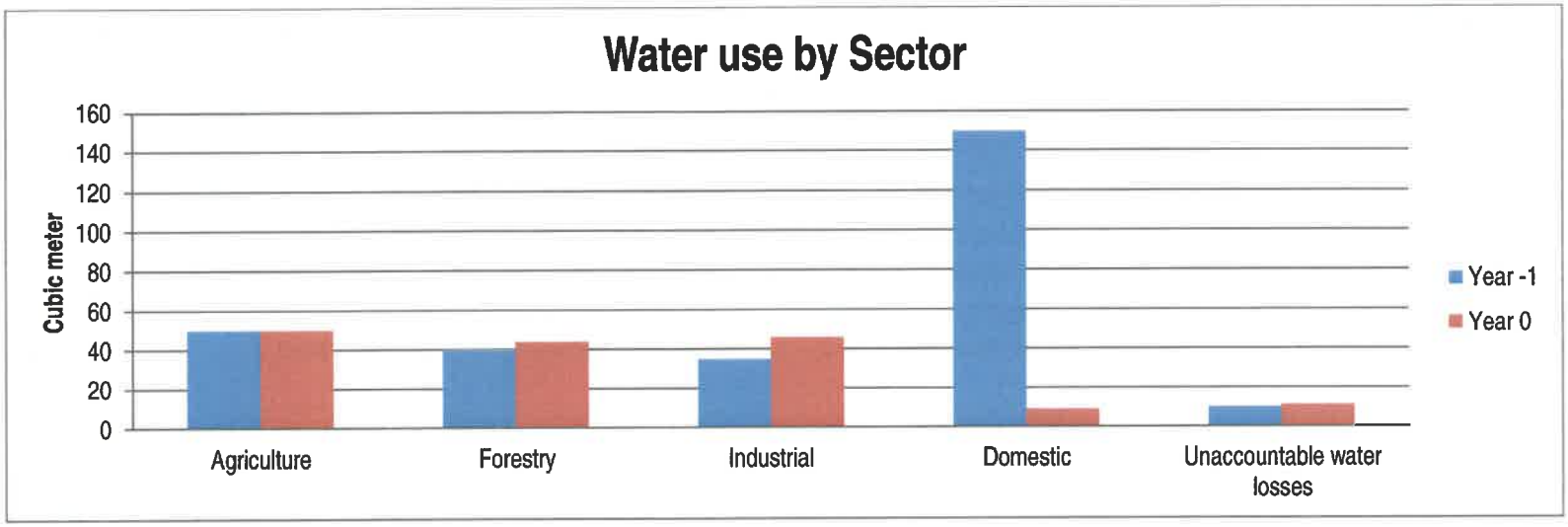
## COMPONENT A: BASIC SERVICES

South Africa as a developmental state is currently faced with challenges that lead to service delivery protests from members of the public, thus Lesedi Local Municipality as a local sphere of government it's not immune to such nationwide challenges. The municipality strives to provide quality and affordable services to all its residents, though there are challenges that emanate from migration and urbanization by people from other Provinces and across Africa into Gauteng Province in search of better life and work opportunities. The increased migration increase pressure on the existing infrastructure and general provision of basic services.

All the formalised settlements have access to water including the informal settlements through shared communal supply. Formalised settlements have access to Electricity, whiles there is no supply to the informal settlements since they are transitional areas which will be addressed by multi-year Mega Housing Projects. Settlements which are formalised have access to at least once a week waste collection and informal settlements utilises communal dumps.

### 3.1. WATER PROVISION

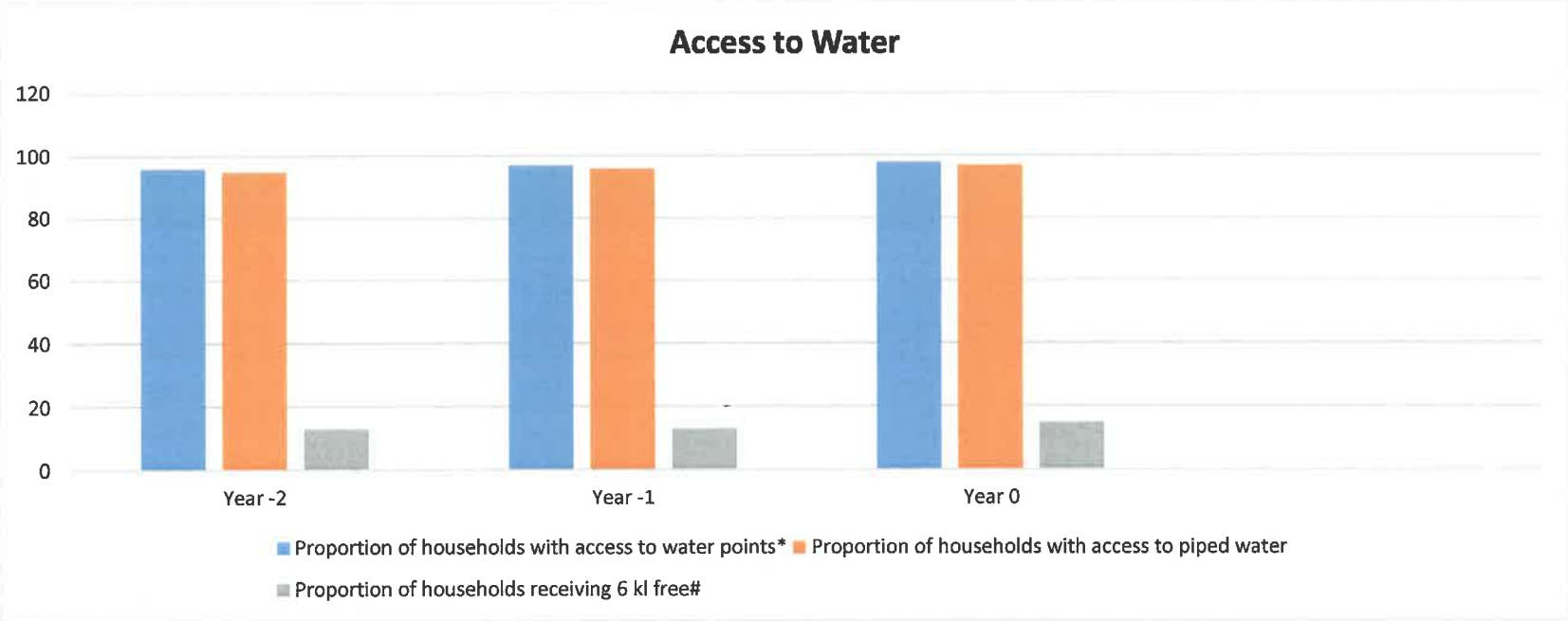
| Total Use of Water by Sector (cubic meters) | | | | | |
|---|---|---|---|---|---|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| Year -1 | 50 | 44 | 46 | 9 | 28 |
| Year 0 | 52 | 46 | 48 | 15 | 32 |
| | | | | | *T 3.1.2* |




| Households - Water Service Delivery Levels below the minimum | | | | | | Households |
|---|---|---|---|---|---|---|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | | |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No |
| **Formal Settlements** | | | | | | |
| Total households | 39000 | 39232 | 1 000 | 1 000 | 40 000 | 42 |
| Households below minimum service level | 3000 | 3000 | 100 | 100 | 2800 | 2400 |
| Proportion of households below minimum service level | 7% | 7% | 10% | 10% | 6% | 5% |
| **Informal Settlements** | | | | | | |
| Total households | 3200 | 3000 | 100 000 | 100 000 | 2800 | 2400 |
| Households ts below minimum service level | 0 | | | | | |

| Households - Water Service Delivery Levels below the minimum | | | | | | Households |
|---|---|---|---|---|---|---|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual<br>No |
| Proportion of households ts below minimum service level | 39000 | 39232 | 1 000 | 1 000 | 40 000 | 42 |
| | | | | | | *T 3.1.4* |

| Access to Water | | | |
|---|---|---|---|
| | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving 6 kl free# |
| Year -2 | 97 | 96 | 13 |
| Year -1 | 98 | 97 | 15 |
| Year 0 | 98.4 | 98 | 18 |
| | | | *T 3.1.5* |




**Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute. # 6,000 liters of potable water supplied per formal connection per month.*

| Water Service Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| Service Objectives / Service Indicators (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | |
| | | Target | Actual | Target | | Actual |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) |
| Service Objective xxx | | | | | | |
| ***Households without minimum water supply*** | Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end) | N/A | N/A | | 650 | 1200 |
| ***Improve reliability of water supply*** | Reduce the number of interruptions (**Ints**) in supply of one hour or more compared to the baseline of Year -1 (xxx interuptions of one hour or more during the yr) | N/A | N/A | N/A | N/A | N/A |
| ***Improve water conservation*** | Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (**KLs**) unaccounted for during the yr) | N/A | N/A | N/A | 28% | 33% |
| | | | | | | |

| Employees: Water Services | | | | | |
|---|---|---|---|---|---|
| Task Grade | Year -1 | Year 0 | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 33 | 33 | 40 | 0 | 0% |
| 7 - 9 | 4 | 4 | 4 | 2 | 50% |

| Employees: Water Services | | | | | |
|---|---|---|---|---|---|
| Task Grade | Year -1 | Year 0 | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 10 - 12 | 8 | 8 | 8 | 1 | 13% |
| 13 - 15 | 1 | 1 | 1 | 1 | 100% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 47 | 47 | 54 | 4 | 9% |

| Financial Performance Year 2020/21: Water Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 213425 | 152880 | 177198 | 188268 | 19% |
| Expenditure: | | | | | |
| Employees | 14812 | 15416 | 14244 | 14969 | -3% |
| Repairs and Maintenance | 1931 | 1900 | 3201 | 3089 | 38% |
| Other | 144741 | 101827 | 113356 | 159405 | 36% |
| **Total Operational Expenditure** | 115876 | 119143 | 130801 | 177463 | 33% |
| **Net Operational Expenditure** | -97549 | -33737 | -46397 | -10805 | -212% |

*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 3.1.8*

| Capital Expenditure Year 2020/21: Water Services | | | | | R' 000 |
|---|---|---|---|---|---|
| | 2019/2020 | | | | |
| Capital Projects | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 9825 | 13388 | 9236 | -6% | |
| | | | | | |
| Project A | 9825 | 12597 | 8549 | -15% | |
| Project B | 0 | 761 | 662 | 0% | |
| Project C | 0 | 30 | 25 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.1.9* |

## 3.2 WASTE WATER (SANITATION) PROVISION

The projections also illustrates that approximately 36026 properties have access to water borne sanitation, 2854 have access to other forms of sanitation which includes ventilated improved pit latrines and chemical toilets. 413 properties in rural areas does not have access to sanitation, these properties are either illegal structures that have been recently erected or properties in private land.

All the four Informal settlements in the Municipality have access to sanitation in the form of ventilated improved pit latrines or chemical toilets. The mega housing projects will be paramount in reducing the number of informal settlements and also contribute positively towards the eradication of sanitation backlogs. Approval for 400 Ventilated Improved Pit-latrine toilet units was approved in this financial for implementation in the outer for Rural Settlement in response to the Covid-19 pandemic and ensuring that communities have access to minimum access to sanitation service.
The provision of sanitation service was extended to new settlement approximately 1200 stands were connected to the water borne sewerage system at Obed Mthombeni Nkosi and Impumelelo Extension 3 Townships.

Sewer Pipeline which has been a nuisance for a number of years to the community of Tokolohong Agri-Village was upgraded to cater for excessive flow which comes with the new settlement at Ratanda Extension 8. Though there we delays encountered on the execution of the project as a result of the National Lockdown amid Covid-19, the project was delivered despite the challenges relating to the new normal.

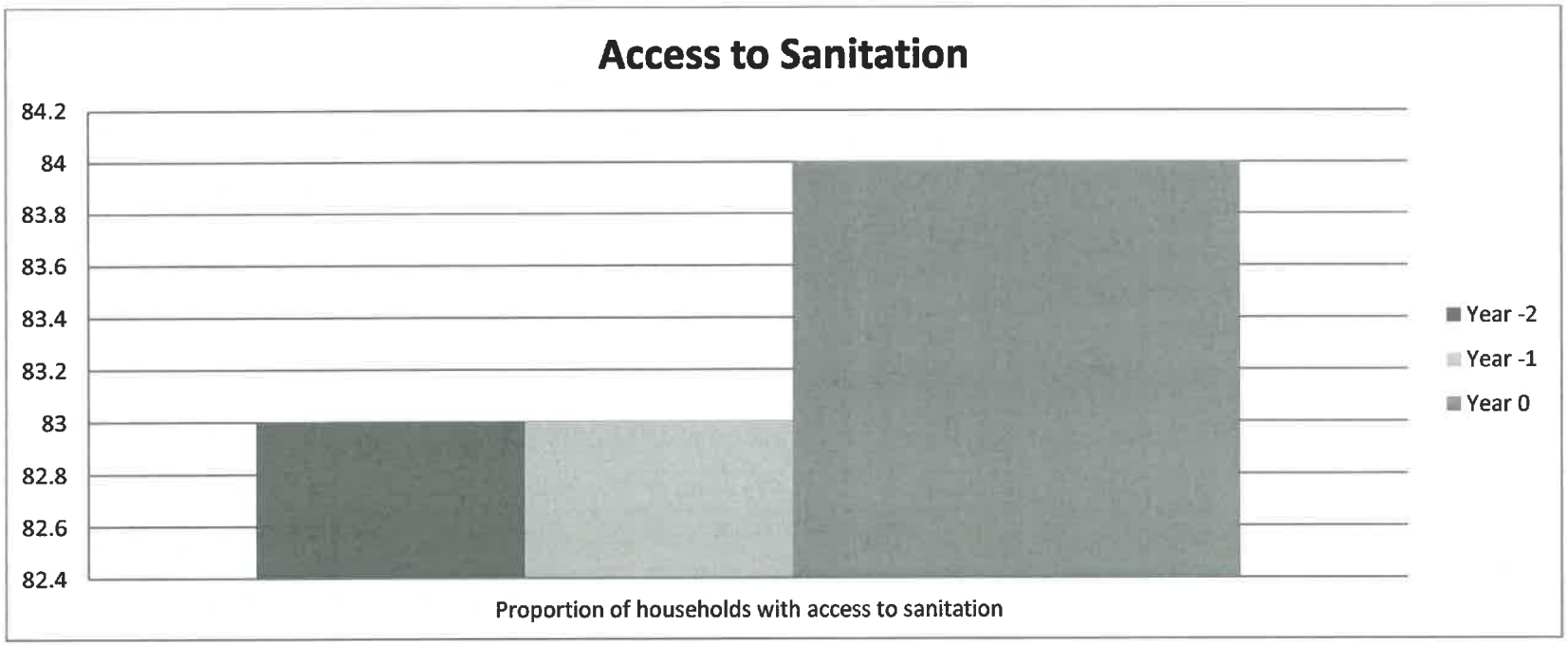
| Sanitation Service Delivery Levels<br>*Households ('000) | | | | |
|---|---|---|---|---|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | 2020/21 |
| | Outcome | Outcome | Actual | Actual |
| | No. | No. | No. | No |
| **Sanitation/sewerage: (above minimum level)** | | | | |
| Flush toilet (connected to sewerage) | 36 | 36 | 37 225 | |
| Flush toilet (with septic tank) | 530 | 530 | 530 | 530 |
| Chemical toilet | 60 | 60 | 60 | 60 |
| Pit toilet (ventilated) | 259 | 259 | 259 | 459 |
| Other toilet provisions (above min.service level) | 0 | 0 | 0 | 0 |
| Minimum Service Level and Above sub-total | 37 | 37 | 37 | 38 |
| Minimum Service Level and Above Percentage | 94.9% | 94.9% | 95% | 96% |
| **Sanitation/sewerage: (below minimum level)** | | | | |
| Bucket toilet | 0 | 0 | 0 | 0 |
| Other toilet provisions (below min.service level) | 600 | 600 | 600 | 400 |
| No toilet provisions | 0.437 | 0.437 | 0.437 | 0.437 |
| Below Minimum Service Level sub-total | 0.437 | 0.437 | 0.437 | 0.437 |
| Below Minimum Service Level Percentage | 1.1% | 1.1% | 1.1% | 1.0% |
| **Total households** | **39 232** | **39 232** | | |

| Sanitation Service Delivery Levels<br>*Households ('000) | | | | |
|---|---|---|---|---|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | 2020/21 |
| | Outcome<br>No. | Outcome<br>No. | Actual<br>No. | Actual<br>No |
| *Total number of households including informal settlements | | | | T 3.2.3 |

| Waste Water (Sanitation) Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| **Service Objective xxx** | | | | | | | | | |
| ***Provision of toilets within standard*** | Additional Households (**HHs**) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end) | 660 | 60 | 600 | 200 | 200 | 400 | 200 | 200 |

***Access To Sanitation***

| Access to Sanitation | |
|---|---|
| | Proportion of households with access to sanitation |
| Year -2 | 83 |
| Year -1 | 84 |
| Year 0 | 98 |


Access to Sanitation
84.2
84
83.8
83.6
83.4
83.2
83
82.8
82.6
82.4
Year -2
Year -1
Year 0
Proportion of households with access to sanitation

| Employees: Sanitation Services | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 47 | 1 | 48 | 0 | 0% |
| 7 - 9 | 13 | 2 | 13 | 2 | 100% |
| 10 - 12 | 9 | 0 | 9 | 0 | 0% |
| 13 - 15 | 2 | 0 | 2 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 74 | 75 | 74 | 1 | 1% |

| Financial Performance Year 2020/21: Water Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 213425 | 152880 | 177198 | 188268 | 19% |
| Expenditure: | | | | | |
| Employees | 14812 | 15416 | 14244 | 14969 | -3% |
| Repairs and Maintenance | 1931 | 1900 | 3201 | 3089 | 38% |
| Other | 144741 | 101827 | 113356 | 159405 | 36% |
| **Total Operational Expenditure** | 115876 | 119143 | 130801 | 177463 | 33% |
| **Net Operational Expenditure** | -97549 | -33737 | -46397 | -10805 | -212% |

*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 3.1.8*

| Capital Expenditure Year 2020/21: Water Services | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | 2019/2020 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 9825 | 13388 | 9236 | -6% | |
| | | | | | |
| Project A | 9825 | 12597 | 8549 | -15% | |
| Project B | 0 | 761 | 662 | 0% | |
| Project C | 0 | 30 | 25 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | |
| | | | | | *T 3.1.9* |

| Financial Performance Year 2020/21: Sanitation Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 36258 | 35790 | 35751 | 50069 | 29% |
| Expenditure: | | | | | |
| Employees | 13005 | 9811 | 10006 | 7570 | -30% |
| Repairs and Maintenance | 1459 | 2727 | 3292 | 3040 | 10% |
| Other | 30221 | 20878 | 26049 | 35896 | 42% |
| **Total Operational Expenditure** | 44685 | 33416 | 39347 | 46506 | 28% |
| **Net Operational Expenditure** | 8427 | -2374 | 3596 | -3563 | 33% |

*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 3.2.8*

| Capital Expenditure Year 2020/21 : Sanitation Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 6000 | 1719 | 1705 | -252% | |
| | | | | | |
| Project A | 0 | 717 | 442 | 0% | |
| Project B | 6000 | 1000 | 1261 | 0% | |
| Project C | 0 | 2 | 2 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |

| Capital Expenditure Year 2020/21 : Sanitation Services | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.2.9* |

## 3.3ELECTRICITY

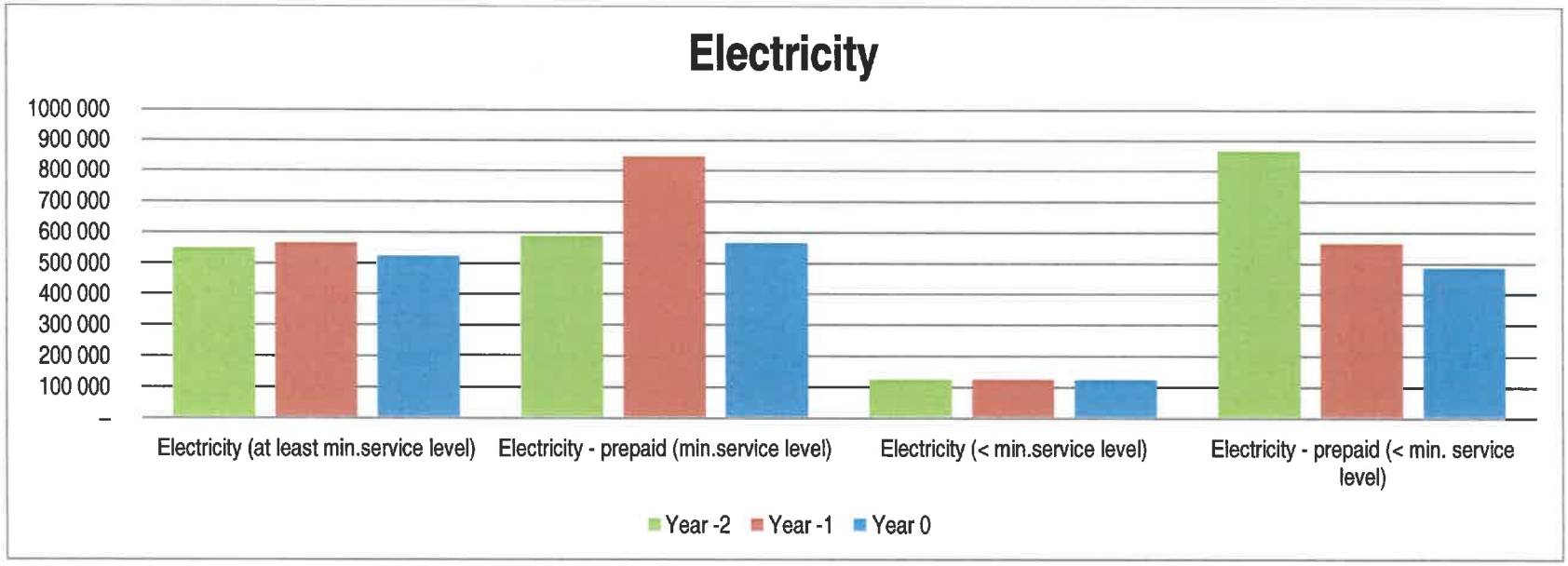
Household's access to electricity is an important determinant of socio-economic welfare, with most non-electrified households typically living in poverty. Households with access to electricity are able to reallocate their time away from the collection of wood and other lighting materials, they are less likely to suffer health complications from smoke and chemical inhalation, access to media and other communication is greater resulting in a better-informed population, and students living in the home are better equipped to perform well in school.

The basic services policy adopted by 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid. Currently LLM provides 50kWh per household who qualifies as an indigent.

Access to electricity for the Lesedi Local Municipality as compared to Sedibeng DM and Gauteng Province indicate that in 2001 approximately 98% of households in Lesedi Local Municipality have access to electricity for lighting. This implies that electricity provision is not a major constrain for socio-economic development within the Municipality.

The Lesedi Local Municipality has made progress in terms of electricity access with approximately 726 and 624 more households at Impumelelo Extension 3 and Obed Nkosi connected to electricity in the 2020/21, increasing access from 98.0 % to 98.4%. All formal household in Lesedi have access to electricity, with exception to informal settlements since there is no plan in place in place to formalise them, due to their geographic positioning on land invaded by residents which is not suitable for habitation as per environmental impact assessment studies and the fact that they are on privately owned land.

| Electricity Service Delivery Levels | | | | | |
|---|---|---|---|---|---|
| **Households** | | | | | |
| **Description** | **2016/2017** | **2017/18** | **2018/19** | **2019/20** | **2020/21** |
| | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** |
| | **No.** | **No.** | **No.** | **No.** | **No.** |
| ***Energy:* (above minimum level)** | | | | | |
| Electricity (at least min.service level) | 32 239 | 32 454 | 32 798 | 33608 | 34959 |
| Electricity - prepaid (min.service level) | 15 752 | 15 967 | 16 311 | 19811 | 21161 |
| *Minimum Service Level and Above sub-total* | 32 239 | 32 454 | 32 798 | 33608 | 34959 |
| *Minimum Service Level and Above Percentage* | 100% | 100% | 100% | | 100% |
| ***Energy:* (below minimum level)** | | | | | |
| Electricity (< min.service level) | | | | | |
| Electricity - prepaid (< min. service level) | | | | | |
| Other energy sources | | | | | |
| *Below Minimum Service Level sub-total* | | | | | |
| *Below Minimum Service Level Percentage* | 0,0% | 0,0% | 0,0% | | 0% |
| **Total number of households** | 32 239 | 32 454 | 32 798 | 33 608 | 34959 |
| | | | | | *T 3.3.3* |


Electricity
1000 000
900 000
800 000
700 000
600 000
500 000
400 000
300 000
200 000
100 000
-
Electricity (at least min.service level)
Electricity - prepaid (min.service level)
Electricity (< min.service level)
Electricity - prepaid (< min. service level)
Year -2
Year -1
Year 0

| Households - Electricity Service Delivery Levels below the minimum | | | | | | Households |
|---|---|---|---|---|---|---|
| Description | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. | No. | No. | No. | No. | No. |
| **Formal Settlements** | | | | | | |
| Total households | 32 454 | 32798 | 34959 | 918 | 1350 | 33608 |
| Households below minimum service level | 0 | 0 | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0 | 0 | 0 | 0 | 0 | 0 |
| **Informal Settlements** | | | | | | |
| Total households | 0 | 0 | 0 | 0 | 0 | 0 |
| Households ts below minimum service level | 0 | 0 | 0 | 0 | 0 | 0 |
| Proportion of households ts below minimum service level | 0% | 0% | 0% | 0% | 0% | 0% |

*T 3.3.4*

| Employees: Electricity Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2017/2018 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 14 | 25 | 25 | 11 | 44% |
| 7 - 9 | 10 | 10 | 10 | 0 | 0% |
| 10 - 12 | 9 | 9 | 9 | 0 | 0% |
| 13 - 15 | 2 | 2 | 2 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 36 | 47 | 47 | 11 | 23% |

| Financial Performance Year 2020/21: Electricity Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 369156 | 398424 | 405409 | 378309 | -5% |
| Expenditure: | | | | | |
| Employees | 17799 | 19799 | 19995 | 19303 | -3% |
| Repairs and Maintenance | 25876 | 15693 | 22991 | 21050 | 25% |
| Other | 306590 | 365129 | 370832 | 336455 | -9% |
| **Total Operational Expenditure** | 350265 | 400621 | 413818 | 376808 | -6% |
| **Net Operational Expenditure** | -18891 | 2197 | 8409 | -1501 | 246% |

*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 3.3.7*

R' 000

| Capital Projects | 2020/21 | | | | |
|---|---|---|---|---|---|
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 22000 | 44949 | 38628 | 43% | |
| | | | | | |
| Project A | 0 | 300 | 0 | 0% | |
| Project B | 0 | 11500 | 7287 | 0% | |
| Project C | 0 | 2700 | 2082 | 0% | |
| Project D | 6545 | 10994 | 8670 | 25% | |
| Project E | 3000 | 3000 | 2609 | -15% | |
| Project F | 0 | 4000 | 5368 | 0% | |
| Project G | 12455 | 12455 | 12612 | 0% | |
| Project H | 0 | 0 | 0 | 0% | |
| Project I | 0 | 0 | 0 | 0% | |
| Project J | 0 | 0 | 0 | 0% | |
| Project K | 0 | 0 | 0 | 0% | |
| Project L | | 0 | 0 | 0% | |
| Project M | 0 | 0 | 0 | 0% | |
| Project O | 0 | 0 | 0 | 0% | |

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

*T 3.3.8*

## 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

All households in the urban and some rural areas receives refuse removal service, whiles some households in rural areas have no access to the service. The rationale behind such disparities is that some rural areas are sparse and the collection in such areas might not be feasible, due to roads conditions and that some are in private land. Despite all the efforts that have been taken in ensuring that there is at least once a week refuse collection service in households, the challenges are still experienced with illegal dumping and general littering which will need intense public education.

The waste management service did not stop since the inception of the National lockdown, as it is described or classified under essential services by nature. Refuse collection service was extended to new house-holds at Obed Nkosi Township and Impumelelo Extension 3.

| Solid Waste Service Delivery Levels | | | | |
|---|---|---|---|---|
| | Households | | | |
| **Description** | **2017/2018** | **2018/2019** | **2019/2020** | **2020/2021** |
| | **Actual No.** | **Actual No.** | **Actual No.** | **Actual No.** |
| ***Solid Waste Removal:*** **(Minimum level)** Removed at least once a week | 35 673 | 35 923 | 37 148 | 37 471 |
| *Minimum Service Level and Above sub-total* | 35 673 | 35 923 | 37 148 | 37 471 |

| Solid Waste Service Delivery Levels | | | | |
|---|---|---|---|---|
| | Households | | | |
| **Description** | **2017/2018** | **2018/2019** | **2019/2020** | **2020/2021** |
| | **Actual No.** | **Actual No.** | **Actual No.** | **Actual No.** |
| *Minimum Service Level and Above percentage* | 84.4% | 84.4% | 91.2% | 92% |
| ***Solid Waste Removal:*** **(Below minimum level)** | | | | |
| Removed less frequently than once a week | 0 | 0 | 0 | 0 |
| Using communal refuse dump | 3500 | 3500 | 3500 | 2800 |
| Using own refuse dump | 120 | 120 | 120 | 120 |
| Other rubbish disposal | 0 | 0 | 0 | 0 |
| No rubbish disposal | 0 | 0 | 0 | 0 |
| *Below Minimum Service Level sub-total* | 3620 | 3620 | 3620 | 2920 |

| Households - Solid Waste Service Delivery Levels below the minimum | | | | | | Households |
|---|---|---|---|---|---|---|
| Description | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. | No. | No. | No. | No. | No. |
| **Formal Settlements** | | | | | | |
| Total households | 39393 | 39393 | 39393 | | | 39393 |
| Households below minimum service level | 120 | 120 | 120 | | | 120 |
| Proportion of households below minimum service level | 0.3% | 0.3% | 0.3% | | | |
| **Informal Settlements** | | | | | | |
| Total households | 3500 | 3500 | 3500 | | | 3200 |
| Households below minimum service level | | | | | | |
| Proportion of households below minimum service level | 9% | 9% | 9% | | | 8.8% |
| | | | | | | *T 3.4.3* |

| Waste Management Service Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | |
| | | Target | Actual | Target | | Actual |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) |
| **Service Objective xxx** | | | | | | |
| ***Provision of weekly collection service per household (HH)*** | Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week) | 39393 | 36577 | 93% | 94% | 6% |
| ***Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites*** | The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage | N/A | N/A | N/A | 20yrs | 20yrs |
| ***Proportion of waste that is recycled*** | Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites. | 10% | 10% | 10% | 15% | 12% |
| ***Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.*** | x% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989. | N/A | N/A | N/A | 100% | 100% |

| Employees: Solid Waste Management Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2017/18 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 28 | 30 | 30 | 0 | 0% |
| 7 - 9 | 4 | 6 | 4 | 2 | 33% |
| 10 - 12 | 3 | 3 | 3 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 31 | 40 | 38 | 2 | 5% |

| Employees: Waste Disposal and Other Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2017/18 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 12 | 12 | 12 | 0 | 0% |
| 7 - 9 | 4 | 4 | 4 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |

| Employees: Waste Disposal and Other Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2017/18 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 16 | 16 | 16 | 0 | 0% |

| Financial Performance Year 2020/21: Solid Waste Management Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 213425 | 37462 | 36971 | 38020 | 1% |
| Expenditure: | | | | | |
| Employees | 14812 | 12758 | 12758 | 13613 | 6% |
| Repairs and Maintenance | 1931 | 1872 | 3623 | 3246 | 42% |
| Other | 144741 | 17253 | 21562 | 36775 | 53% |
| **Total Operational Expenditure** | 161484 | 31883 | 37943 | 53634 | 41% |
| **Net Operational Expenditure** | -51941 | -5579 | 972 | 15614 | 136% |

*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*

| Capital Expenditure Year 2020/21:Solid Waste Management Services | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 3700 | 885 | 0% | |
| | | | | | |
| Project A | 0 | 2700 | 0 | 0% | |
| Project B | 0 | 1000 | 885 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | |
| | | | | | *T 3.4.9* |

## 3.4HOUSING

# Housing needs in Lesedi Local Municipality

Obed "Mthombeni" Nkosi was identified by the Lesedi Local Municipality as a potential land for housing development for the beneficiaries residing at the Ratanda Informal Settlements and backyards. The project is situated within the jurisdiction of the Lesedi Local Municipality in the Sedibeng District Municipality. There is about 3539 beneficiaries approved and the type of dwellings to built as per specification are as follows:

40m² houses are being constructed on the project. They are 4 roomed houses with roof tiles and plastered and painted on the outside. The house has 2 doors, 1 at the kitchen and the other at the dining room. It is an open plan where the kitchen and the dining room are not divided. Internal doors are provided for the two bedrooms. There is a sink and tap in the kitchen. The toilet is inside the house with flushing mechanism and a shower. As a mixed housing development, the project caters for the free standing houses, semi-detached, walk-up units and duplex houses.
2696 houses have been allocated to qualifying beneficiaries.

Impumelelo Extension 3 & 4 is an eradication of Informal Settlement project. The project is partly in-situ and partly Greenfield project aimed at accommodating community from the informal settlement and backyards. Impumelelo Extension 3 & 4 was identified by the Lesedi Local Municipality as a potential land for housing development for the beneficiaries residing at the Devon Informal Settlements and backyards.

This project is intended to address the overflow at the Devon Informal Settlement as the Impumelelo Extension 2 project was not able to cater for the entire Informal Settlement as well as the backyards. The project is situated within the jurisdiction of the Lesedi Local Municipality in the Sedibeng District Municipality

Total delivery at Impumelelo ext 3 since inception 1536 serviced stands and 1536 houses / units.
Total delivery at Impumelelo ext 4 since inception 500 serviced stands 290 houses / units.

In Ratanda Extension 8(site earmarked to relocate informal settlements amounting 236 units). Delivery at Ratanda ext 8 project since inception 238 serviced stands 168 houses 25 houses invaded.

Kwazenzele Phase 2 was identified by the Lesedi Local Municipality as a potential land for housing development for the beneficiaries residing at the Vischkuil Informal Settlements.

This project is intended to address the overflow at the Vischkuil Informal Settlement as the current project (Kwazenzele Phase 1) was not be able to cater for the entire Informal Settlement. The contract lapsed on the 31st March 2020 and was not extended. The Department of Human Settlement has since appointed a replacement contractor through Housing Development Agency (HAD). The contractor is appointed to finalise outstanding as per the approved township. Consequenlty, work on the ground is underway.

| Percentage of households with access to basic housing (Phindi) | | | |
|---|---|---|---|
| Year end | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| 2015/16 | 25480 | 19492 | 76.5% |
| 2016/17 | 29652 | 23395 | 78.9% |
| 2017/18 | 35367 | 34000 | 96.1% |
| 2018/19 | 39294 | 34679 | 88.3% |
| 2019/20 | 43 598 | 40433 | 92.7% |
| Source: Own internal Stats | | | *T 3.5.2* |

| Employees: Housing Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2018/19 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 1 | 1 | 0 | 0% |
| 7 - 9 | 2 | 3 | 2 | 0 | 0% |
| 10 - 12 | 6 | 5 | 4 | 2 | 40% |
| 13 - 15 | 1 | 1 | 1 | 0 | 0% |
| 16 - 18 | 1 | 1 | 0 | 1 | 100% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 11 | 11 | 8 | 3 | 27% |

| | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 2970 | 3349 | 5493 | 6067 | 45% |
| Expenditure: | | | | | |
| Employees | 4690 | 6480 | 6480 | 5298 | -22% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 66 | 17034 | 10207 | 3744 | -355% |
| **Total Operational Expenditure** | 4756 | 23514 | 16687 | 9042 | -160% |
| **Net Operational Expenditure** | 1786 | 20165 | 11194 | 2975 | -578% |

*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 3.5.5*

| Details | 2019/20 Actual | 2020/21 Original Budget | Adjustment Budget | Actual | Variance to Budget |
|---|---|---|---|---|---|
| | | | | | R'000 |
| **Total Operational Revenue** | 2970 | 3349 | 5493 | 6067 | 45% |
| Expenditure: | | | | | |
| Employees | 4690 | 6480 | 6480 | 5298 | -22% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 66 | 17034 | 10207 | 3744 | -355% |
| **Total Operational Expenditure** | 4756 | 23514 | 16687 | 9042 | -160% |
| **Net Operational Expenditure** | 1786 | 20165 | 11194 | 2975 | -578% |

*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 3.5.5*

**Capital Expenditure Year 2020/21: Housing Services**

R' 000

| Capital Projects | Year 2019/20 Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|---|---|---|---|---|---|
| Total All | 0 | 0 | 0 | 0% | |

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

*T 3.5.6*

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The purpose of the policy is to ensure that the subsidy scheme for indigent house-holds forms part of the financial system of the municipality and to ensure the same procedure be followed for each individual case in a fair and equitable manner.

The criteria used for households to qualify for indigent support is as follows:
Subsidy, within the financial ability of the municipality, be allocated to owners, be allocated to owners of premises who receive electricity, water and sewerage or refuse removal services from the municipality in respect of charges payable to the municipality for such services.

The household income must not be more than R3 500. Income of all households was considered, excluding child support and disability grants.

Only one application per person in respect of one property shall qualify for consideration per household. A business, body corporate, association, club or governing body shall not qualify for consideration

The subsidy will not apply in respect of households owning more than one property, who will therefore not be classified as indigent.

That the combined gross income of a household for qualification as an indigent be determined as equal or less than R3 500 per month excluding: Child support, foster care and disability grants

All basic charges will be levied and be offset against equitable share.
Residents wishing to apply as indigent should do so at Lesedi Finance Department for verification and capturing That a subsidy be credited on the account for one year – that approved indigents be subsidized according to:

**Indigent relief: Water**
Consumer may receive their first 6 kl, or as determined by Council from time to time of consumption on a zero-based tariff.

**Indigent relief: Electricity**

Consumer will receive a free supply of 50 kWh per month in case where a low voltage meter has been installed

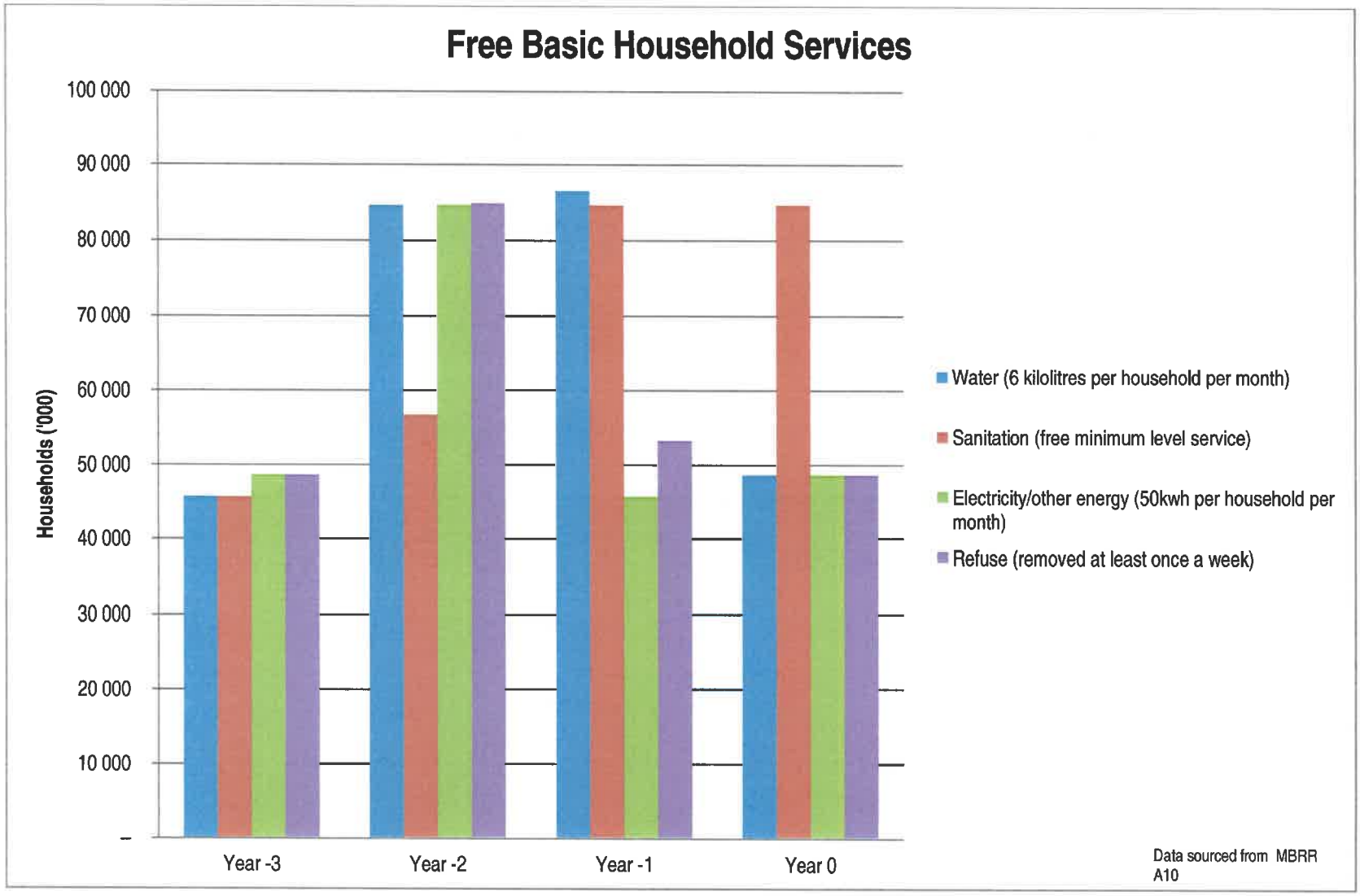
The Municipal Manager will grant authority that a prepayment meter may be installed in those properties where the registered owners qualify and are registered for indigent relief so that the debtor cannot consume electricity beyond such debtor's means.
All prepayment meters are installed at the rate as indicated in the Tariff Policy.

**Indigent relief: Refuse**
All registered debtors will be levied with a refuse removal service and be offset against equitable share.

**Indigent relief: Sewerage**
A basic charge will be levied and be offset against equitable share

.

| Free Basic Services To Low Income Households | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of households | | | | | | | | | | | | |
| | Total | Households earning less than R3 500 per month | | | | | | | | | | | |
| | | Free Basic Water | | | Free Basic Sanitation | | | Free Basic Electricity | | | Free Basic Refuse | | |
| | | Total | Access | % | Total | Access | % | Total | Access | % | Total | Access | % |
| 2017/18 | 72 665 | 16 438 | 5 233 | 32% | 17327 | 5 233 | 32% | 18620 | 5 233 | 32% | 20280 | 5 233 | 32% |
| 2018/19 | 78 548 | 16 712 | 4 144 | 25% | 22 308 | 4 144 | 19% | 18 899 | 4 144 | 25% | 20629 | 4 144 | 25% |
| 2019/20 | 79 210 | 17 336 | 3 557 | 21% | 23023 | 3 557 | 15% | 17900 | 3 557 | 20% | 20951 | 3 557 | 17% |
| 2020/21 | 79 950 | 18 673 | 3 897 | 21% | 19664 | 3 897 | 20% | 19242 | 3 897 | 20% | 22371 | 3 897 | 17% |
| | | | | | | | | | | | | | *T 3.6.3* |


Free Basic Household Services
Households ('000)
100 000
90 000
80 000
70 000
60 000
50 000
40 000
30 000
20 000
10 000
-
Year -3
Year -2
Year -1
Year 0
Water (6 kilolitres per household per month)
Sanitation (free minimum level service)
Electricity/other energy (50kwh per household per month)
Refuse (removed at least once a week)
Data sourced from MBRR A10

| Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered | | | | | |
|---|---|---|---|---|---|
| Services Delivered | Year -1 | Year 0 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| Water | 4 609 872 | 244 | 250 | 5 326 992 | 100% |
| Basic Water | 1 045 435 | | | 1 255 155 | |
| Waste Water (Sanitation) | 1 644 809 | 240 | 250 | 1 936 061 | 100% |
| Electricity | 2 206 549 | 120 | 130 | 2 565 834 | 100% |
| Basic Electricity | 7 703 211 | | | 9 247 918 | |
| Waste Management (Solid Waste) | 4 832 976 | 110 | 120 | 5 770 119 | 100% |
| Total | 22 042 852 | 714 | 750 | 26 102 079 | 100% |
| | | | | | *T 3.6.4* |

## COMPONENT B: ROAD TRANSPORT

Transport is the function of the Sedibeng District Municipality, the LLM is part of the broader Sedibeng Road Transport Plan

### 3.7 ROADS

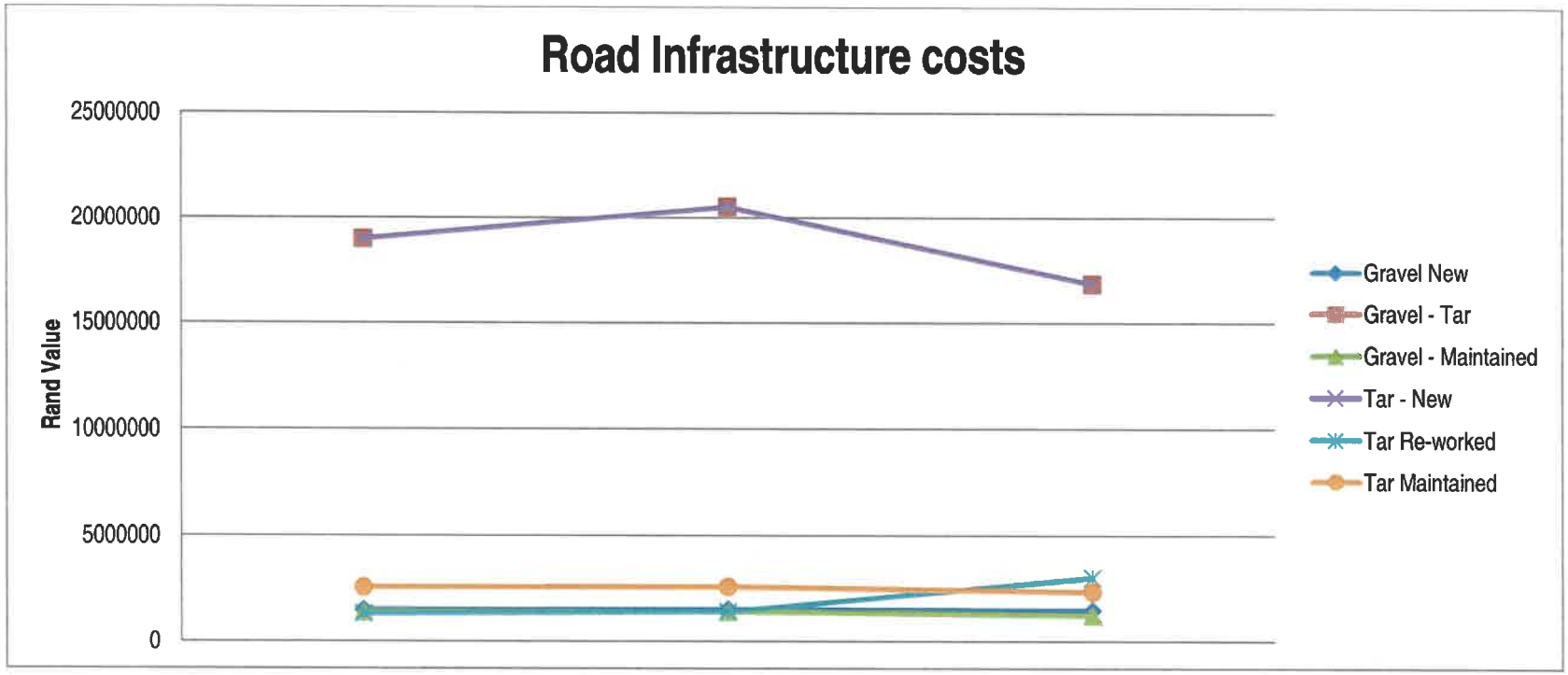
**Road Infrastructure**

Lesedi local municipality has approximately 280 kilometers of paved roads and 365 km of gravel roads. The main focus of the section is to reduce the backlog of the provision of appropriate paved roads.
The primary objective of roads focus on the following:

- To upgrade gravel residential roads to paved roads, focusing on previously disadvantaged townships to improve the mobility and quality of life of the affected areas
- The maintenance of gravel roads in formal and informal areas to enhance access to those areas
- The execution of patching, rehabilitation, erecting speed humps and resurfacing of paved roads to prevent the deteriorization of the existing infrastructure as well as the safety of the public
- To improve the construction of major roads to reduce congestion and facilitate economic development.

| Tarred Road Infrastructure | | | | | Kilometers |
|---|---|---|---|---|---|
| | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
| 2018/19 | 272 | 2 | 0 | 0 | 270 |
| 2019/20 | 274.5 | 2.5 | 2 | 12 | 272 |
| 2020/21 | 277.9 | 3.4 | 0 | 0 | 4.3 |
| | | | | | *T 3.7.3* |

| Cost of Construction/Maintenance | | | | | | R' 000 |
|---|---|---|---|---|---|---|
| | Gravel | | | Tar | | |
| | New | Gravel - Tar | Maintained | New | Re-worked | Maintained |
| 2018/19 | 514 | 2 052 | 3 052 | 2 415 | 1 404 | 574 |
| 2019/20 | 1 467 | 16 860 | 1 215 | 1 686 | 3 000 | 2 336 |
| 2020/21 | 0 | 17 399 | 380 | 17 399 | 0 | 2 800 |
| | | | | | | *T 3.7.4* |


Road Infrastructure costs
Rand Value
25000000
20000000
15000000
10000000
5000000
0
Gravel New
Gravel - Tar
Gravel - Maintained
Tar - New
Tar Re-worked
Tar Maintained

| Road Service Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| **Service Objectives** | **Outline Service Targets** | **2019/20** | | **2020/21** | | |
| | | **Target** | **Actual** | **Target** | | **Actual** |
| ***Service Indicators*** | | ***Previous Year** | | ***Previous Year** | ***Current Year** | |
| **(i)** | **(ii)** | **(iii)** | **(iv)** | **(v)** | **(vi)** | **(vii)** |
| **Service Objective xxx** | | | | | | |
| ***Elimination of gravel roads in townships*** | Kilometers of gravel roads tarred (Kilometers of gravel road remaining) | xxx kms gravel roads tarred (xxx kms gravel roads remaining) | xxx kms gravel roads tarred (xxx kms gravel roads remaining) | xxx kms gravel roads tarred (xxx kms gravel roads remaining) | xxx kms gravel roads tarred (xxx kms gravel roads remaining) | xxx kms gravel roads tarred (xxx kms gravel roads remaining) |
| ***Development of municipal roads as required*** | xxx kms of municipal roads developed | xxx kms | xxx kms | xxx kms | xxx kms | xxx kms |
| | | | | | | |
| | | 3.9 km | 2.4 Km | 4.2 km | Okm | 2.5Km |
| | | | | | | |

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets*

*set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

| Employees: Road Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2018/19 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 45 | 46 | 46 | 0 | 0% |
| 7 - 9 | 2 | 2 | 1 | 1 | 50% |
| 10 - 12 | 1 | 1 | 1 | 0 | 0% |
| 13 - 15 | 1 | 1 | 1 | 0 | 0% |
| 16 - 18 | 0 | 1 | 0 | 1 | 100% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 48 | 48 | 49 | 2 | 4% |

| Financial Performance Year 2020/21: Road Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 49007 | 26249 | 30264 | 30264 | 13% |
| Expenditure: | | | | | |
| Employees | 8297 | 10705 | 10901 | 9424 | -14% |
| Repairs and Maintenance | 2684 | 2714 | 6385 | 6128 | 56% |
| Other | 6393 | 9284 | 9707 | 12703 | 27% |
| **Total Operational Expenditure** | 17374 | 22703 | 26993 | 28255 | 20% |
| **Net Operational Expenditure** | -31633 | -3546 | -3271 | -2009 | -77% |
| 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 3.7.8* |

| | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 29749 | 29553 | 24292 | -22% | |
| | | | | | |
| Project A | 0 | 50 | 0 | 0% | |
| Project B | 3500 | 0 | 0 | 0% | |
| Project C | 5490 | 8011 | 8162 | 33% | |
| Project D | 5978 | 7619 | 6420 | 7% | |

| | | | | | |
|---|---|---|---|---|---|
| Project E | 2910 | 3962 | 2440 | -19% | |
| Project F | 6171 | 5311 | 3348 | -84% | |
| Project G | 5700 | 0 | 0 | 0% | |
| Project H | 0 | 4600 | 3922 | 100% | |
| | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.7.9* |

The road network in Lesedi stretches for 665 Kilometres (km). Surfaced or paved road has been provided to almost all new settlements in Lesedi. New roads were constructed at Obed Nkosi Township, Ratanda and Impumelelo Extension 3.

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

**INTRODUCTION TO STORMWATER DRAINAGE**

Storm-water runoff is considered a common enemy and each property owner may fight it off or control it by retention, diversion, repulsion or altered flow
. The focus of the common enemy rule has two focal points:

- The need to make improvements to property, with the acknowledgement that some damage results from even minor improvements; and
- The principle of granting each landowner as much freedom as possible to deal with his land essentially as he sees fit.

The primary objective Storm-water focuses on the following:

- The upgrading and installation of new storm-water systems related to the upgrading of paved roads, focusing on previously disadvantaged townships;
- The construction of new major Storm water systems to address flooding & erosion challenges;
- The maintenance of storm-water systems;
- The development of policies and procedures to address the growth in storm-water runoff resulting from developments;
- The responsibility to preserve the natural environment;
- The need to strive for a sustainable environment while pursuing economic development;

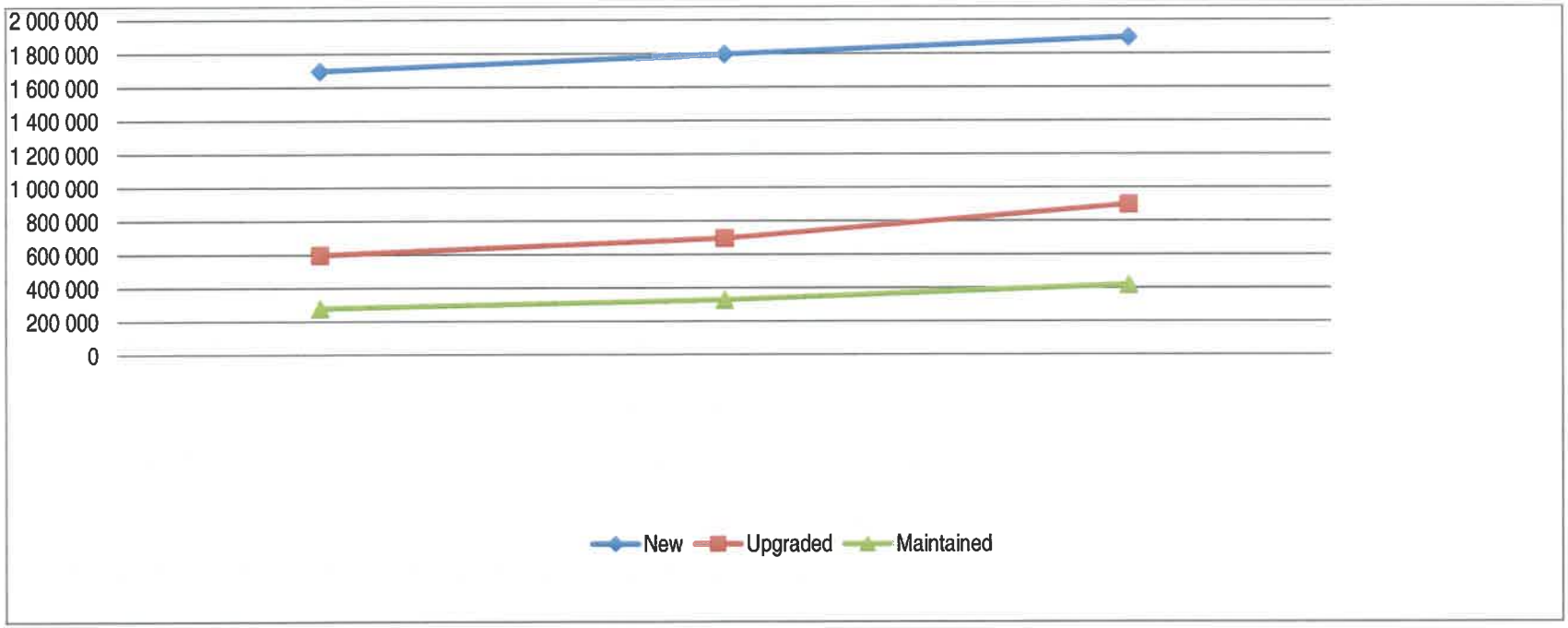
- The desire to provide the optimum methods of controlling runoff in such a way that the main beneficiaries pay in accordance with their potential benefits; and

NB: Our roads are also designed to act as stormwater runoff, therefore the roads are part of the stormwater system including stormwater pipes and channels.
For all the road that were constructed in the financial year under review as reported above, includes under ground stormwater system/ pipes which helps in adressing most of the challenges listed above.

| Stormwater Infrastructure | | | | Kilometers |
|---|---|---|---|---|
| | Total Stormwater measures | New stormwater measures | Stormwater measures upgraded | Stormwater measures maintained |
| Year -2 | 160 | 20 | 14 | 100 |
| Year -1 | 166 | 25 | 12 | 120 |
| Year 0 | 168.5 | 0.6 | 0 | 6 |
| | | | | *T 3.9.2* |

| Cost of Construction/Maintenance R' 000 | | | |
|---|---|---|---|
| | Stormwater Measures | | |
| | New | Upgraded | Maintained |
| 2018/2019 | 1 800 000 | 700 000 | 330 000 |
| 2019/2020 | 1 900 000 | 900 000 | 420 000 |
| 2020/2021 | 4 349 800 | 0 | 700 000 |
| | | | *T 3.9.3* |

## Stormwater Infrastructure Cost



| Financial Performance Year 2020/21: Stormwater Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 49007 | 26249 | 30264 | 30264 | 13% |
| Expenditure: | | | | | |
| Employees | 8297 | 10705 | 10901 | 9424 | -14% |
| Repairs and Maintenance | 2684 | 2714 | 6385 | 6128 | 56% |
| Other | 6393 | 9284 | 9707 | 12703 | 27% |
| **Total Operational Expenditure** | 17374 | 22703 | 26993 | 28255 | 20% |
| **Net Operational Expenditure** | -31633 | -3546 | -3271 | -2009 | -77% |
| *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 3.9.7* |

| Capital Expenditure Year 2020/21: Stormwater Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 29749 | 29553 | 24292 | -22% | |
| | | | | | |
| Project A | 0 | 50 | 0 | 0% | |
| Project B | 3500 | 0 | 0 | 0% | |

| Capital Expenditure Year 2020/21: Stormwater Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Project C | 5490 | 8011 | 8162 | 33% | |
| Project D | 5978 | 7619 | 6420 | 7% | |
| Project E | 2910 | 3962 | 2440 | -19% | |
| Project F | 6171 | 5311 | 3348 | -84% | |
| Project G | 5700 | 0 | 0 | 0% | |
| Project H | 0 | 4600 | 3922 | 100% | |
| | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.7.9* |

## COMPONENT C: PLANNING AND DEVELOPMENT

Lesedi is strategically located on the edge of Gauteng within two national development corridors, namely the Johannesburg / eThekwini corridor (N3) and the Gauteng / Swaziland corridor (N17). Future development initiatives within the municipality should seek to maximize development opportunities emanating from these corridors and to tap the latent development energy along the major transportation routes through the area.

The local economy is currently too reliant on a few key concerns (e.g. BAT), Eskort Bacon Factory, Karan Beef Feedlot, Manjoh Ranch Feedlot, Transnet National Multi-Product Pipeline, Ice-cold bodies which made a return into our space and Vopak bulk liquid terminal which is preparing for commissioning awaiting applicable permits and licenses as per the regulations in that industry; Steel Industry. However, there are opportunities for local economic growth in the agricultural, transport / logistics and tourism sectors.

Unemployment is high – in the region of 43% (quantek-source) - while the average level of education is low and the skills shortage may hamper sustainable local economic growth. A broader technical and entrepreneurial skills base is needed in the area. An establishment of a skills centre is on advanced planning stage, as it awaits council to approve the identified land, and there is a commitment of funding from the Services SETA in this regard.

The fragmented urban settlement pattern combined with the low rural population densities and the large land area covered by the municipality, impacts negatively on service delivery. In this scenario the best approach towards cost-effective service delivery is to encourage settlement in and around the larger urban areas where basic services infrastructure is already in place and to concentrate rural service delivery within a few strategically-located rural service nodes.

Both Heidelberg/Ratanda and Devon/Impumelelo still display apartheid-based settlement patterns with segregation along racial and socio-economic lines. As far as future development is concerned the challenge will be to ensure a greater degree of integration while simultaneously addressing infrastructure and service backlogs in the township areas.

In line with international and national trends, Lesedi has been experiencing a gradual migration of people from the farms and rural areas towards the urban centres, especially towards Heidelberg / Ratanda, which is perceived by the surrounding rural population as the place with the greatest economic opportunities. This trend can be expected to continue in the forceable future
The challenge here is twofold – on the one hand to cater for the influx into the urban centres and on the other hand to facilitate the creation of more economic opportunities in the rural hinterland.

Through its LED strategy, the Municipality appointed numerous developers to form partnership to effect the implementation of the said strategy across the Municipality. This translates into property, retail and environment management development. Currently a warehouse port is under planning and an EIA application is being submitted while plans for the commercial development in Kwazenzele Extension 1 is at the planning stage pending the finalisation of the Township establishment

## 3.10 PLANNING

Spatial Development Framework (SDF)

As part of Spatial Planning and Land Use Management Act (2013), the Municipality has approved the development of the Municipal Planning Tribunal. The Chairperson and Members of the Municipal Planning Tribunal has been appointed, training for the members has been undergoing since 14 August 2020.

The Land Use Scheme review has been adopted by council and awaiting to be gazetted, this is also underway and will be completed by September 2020.

Due to the Covid-19 pandemic the applications of re-zoning and the general workflow in planning department was severely affected. This was underpinned by the various restrictions that were put in place under the disaster management act.

| Applications for Land Use Development | | | | | | |
|---|---|---|---|---|---|---|
| Detail | Formalization of Townships | | Rezoning | | Built Environment | |
| | Year -1 | Year 0 | Year -1 | Year 0 | Year -1 | Year 0 |
| Planning application received | 3 | 1 | 11 | 10 | 435 | 631 |
| Determination made in year of receipt | 3 | 1 | 6 | 7 | 348 | 416 |
| Determination made in following year | 1 | 0 | 5 | 7 | 350 | 500 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications outstanding at year end | 0 | 0 | 5 | 3 | 94 | 215 |
| | | | | | | *T 3.10.2* |

| Employees: Planning Services | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees<br>No. | Posts<br>No. | Employees<br>No. | Vacancies (fulltime equivalents)<br>No. | Vacancies (as a % of total posts)<br>% |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 3 | 3 | 3 | 0 | 0% |
| 7 - 9 | 2 | 2 | 2 | 0 | 0% |
| 10 - 12 | 8 | 8 | 7 | 1 | 13% |
| 13 - 15 | 2 | 3 | 2 | 1 | 33% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 16 | 17 | 15 | 2 | 12% |

| Financial Performance Year 2020/21: Planning Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 2970 | 3349 | 5493 | 6067 | 0% |
| Expenditure: | | | | | |
| Employees | 4690 | 6480 | 6480 | 5298 | 0% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 66 | 17034 | 10207 | 3744 | 0% |
| **Total Operational Expenditure** | 4756 | 23514 | 16687 | 9042 | 0% |
| **Net Operational Expenditure** | 1786 | 20165 | 11194 | 2975 | -578% |

*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 3.10.5*

| Capital Expenditure Year 2020/21: Planning Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0% | |
| | | | | | |
| Project A | 0 | 0 | 0 | 0% | 0 |
| Project B | 0 | 0 | 0 | 0% | 0 |
| Project C | 0 | 0 | 0 | 0% | 0 |
| Project D | 0 | 0 | 0 | 0% | 0 |

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

*T 3.10.6*

## 311 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

In considering Lesedi within the Provincial context, it is important to note a few of the advantages Lesedi holds over other municipal areas and it is important that these are exploited to the maximum in relation to economic development in the area: Local Economic Development is a systemic process that incorporates various stakeholders such as public and private sector towards achieving sustainable economic growth and development. (CoGTA,2019). Moreover, growth within the municipality hinges on a holistic development approach that is synchronised within the outcomes of the National Development Plan(NDP) as well as aligned with the UN Sustainable Development Goals. Lesedi's economic growth like that of the rest of the country is buckling in the face of a global recession made worse by the weak growth nationally and by the devasting impact of the Covid-19 pandemic.

The Municipality has just reviewed its LED Strategy and the review has incorporated an assessment of the current policy and legislative frameworks and therefore align with the policy imperatives form of a National, Provincial, District and Local perspectives. The proposed interventions will ensure growth towards a smart, innovative, efficient people centred and performance driven economy to kickstart the economy out of Covid-19 induced recession.
Address the socio-economic challenges of the municipality through innovative and sustainable economic development programmes Provide a safe and healthy living environment and high-quality municipal service to all communities including the business community Facilitate and increase investment to create jobs and accelerate economic growth through identification of strategic assets, key flagships projects like Lesedi Transit Hub (Warehouse development), Heidelberg Aerodrome (Airport development), and Heidelberg24 (Industrial Park development). All these developments are part of the Zone Of Opportunity which is our foreseeable Special Economic Zone along the N3 Corridor( Gauteng-KwaZulu Natal).

Local Economic Development aims at unpacking the opportunities and priority initiatives which will most favourably capitalise upon the resources and objectives of the Municipality and in a manner which aligns the energies and programmes of the various National and Provincial Government Departments as well as support agencies, civil society and the communities themselves. These priority initiatives have through broad based consultation and research been identified as

- Agriculture & Agro-processing

- Manufacturing
- Freight Transport
- Tourism
- Residential

| Economic Activity by Sector | | | R '000 |
|---|---|---|---|
| Sector | Year -2 | Year -1 | Year 0 |
| Agric, forestry and fishing | 45 | 50 | 52 |
| Mining and quarrying | 12 | 132 | 133 |
| Manufacturing | 95 | 951 | 945 |
| Wholesale and retail trade | 36 | 375 | 381 |
| Finance, property, etc. | 865 | 867 | 873 |
| Govt, community and social services | 721 | 756 | 765 |
| Infrastructure services | 192 | 198 | 201 |
| Total | 1966 | 3329 | 3350 |
| | | | *T 3.11.2* |

| Economic Employment by Sector | | | Jobs |
|---|---|---|---|
| Sector | Year 1<br>No. | Year -1<br>No. | Year 0<br>No. |
| Agric, forestry and fishing | 825 | 824 | 798 |
| Mining and quarrying | 358 | 347 | 342 |
| Manufacturing | 2,311 | 2,344 | 2,144 |
| Wholesale and retail trade | 5,004 | 6,071 | 5,902 |
| Finance, property, etc. | 4,887 | 4,899 | 4,802 |
| Govt, community and social services | 6,667 | 6,802 | 6,824 |
| Infrastructure services | 1,924 | 1,974 | 1,944 |
| Total | 21976 | 23,261 | 22756 |
| | | | *T 3.11.3* |

| Jobs Created during Year 0 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. | |
| Total (all initiatives) | | | | |
| Year -2 | 799 | 0 | 799 | Themba Projects |
| Year -1 | 112 | 0 | 112 | Vopak-Reatile Bulk terminal |
| Year 0 | | | | |
| | | | | |

| Job creation through EPWP* projects | | |
|---|---|---|
| Details | EPWP Projects<br>No. | Jobs created through EPWP projects<br>No. |
| 2018/19 | 8 | 150 |
| 2019/20 | 8 | 140 |
| | | |
| ** - Extended Public Works Programme* | | |

| Employees: Local Economic Development Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2019/20 | 2020/21 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 2 | 0 | 2 | 0 | 0% |
| 7 - 9 | 0 | 1 | 0 | 1 | 100% |
| 10 - 12 | 1 | 2 | 1 | 1 | 50% |
| 13 - 15 | 2 | 2 | 2 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 6 | 6 | 6 | 2 | 33% |

| Financial Performance Year 2020/21: Local Economic Development Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 449 | 204 | 247 | 260 | 22% |
| Expenditure: | | | | | |
| Employees | 5604 | 5017 | 5017 | 6390 | 21% |
| Repairs and Maintenance | 0 | 0 | 10 | 0 | 0% |
| Other | 4708 | 906 | 620 | 446 | -103% |

| Financial Performance Year 2020/21: Local Economic Development Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Expenditure** | 10312 | 5923 | 5647 | 6836 | 13% |
| **Net Operational Expenditure** | 9863 | 5719 | 5400 | 6576 | 13% |
| *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 3.11.9* |

| Capital Expenditure Year 2020/21: Economic Development Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 60 | 58 | 100% | |
| | | | | | |
| Project A | 0 | 60 | 58 | 100% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.11.10* |

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

The Department of Community Services is primarily responsible for the social wellbeing of the community. It aims to transform the delivery of sports, arts, culture, libraries & information services, by ensuring equitable access, development and excellence at all levels of participation, thereby improving social cohesion, nation building and the quality of life for all in Lesedi Local Municipality.

The department's social service delivery model and approaches are aligned to the Integrated Development Plan (IDP); and are underpinned by a paradigm shift, which is gradually moving away from "welfarism" to a "developmental" approach. The latter is premised on the notion that development and empowerment of individuals, groups and communities; facilitates self-reliance and sustainable growth.

The Environmental Health component extends to cover municipal health services; that provide and facilitate comprehensive, proactive and needs-related services to promote a safe, healthy and clean environment and prevent diseases. The Community Safety and Disaster Management components; provide continuous and integrated process which focuses on risk reduction activities, as well as emergency and disaster planning, that involves a coordinated, co-operative process of preparing to match urgent needs with available resources

On the 25th March 2020, Directions in terms of Section 27 (2) of the Disaster Management Act, 2002 (Act No. 57 of 2002) were issued in Government Notice No. 399. In essence; the notice was pronouncing a national disaster; which called for partial deactivation of some programs. The department also had to reassess the service delivery model as well as effectively modify some activities to respond to the current state of disaster. In response to state of national disaster precautionary measures put in place; public spaces; including libraries, parks, community halls and amenities; administered under the department; were deactivated; to minimise risks associated to the pandemic. In totality; the department lost at least 4 months of the entire year; thus, adversely impacting on some department's deliverables.

## 3.12 LIBRARIES; MUSEUMS; COMMUNITY FACILITIES

| 3.1 LIBRARIES – MUSEUMS – COMMUNITY FACILITIES | | | | |
|---|---|---|---|---|
| In line with Section 156 (1) of the Constitution of South Africa, the Municipality has the executive authority to administer the local government matter listed in part B of Schedule 4 and part B of schedule 5 and any other matter assigned to it by National or Provincial Legislation. | | | | |
| **PERSONNEL** | | | | |
| **POSITIONS FILLED (2019/200)** | **DECEASED** | **APPOINTED** | | |
| 2019/2020:<br>1 x Program Librarian<br>1 x Library Assistant | 1 x Assistant Librarian | 17 x Permanent<br>13 x Contract<br>9 x Permanent (LLM)<br>8 x Permanent (ES):<br>10 x Contract (DAC):<br>3 x Contract Vacant (DAC): | | |

| INFORMATION & MATERIAL | | | |
|---|---|---|---|
| **New books were catalogued and shelved as follows** | **Resources at all Lesedi Libraries** | **Asset Verification (2019/20)** | **161 872 Assets verified** |
| 24 766 – New Books as per Tender Lists | Reference Material | Heidelberg & KwaZenzele | 54 752 |
| 4798 – Books Catalogued | Study Material | Rensburg | 20 726 |
| | Adult Non-Fiction | Shalimar Ridge | 9 551 |
| | Adult Fiction | Jameson Park | 9 4521 |
| | Junior Non-Fiction | Vischkuil | 12 423 |
| | Junior Fiction | Devon & Impumelelo | 27 121 |
| | Toddler Fiction | Ratanda Proper | 10 855 |

| INFORMATION & MATERIAL | | | |
|---|---|---|---|
| **New books were catalogued and shelved as follows** | **Resources at all Lesedi Libraries** | **Asset Verification (2019/20)** | **161 872 Assets verified** |
| | Heritage Collection | Ratanda Ext 7 | 7 980 |
| | Indigenous Languages | Ratanda Ext 23 | 6 877 |
| | Reading Program | **TOTAL** | **161 872** |
| **PERIODICALS** | Procurement not done due to National Lock Down | | |

| SECURITY | ICT – SOFTWARE & LICENSES | ICT LICENCES & MANTAINANCE | ICT & OFFICE EQUIPMENT | ICT & SECURITY EQUIPMENT | ICT & OFFICE EQUIPMENT (NEW LIBRARY - IMPUMELELO |
|---|---|---|---|---|---|
| **Contract:** Alarms systems at all Libraries with panic buttons and armed response. | 9 x Microsoft Office 2019 (Standard Disks) | SIRSI System and Enterprise 18 x Symphony Licenses | 35 x Computers (Community) 40 x Security Cable Locks | RFID Security Gates x2 | Copy Machines (x2 – Office and Community |
| | 50 x Microsoft Windows10 Professional | | 2 x Projectors | | |
| | | | 1 x Projector (Pull Down Screen) | | |
| | | | | RFID Workstation x1 | |
| | | | | | |

| UPGRADING OF LIBRARIES (COMPLETED | TRANSPORT |
|---|---|
| Fencing of Vischuil, Ratanda Proper and Ratanda Ext 7 | 7-Seater Volkswagen Caddy |
| Upgrading of Devon Library | |

| UPGRADING OF LIBRARIES (COMPLETED | TRANSPORT |
|---|---|
| | |
| Carport at Ratanda Proper Library | |
| | |

| HOLIDAY PROGRAM MATERIAL (SEE PROGRAMS) – (2020/21) | | |
|---|---|---|
| 1 | **Events – Celebration of National and International days** | |
| 1.1 | Mandela Day Celebrations | The elderly community members of Lesedi proper came together in the spirit of celebrating the hero of the nation Nelson Rholihlahla Mandela. With the help of the Yarn Along project scarfs, gloves and blanket were donated to the old age people. |
| | | |
| 2 | **Community Outreach Programs** | |
| 2.1 | Mathematics Mazes | Most children in our communities' face challenges with Mathematics. This program was introduced to assist them develop interest in the subject |
| 2.3 | Bible Study | The objective of this program is make it possible to have Bible Study where they can discuss the Bible among each other by finding scriptures and verses. The Bible and inspirational books are used for this program. |
| | | |
| 2.3 | Born to Read | A program that reaches parents of newborn babies which is making a lifetime of difference for the children of their region. It's mission is to promote early literacy by spreading the word about the importance of reading, talking, and singing with children every day starting from birth. Born to read bags, clothes and reading material were distributed to participants who attended. |
| 2.4 | World Aids Commemoration Day | The Vischkuil library, in partnership with the Vischkuil clinic, held an awareness campaign where community members were taught about how to prevent this disease and how to take care of themselves if they are living with it. |
| 2.5 | Holiday Programs (School Holidays) | The objective of Holiday Programs is to keep children occupied during school holidays. Children were given a chance to express their thoughts through art and craft. There were also sessions for storytelling and writing workshops |
| 2.6 | Health Awareness Day | Health is the term for describing the state of being free from any kind of illness or diseases. Health is a form that assures the harmony between all the systems, organs and parts of the body. It is not a complete definition of health, there are a number of people who are not suffering from a disease but still they are not healthy. There are many people who assume themselves healthy but actually they are not. Health is actually an elusive word. Health |

| HOLIDAY PROGRAM MATERIAL (SEE PROGRAMS) – (2020/21) | | |
|---|---|---|
| | | is a term that is not only related with the absence of disease or with healthy functions of body parts or having positive thoughts. Health is basically considered as a holistic concept that is related to a person as a whole. For providing health awareness, programs are organized that can help in promoting a healthy environment. |
| 2.7 | World Read Aloud Day | Why read aloud? - Nal'ibali is built on the simple logic that a well-established culture of reading can be a real game-changer for education in South Africa. Literacy skills are a strong predictor of future academic success in all subjects. Children who regularly read and hear engaging stories, in languages they understand, are well-equipped and motivated to learn to read and write |

| USAGE OF LESEDI LIBRARIES (2020/21) | |
|---|---|
| | **EXTERNAL USERS** |
| Annual New Membership | 630 |
| Book Circulation | 19 870 |
| | **INTERNAL USERS** |
| Reference Users | 4 549 |
| Students & Leaners | 12 058 |
| ICT Users | 5 527 |
| | **PROGRAMS** |
| Implemented | 62 |
| Attendance | 1 053 |

| Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| Service Objectives / Service Indicators (i) | Outline Service Targets (ii) | 2017/18 Target *Previous Year (iii) | 2018/19 Actual (iv) | 2019/20 Target *Previous Year (v) | 2019/20 Target *Current Year (vi) | 2019/20 Actual (vii) |
| **Service objective: Providing of Sports, Recreation, Arts, Culture and Library Services** | | | | | | |
| | | | | | | |
| Access to library and information services | Books, Audio visual material, Newspapers, Periodicals | 37000 | 43485 | 40000 | 30000 | 32464 |
| | Number of New members | 1200 | 1037 | 1037 | 1200 | 1061 |
| | Number of Internet Users | 4600 | 3779 | 4600 | 4600 | 7314 |
| | Implementation of library programs | 170 | 272 | 170 | 170 | 281 |
| | Upgrading Devon Library | | | | 100% | 100% |
| | Re-wiring Rensburg Library | | | | 0% | 0% |
| | | | | | | |
| Provision of amenity services | Halls availability % | 100% | 100% | 100% | 100% | 100% |
| | Sport Facilities availability % | 100% | 100% | 100% | 100% | 100% |
| | | | | | | |
| | | | | | 15 | 15 |
| Creation of Jobs through EPWP | Parks & Cemeteries | | | | | |

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

| Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 95 | 95 | 95 | 0 | 0% |
| 7 - 9 | 25 | 25 | 25 | 0 | 0% |
| 10 - 12 | 16 | 17 | 16 | 1 | 6% |
| 13 - 15 | 2 | 2 | 2 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 139 | 140 | 139 | 1 | 1% |

| Financial Performance Year 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 1-Feb-19 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 13082 | 17998 | -22929 | 12953 | -39% |
| Expenditure: | | | | | |
| Employees | 10578 | 12438 | 12438 | 11254 | -11% |
| Repairs and Maintenance | 3 | 1095 | 262 | 8 | -13588% |

| Financial Performance Year 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 1-Feb-19 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Other | 1285 | 3294 | 4116 | 2689 | -22% |
| **Total Operational Expenditure** | 11866 | 16827 | 16816 | 13951 | -21% |
| **Net Operational Expenditure** | -1216 | -1171 | 39745 | 998 | 217% |
| *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* |

| Capital Expenditure Year 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | Year 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 3250 | 11553 | 3226 | -1% | |
| | | | | | |
| Project A | 500 | 1217 | 0 | 0% | |
| Project B | 0 | 30 | 11 | 0% | |
| Project C | 0 | 140 | 99 | 100% | |
| Project D | 300 | 195 | 18 | 0% | |
| Project E | 0 | 75 | 0 | 0% | |
| Project F | 250 | 618 | 457 | 45% | |
| Project G | 1200 | 1083 | 0 | 0% | |
| Project H | 1000 | 6933 | 1570 | 0% | |
| Project I | 0 | 1262 | 1071 | 100% | |

| Capital Expenditure Year 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | Year 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Project I | 0 | 0 | 0 | 0% | |
| Project I | 0 | 0 | 0 | 0% | |
| Project I | 0 | 0 | 0 | 0% | |
| Project | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | |
| | | | | | *T 3.12.6* |

## 3.13 CEMETERIES

In terms of scheduled 5 Part B, of the Constitution of the Republic of South Africa, 1996, the provision of the cemetery is the competence of the municipalities. Meaning that the municipality must ensure that the interment service is prioritised in confirming that people are buried in a dignified manner as enshrined in the Bill of Rights, section 10 of the Constitution

A cemetery is defined as a place for the burial of dead human bodies, other human remains, or a place in which either dead human bodies or other human remains have been buried. Once a burial had occurred, the owner of the land on which the burial has taken place, takes on, a minimum of three obligations for:

1. Good order (record keeping) and repair
2. Ensuring adequate drainage system; and
3. Fencing.

Lesedi Local Municipality maintains ten different cemeteries of which five are still operational. This includes two sub-regional cemeteries namely: Ekuthuleni in Ratanda and Ekuphumuleni, Devon and Vischkuil. Heidelberg Cemetery is reaching capacity and the portion for expansion is identified. The Environmentalist is appointed to conduct EIA studies and the project is standing at 95%. Layout and designs will start immediately when the record of decision is awarded by the Authorities.

| | |
|---|---|
| **Records Management** | Installation of bulk filling system was completely installed for archives management. |
| **Alien Plant Clearing** | The project has been initiated with SANPARKs for consideration in 2020/2021 financial year. It is set to be unfolded for the following areas:<br>• Ekuthuleni Cemetery. |
| **Total number of burials that took place** | • Burial totals: July 2020 to June 2021:<br>**747,** the decrease is because some deaths were cremated, and information is kept at crematorium.<br>• Tombstones Erected:<br>**256** decrease is due to lockdown restrictions. |
| **Procurement** | Purchase of 3 bush cutters.<br>Purchase of safety signs to be displayed along the road when an activity is performed |
| **Internal Road construction in Ekuthuleni Cemetery** | The project has been suspended/halted due to financial constraints however, plans have been drawn and approved by the municipality. This includes the surveying of the roads to be constructed. It is still captured in the APR due to the value of activities conducted e.g. Road designs, Plans, surveys etc. |

| | |
|---|---|
| **EPWP** | Laborer's from EPWP were sourced to assist with the maintenance of both active and passive cemeteries and were trained in various horticultural disciplines: e.g., grass cutting by using bush cutters, tree felling, pruning, garden edging etc.<br><br>**Ten (10) EPWP** participants were recruited for six (6) months period with an aim of exposing them to work environment. |
| **Complaints attended** | • Complaints attended in Heidelberg and surrounding were mostly the following:<br>• Kloof cemetery for tree felling and pruning.<br>• Heidelberg Cemetery: tree felling and pruning.<br>• Old Blacks and Indian cemeteries: Grass cutting<br><br>**Challenges**<br>• Steel/Metal boundaries inclusive of gates are striped off and taken to be sold at the scrap yards.<br>• Concrete palisades are vandalized to remove the wires to be sold at the scrap yard. |

| Cemetories and Crematoriums Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| Service Objectives | Outline Service Targets | 2019/2020 | | 2020/2021 | | |
| | | Target | Actual | Target | | Actual |
| *Service Indicators* (i) | (ii) | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) |
| **Provision of Graves** | | | | | | |
| | Burials | 750 | 800 | 800 | 1109 | |
| | Permits issued: Tomb Stones | 240 | 270 | 300 | | |
| Extension of Heidelberg Cemetery | Basic Assessment studies | | | 100% | 98% | 98% |
| Extentsion of Ekuthuleni Cemetery | Acquisition of Land | | | 100% | 2% | 2% |
| Closing of Ekuphumuleni Cemetery | Acquisition of Land | | | 100% | 0 | 0 |
| | | | | | | |
| | | | | | | |

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role. T 3.13.3*

| Employees: Cemeteries and Cremotoriums | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 22 | 27 | 24 | 3 | 11% |
| 7 - 9 | 8 | 8 | 8 | 0 | 0% |
| 10 - 12 | 1 | 2 | 1 | 1 | 50% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 31 | 37 | 33 | 4 | 11% |

| Financial Performance Year 2020/21: Cemetories and Crematoriums | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 1327 | 1326 | 1326 | 1670 | 21% |
| Expenditure: | | | | | |
| Employees | 3685 | 3733 | 3928 | 5376 | 31% |
| Repairs and Maintenance | 10 | 210 | 560 | 249 | 16% |
| Other | 4194 | 894 | 743 | 157 | -469% |
| **Total Operational Expenditure** | 7889 | 4837 | 5231 | 5782 | 16% |
| **Net Operational Expenditure** | 6562 | 3511 | 3905 | 4112 | 15% |
| *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 3.13.5* |

| Capital Expenditure Year 2020/21: Cemetories and Crematoriums | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1500 | 0 | 0 | 0% | |
| | | | | | |
| Project A | 1500 | 0 | 0 | 0% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.13.6* |

## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

**SOCIAL DEVELOPMENT SERVICES**

**Due to all functions under Social Development are primarily within Provincial (Social Development) competency, minimal provision for capital budget has been done by Local Authority**

## SOCIAL DEVELOPMENT SERVICES

**Early Childhood Development (ECD)**

**Devon ECD Center**: Construction of an ECD center in Devon was completed in the financial year under review. The Municipality in partnership with Department of Social Development facilitated the appointment of seven (7) Board members. New board members were trained on governance **in April 2021** to capacitate them for their new roles.

**ECD Stimulus Fund:** The Municipality in partnership with Department of Social Development assisted all ECD Centers to apply for ECD Stimulus funding. All ECD centers and Day Mothers successfully submitted their applications.

**Day Mothers Program**: The municipality continued to fund the 21 Day Mothers, due to the impact of Covid-19 Lockdown, new contracts were signed in October 2021. The Day Mothers were assisted with claiming UIF for the period when they did not receive income. **In June 2021, six (6)** new Day Mothers were recruited for the 2021/2022 financial year and received training.

**Smart Start Partnership**: The Municipality partnered with Smart start for the recruitment and training of new Day mothers in Ratanda. Through the partnership, 18 new Day mothers were recruited in Ratanda. Orientation and training took place on **22 to 25 February 2021**. The new day mothers will receive technical support and stipend from Smartstart. The project will be replicated in Devon in the 2021/2022 financial year.

**Older Persons Program**

**Smart ID Campaign for older persons**: The Department collaborated with Department of Home Affairs to assist the older persons to apply for new smartcard IDs. In April 2021, the municipality conducted an assessment of ID requirements for all Old Age Homes in Lesedi of which 132 older persons were reached and supported with the ID application process

**Nature and Landscape Conservation through converting of Illegal dumping sites to community garden/food garden / safe living area**: A cleaning campaign was conducted outside the Ratanda Old Age Home, the area has been used by community for illegal dumping. The participants were recovering substance users. The purpose of the event was to clean the area as wellas prevent the use of illegal dumping sites as drug spots.

## SOCIAL DEVELOPMENT SERVICES

**People living with Disabilities**

**Safety Awareness Education**: In partnership with Ahang Disability Center, the Department developed a safety awareness programme for Ahang Disability students. This initiative was implemented around festive season, as it is during this busy season that safety of the overall general public becomes susceptible to criminal activities; more so for the vulnerable community, living with disabilities.

The programme was presented on the **14th of December 2021** to the learners and covered the various topics which included:

1. Drug use and trafficking,
2. Human trafficking and
3. Sexual abuse

**Launch of Renovated Thuthukani Centre**: Eskort's Corporate Social Investment programme sponsored the renovation of the center to ensure accessibility for people with disabilities. Renovations included revamping of the kitchen, office, wheelchair ramp, rails, center's manager's office furniture, internal and external painting, water tank and a food garden. The Department assisted the Center to plan the Launch of the new center which took place on the **27th of May 2021**. The Executive Mayor graced the occasion by officially opening the new center.

**Youth Development**

On the **5th of March 2021**, the Department collaborated with Harvest Outreach Centre for youth skills development programme. The purpose of the event was to raise awareness of services offered to youth by the Social Services Section. The attendees were youth who are beneficiaries of capacity building programmes offered at Harvest Outreach for unemployed youth.

**Homeless Outreach Program**

Profiling and removal of homeless people in Heidelberg CBD: A joint operation by Heidelberg SAPS, Heidelberg CPF, DSD, SANCA and Municipality was conducted with a purpose of profiling people living on the streets and categorizing them according to their needs.

Thirty (30) youths were removed on the streets by the SAPS and brought to the Police Station for profiling, 7 were found to have outstanding warrants or had drugs on them and were arrested and 23 youths who are on substances were referred to SANCA for treatment.

**Local Drug Aids Committee (LDAC) Anti-Drug Awareness Program**

**Anti-substance abuse awareness campaign**: The Department collaborated with Department of Social Development and Freedom Recovery Centre to create awareness of services and programmes available for victims of substance abuse. The campaigns were conducted in Ratanda, Jameson Park and Devon.

## SOCIAL DEVELOPMENT SERVICES

### CASEWORK SUMMARY

| Case categories | Number of cases | Number of beneficiaries |
|---|---|---|
| Vulnerable groups | 66 | 156 |
| Materia Assistance/Unemployment | 70 | 94 |
| Family Intervention | 26 | 40 |
| Housing | 45 | 99 |
| Community Safety | 38 | 44 |
| Other | - | - |
| **Total number of cases & beneficiaries** | **245** | **433** |

| Employees: Child Care; Aged Care; Social Programmes | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 5 | 5 | 5 | 0 | 0% |
| 13 - 15 | 3 | 4 | 3 | 1 | 25% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 8 | 9 | 8 | 1 | 11% |

| Financial Performance Year 2020/21: Child Care; Aged Care; Social Programmes | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 7 | 0 | 0 | 0 | 0% |
| Expenditure: | | | | | |
| Employees | 4422 | 5316 | 5316 | 3735 | -42% |
| Repairs and Maintenance | 65 | 2 | 3 | 2 | 0% |
| Other | 289 | 714 | 688 | 128 | -458% |
| **Total Operational Expenditure** | 4776 | 6032 | 6007 | 3865 | -56% |
| **Net Operational Expenditure** | 4769 | 6032 | 6007 | 3865 | -56% |

*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 3.14.5

| Capital Expenditure Year 2020/21: Child Care; Aged Care; Social Programmes | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2018/19 | | | | Total Project Value |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | |
| Total All | 0 | 0 | 0 | 0% | |
| | | | | | |
| Project A | 0 | 0 | 0 | 0% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.14.6* |

Due to all functions listed are basically within Provincial (Social Development) competency, no provision for capital budget has been done by Local Authority

## COMPONENT E: ENVIRONMENTAL HEALTH & PROTECTION

E Climate Change Strategy as well as Air Quality Management Plan and Implementation Plan (Pages 150 – 151)
In terms of Section 15 (2) of the National Environmental Management: Air Quality Act (No. 39 of 2004), municipalities are mandated to include an Air Quality Management Plan (AQMP) in their IDPs.
Lesedi is receiving grant funding from Sedibeng and due to insufficient funding an AQMP has not been developed as consultants needs to assist to develop a plan in need with the type and origin of air pollution. LLM is receiving exactly the same amount as the previous years and therefor it will not be possible to appoint any consultants. The main pollution is cross boundary and vehicles using the N3. There was a fund request sent in for facilitating the hartridge meter (testing of vehicle emissions) but it is yet to receive approval. We also do not have a qualified Air Quality

Management Officer. The EHP's are not equipped to perform Air Quality Management (AQM) functions, and we do not have any AQM tools of trade.
This function as well as Climate change is a function that must be conducted by Environmental Management as they are trained as Environmental Management Inspectors. Both aspects were forwarded to the Sedibeng District for consideration.
Without budgetary backed planning as well as sufficient human resource allocation ; Air Quality Management Plans, which should be executed in conjuctin with the Sedibeng District Municipality ; LLM will not be in a position to fully realise the Air Quality Mangement function.

**CERTIFICATION ISSUED IN ACCORDANCE TO THE LEGISLATIVE FRAMEWORK**

**Statutory Notices Issued (in terms of the National Health Act (Year)**

Certificates of Acceptability and Certificates of Compliance / **Competence** issued / **Health Certificates/ Permits** These are issued only when premises comply with relevant legislation.

The above are issued under Regulations promulgated in the National Health Act 61 of 2003

These are issued when premises do not comply with the requirements in terms of the National Health Act, Act 61 of 2001; National Norms and Standards Promulgated under the National Health Act as well as Regulation R 638 (Regulations Governing General
Hygiene Requirements for Food Premises, the Transport of Food and Related Matters), R 363 Regulations Relating to management of human remains and Lesedi Public Health by-laws

**COVID19 RELATED ACTIVITIES**

During the **different** lockdown **stages**, Environmental Health was tasked with the following;

1. Conducting food safety compliance inspections at all food premises **permitted to open** during the different lockdown periods (supermarkets, wholesalers and other approved food grocery stores); as well as Schools, ECD's Funeral Undertakers, General Shops, etc.
2. Conducting health education to **all premises**, Social-Distance Monitoring, Sanitizing, Wearing of PPE etc.
3. Monitoring of **waste management** (medical)
4. Participation in **Outbreak Response Teams (ORT)** activated at provincial and district level;
5. Investigation of **suspected cases and Contact Tracing**
6. All the above activities are ongoing and will continue during any lockdown period going forward

Targets and especially premises of concern for inspections were determined by the national department and was achieved. (Captured in monthly & Quarterly reports)

**FOOD & ABATTOIR LICENSING AND INSPECTION**

**EHPs issue a Certificate of Acceptability/Compliance (COA) for any premises handling food and - It is only a Certificate of Acceptability – and not of compliance

**Health Certificates/Permits (LLM Public Health by-laws)**

COC (Certificate of Competence) Funeral Undertaker premises; is issued to premises that comply with the minimum Health Requirements regulated by the regulations Governing General Hygiene Requirements for food Premises and the Transport of Food. GN 41730 dated 22 June 2018 (R 638) and R363 - Regulations Relating to management of human remains

**HEALTH INSPECTION – FOOD & ABBATTOIR AND INSPECTION**

Municipal Health Services (Environmental Health Services) is rendered on an agency basis on behalf of the Sedibeng District Municipality by means of a Service Level Agreement as from 1 July 2004. The service is funded by National Treasury through the different Government structures.

**The main functions rendered by this section are the following:**

- Monitoring of Water Quality
- Food Safety and Hygiene monitoring
- Waste Management and general Hygiene monitoring
- Surveillance of premises (Ventilation; Moisture proofing; Structural Safety etc.
- Communicable and Environmental related Disease Control and Monitoring
- Vector Monitoring and Control
- Environmental Pollution control
- Disposal of the Dead: Paupers; Cemeteries; Funeral Undertakers etc.
- Chemical Waste: Radiation, Safe Energy-use & transportation of radioactive Waste

With the inception of the New National Health Act, Act 61 of 2003, the following additional Provincial functions have been delegated in terms of the mentioned Act, to Local Authorities from February 2012 without allocating any additional resources: All Government Buildings, including Provincial schools, Police Stations, Mortuaries, Forensic laboratories, hospitals and Correctional Services.

A Certificate of Acceptability/Compliance (COA) for any premises handling food and COC (Certificate of Competence) Funeral Undertaker premises; is issued to premises that comply with the minimum Health Requirements regulated by the regulations Governing General Hygiene Requirements for food Premises and the Transport of Food. GN 41730 dated 22 June 2018 (R 638)

| COVID-19 – ACTIVITY REPORT<br>(JULY 2020 TO JUNE 2021) | | |
|---|---|---|
| # | ACTIVITY | Comment |
| | **Sanitation and disinfection:**<br>Sanitation & Disinfection Awareness | |
| | Employee Wellness: Training, Education & Distribution of Educational Material | OHS Regulations on Employee Safety during the pandemic |
| | COVID-19 training by COGTA | |
| | Capacity Building: Mortuaries & Funeral Undertakers | Compliance with R 363 |
| | Re-inspections at mortuaries/funeral undertakers to | Re-inspections were conducted to educate/train/enquire about information needed by the National department, and to determine compliance with COVID 19 |
| | Capacity Building: Funeral Homes and Undertakers - Handling of Human Remains in compliance with COVID-19 | Regulation: XXX |
| | **Capacity Building**: Handling of Infectious Human Remains | Regulation: XXX |
| | School Inspections (Private & Public) | COVID-19 Compliance Assessments and Recommendations |
| | **ECD Inspection**<br>Re-inspections for non-compliant ECD<br>Health Certificates Issue<br>COA Issued | COVID-19 Compliance Assessments and Recommendations<br>Notices issued for non-compliance<br>Capacity Building for Practitioners<br>Distribution of Medical Waste Containers |
| | **Food & Fresh Produce Premises**<br>Re-inspections<br>COVID-19 & R638 Issued | Inspections Premises– Educational – Labelling – Compliance of Food Premises (Bakeries, Butcheries, Tuck-Shops, Formal Food Preparations, Fresh Produce Dealers & Abattoirs |

| Capital Expenditure Year 2020/21: Bio-Diversity; Landscape and Other | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 350 | 115 | 91 | -285% | |
| | | | | | |
| Project A | 350 | 115 | 91 | -285% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.16.6* |

## 3.15 POLLUTION CONTROL

Lesedi has been included in the Highveld Priority Air-shed Area to address air pollution. Even though Lesedi does not have large industrial area that can impact negatively on the air quality, we do experience a negative impact on air quality due to cross boundary pollution.

An Air Quality Management Plan has been developed by the Highveld Priory Area and the municipality is subjected to develop a local Air Quality plan based on local air quality challenges.

Vehicle emissions also contribute negatively on-air quality, especially from heavy vehicles transporting goods on the N3 to and from Johannesburg and Kwa Zulu Natal. This matter will be addressed in the Local Air Quality Plan.

Environmental pollution as well as environmental protection is done by means of identifying the source of pollution and treating/addressing the cause and therefore decrease or illuminate the impact of the pollution.

This section also ensures that all medical waste generators comply with Medical Waste Regulations and that the medical waste service providers are contracted to dispose the waste. Illegal dumping is dealt with by both Environmental Health and Waste section by means of clearing the illegal dumping sites and conducting health education programmes

| BIO-DIVERSITY: LANDSCAPE AND OPEN SPACE CLEARING | |
|---|---|
| Tree pruning activities were conducted at various area and some of the areas were cleared jointly with the assistance of Electrical Department | |
| **#** | **Activity** |
| **70 HOUSEHOLDS CALLS ATTENDED TO** | **TREE TRIMMING AND FELLING ACROSS RANSBURG**<br>**Rows: Vlok, Bergman, DF. Malan, Walker, Apsey, Smith, Voortrekker, hospital Streets.**<br>**Municipal properties and Shalimar Ridge Industries,**<br>**Old post office.** |
| **49 HOUSEHOLDS CALLS ATTENDED TO** | **TREE TRIMMING AND FELLING ACROSS BERSIG – Ext 9 and Jameson Park** |
| **3 BUSINESS VACANT STANDS ATTENDED TO** | **ALBERT STREET IN HEIDELBERG** |
| **Shalimar Ridge, the residential vacant stands grass was cut on guidance from Maintenance Plan.** | |

## HEALTH INSPECTION – FOOD & ABBATTOIR LICENSING AND INSPECTION

Municipal Health Services (Environmental Health Services) is rendered on an agency basis on behalf of the Sedibeng District Municipality by means of a Service Level Agreement as from 1 July 2004. The service is funded by National Treasury through the different Government structures.

**The main functions rendered by this section are the following:**

- Monitoring of Water Quality
- Food Safety and Hygiene monitoring
- Waste Management and general Hygiene monitoring
- Surveillance of premises (Ventilation; Moisture proofing; Structural Safety etc.
- Communicable and Environmental related Disease Control and Monitoring
- Vector Monitoring and Control
- Environmental Pollution control
- Disposal of the Dead: Paupers; Cemeteries; Funeral Undertakers etc.
- Chemical Waste: Radiation, Safe Energy-use & transportation of radioactive Waste

With the inception of the New National Health Act, Act 61 of 2003, the following additional Provincial functions have been delegated in terms of the mentioned Act, to Local Authorities from February 2012 without allocating any additional resources: All Government Buildings, including Provincial schools, Police Stations, Mortuaries, Forensic laboratories, hospitals and Correctional Services.

A Certificate of Acceptability/Compliance (COA) for any premises handling food and COC (Certificate of Competence) Funeral Undertaker premises; is issued to premises that comply with the minimum Health Requirements regulated by the regulations Governing General Hygiene Requirements for food Premises and the Transport of Food. GN 41730 dated 22 June 2018 (R 638)

| COVID-19 – ACTIVITY REPORT<br>(JULY 2020 TO JUNE 2021) | | |
|---|---|---|
| # | ACTIVITY | Comment |
| | **Sanitation and disinfection**:<br>Sanitation & Disinfection Awareness | |
| | Employee Wellness: Training, Education & Distribution of Educational Material | OHS Regulations on Employee Safety during the pandemic |
| | COVID-19 training by COGTA | |
| | Capacity Building: Mortuaries & Funeral Undertakers | Compliance with R 363 |
| | Re-inspections at mortuaries/funeral undertakers to | Re-inspections were conducted to educate/train/enquire about information needed by the National department, and to determine compliance with COVID 19 |
| | Capacity Building: Funeral Homes and Undertakers - Handling of Human Remains in compliance with COVID-19 | Regulation: XXX |
| | **Capacity Building**: Handling of Infectious Human Remains | Regulation: XXX |
| | School Inspections (Private & Public) | COVID-19 Compliance Assessments and Recommendations |
| | **ECD Inspection**<br>Re-inspections for non-compliant ECD<br>Health Certificates Issue<br>COA Issued | COVID-19 Compliance Assessments and Recommendations<br>Notices issued for non-compliance<br>Capacity Building for Practitioners<br>Distribution of Medical Waste Containers |
| | **Food & Fresh Produce Premises**<br>Re-inspections<br>COVID-19 & R638 Issued | Inspections Premises– Educational – Labelling – Compliance of Food Premises (Bakeries, Butcheries, Tuck-Shops, Formal Food Preparations, Fresh Produce Dealers & Abattoirs |

| BIO-DIVERSITY: LANDSCAPE AND OPEN SPACE CLEARING | |
|---|---|
| Tree pruning activities were conducted at various area and some of the areas were cleared jointly with the assistance of Electrical Department | |
| **#** | **Activity** |
| **70 HOUSEHOLDS CALLS ATTENDED TO** | **TREE TRIMMING AND FELLING ACROSS RANSBURG**<br>**Rows: Vlok, Bergman, DF. Malan, Walker, Apsey, Smith, Voortrekker, hospital Streets.**<br>**Municipal properties and Shalimar Ridge Industries,**<br>**Old post office.** |
| **49 HOUSEHOLDS CALLS ATTENDED TO** | **TREE TRIMMING AND FELLING ACROSS BERSIG – Ext 9 and Jameson Park** |
| **3 BUSINESS VACANT STANDS ATTENDED TO** | **ALBERT STREET IN HEIDELBERG** |
| **Shalimar Ridge, the residential vacant stands grass was cut on guidance from Maintenance Plan.** | |

**GENERAL MAINTENANCE AS PER MAINTENANCE PLAN**

| | |
|---|---|
| **Grass cutting and picking.**<br><br>**Challenge:** The area has grown in size and some of the areas are attended as required by the maintenance programmes<br><br>**The prevailing weather and COVID 19 conditions** | **Grass cutting and disposal activities were conducted in:**<br>• Heidelberg & Its Extensions covering inclusive of Municipal Properties.<br>• Ratanda & Its Extensions covering all areas inclusive on Municipal Properties.<br>• Devon & Its Extensions covering all areas inclusive on Municipal Properties.<br>• Shalimar Ridge<br>• Vischkuil, Endicott, Blesbokspruit, Aston Lake, Jameson Park and their extensions inclusive of Municipal Properties |

| Capital Expenditure Year 2020/21: Bio-Diversity; Landscape and Other | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | 2019/20 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 200 | 206 | 85 | -135% | |
| | | | | | |
| Project A | 200 | 206 | 85 | -135% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

*T 3.16.6*

## COMPONENT F: HEALTH

Primary Health Care

*Note: Recent legislation includes the National Health Act 61 of 2003.*

Primary Health Care is the competence of Gauteng Health Department

## 3.17 CLINICS

Primary Health Care services competency of Province.

## 3.18 AMBULANCE SERVICES

Ambulance services competency of Province.

## 3.19 Health Inspection; Food and Abattoir Licensing and Inspection

| Financial Performance Year 2020/21: Health Inspection and Etc | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Original Budget |
| **Total Operational Revenue** | 4354 | 4234 | **Total Operational Revenue** | 4354 | 4234 |
| Expenditure: | | | Expenditure: | | |
| Employees | 5588 | 5575 | Employees | 5588 | 5575 |
| Repairs and Maintenance | 28 | 166 | Repairs and Maintenance | 28 | 166 |
| Other | 2945 | 489 | Other | 2945 | 489 |
| **Total Operational Expenditure** | 8561 | 6230 | **Total Operational Expenditure** | 8561 | 6230 |
| **Net Operational Expenditure** | 4207 | 1996 | **Net Operational Expenditure** | 4207 | 1996 |
| 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 3.19.5* |

| Capital Expenditure Year 2020/21: Health Inspection and Etc | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | Year 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0 | |
| | | | | | |
| Project A | 0 | 0 | 0 | 0 | 0 |
| Project D | 0 | 0 | 0 | 0 | 0 |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | *T 3.19.6* |

Environmental Health Services, is a pro-active service, striving to prevent any negative health impact.The main objective of the service is to provide a safe and healthy environment to the residents. The service is rendered on behalf of Sedibeng District through Service Level Agreement for funding.

# COMPONENT G: SECURITY AND SAFETY

## 3.20 TRAFFIC

## TRAFFIC SERVICES

Lesedi Traffic department's service is aligned to the National and Gauteng Crime Prevention Strategy. The statutory functions of a municipal traffic service are:

- Traffic policing
- Policing of municipal bylaws and regulations
- Preventing crime.

**Traffic policing** centers on all activities which reduce, deter or prevent the occurrence of all incidents by:

1. Ensuring effective and efficient law enforcement –
2. Providing supportive traffic control services
3. Monitoring of relevant road infrastructure as well as strategic interventions.
4. The most important duties of the traffic section is to ensure improved road user behavior;
5. Reduce the incidence of traffic offences;
6. Removal of unfit road users from traffic; roadworthiness of vehicles;
7. Public transport compliance
8. Provide sufficient and coordinated regulation of traffic on strategic roads;
9. Pedestrian education and compliance
10. Eradication of corruption; administrative compliance and overall improvement of traffic law enforcement in line with applicable legislation.

**By-Law Enforcement** -

The declaration of Disaster Management in 2020 placed more burden on law enforcement authorities in as far as monitoring compliance to COVID 19 regulations is concerned. This included activities such as:

- Funeral compliance
- Hot spots monitoring
- Public transport compliance
- Liquor outlets compliance

**Crime prevention** – all activities aimed at the prevention of crime from taking place through engagement of all relevant stakeholders. Crime prevention is an inclusive process that helps to demonstrate the important roles of all sectors in fostering safety and encouraging active participation of community-based organizations and residents, thereby reducing the levels of insecurity within communities

| # | CRIME PREVENTION AND LAW ENFORCEMENT | Comments |
|---|---|---|
| | Joint Operations (Roadblocks) | The traffic department embarked on partnership programmes with SAPS, Gauteng Department of Community Safety, Department of Home Affairs and Department of Social |

| | | |
|---|---|---|
| | | Development to holistically deal with crime by conducting roadblocks and joint operations at identified hot-spots. |
| | Social Crime Prevention campaigns: Targeting School Safety, Drug Abuse, Crime Prevention through Environmental Design, 1 | Several campaigns were conducted in partnership with Gauteng Department of Community Safety, Department of Education, Correctional Services, Sedibeng District Municipality Community Safety, SAPS and CPF's. |
| | Section 56 Notices | Hand-written traffic fines served to road users for violating the traffic legislation. |
| | Speed Law Enforcement | Manual speed operations were conducted using manual speed cameras. Automated speed operations could not be realized after the tender was non-responsive after being advertised. |
| **COMMUNITY SAFETY FORUM** | | **Comments** |
| | Community Safety Forums (CSF) | The department is in the process of finalizing the CSF plan with the assistance from Gauteng Department of Community Safety and Sedibeng District Municipality. The plan is currently at an advanced stage. |
| | School Safety | This is undertaken to promote school safety by educating school children about safety aspects when doing scholar patrol activities. The program is ongoing with educational programs taking place mainly at the beginning of the year and searches done throughout the year |
| | Social Crime Prevention Initiatives | Lesedi Traffic, SAPS, Department of Social Development, Department of Health and Gauteng Liquor Board embarked on initiatives that were aimed at dealing with social crime related issued. Operations were undertaken to ensure compliance to legislation of all the liquor outlets. Punitive measures were taken against all illegal taverns. |
| | Road Safety & Promotion | Campaigns were conducted at schools and within the community |

| TRAFFIC ESCORTS AND FUNERALS COMPLIANCE | | |
|---|---|---|
| Traffic escort are conducted by the traffic department to minimize traffic delays and unnecessary congestions. The department has a deployment plan where Traffic Officers are strategically deployed to assist with traffic control for funeral escorts and other events conducted within the municipal area to maintain the free flow of traffic. | | |
| **#** | **ACTIVITY** | **Comments** |
| | Funerals | Traffic Officials, sometimes with the assistance from SAPS, were deployed to monitor compliance in ALL funerals during the lockdown periods. Compliance monitoring and funeral processions were monitored from different homes up to the cemetery. |
| | Escorts | The deployment of traffic officials seeks to ensure the free flow of traffic to avoid congestions |

| Employees: Traffic Officers | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| Police Administrators | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| Chief Police Officer & Deputy | 0 | 0 | 0 | 0 | 0% |
| Other Police Officers | 0 | 0 | 0 | 0 | 0% |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 1 | 1 | 1 | 0 | 0% |
| 10 - 12 | 15 | 15 | 15 | 0 | 0% |
| 13 - 15 | 3 | 4 | 3 | 1 | 25% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 19 | 20 | 19 | 1 | 5% |

| Financial Performance 2020/21: Traffic Officers | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 103 | 35101 | 6108 | 146 | -23942% |
| Other employees | 14029 | 14773 | 14773 | 15370 | 4% |
| Repairs and Maintenance | 477 | 540 | 540 | 565 | 4% |
| Other | 674 | 33734 | 6962 | 649 | -5098% |
| **Total Operational Expenditure** | 15180 | 49047 | 22275 | 16584 | -196% |
| **Net Operational Expenditure** | 15077 | 13946 | 16167 | 16438 | 15% |

*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 3.20.5*

## 3.21 FIRE AND RESCUE

## FIRE & RESCUE SERVICES

The municipality has the executive authority and right to administer the provision of firefighting services as stated in Schedule 4B to the Constitution.

**Primary Objective:** To maintain a highly functional Fire and Rescue & Disaster Management Unit by initiating the following actions:

1. Promoting institutional capacity within Lesedi Local Municipality
2. Promoting a culture of prevention, preparedness and resilience at all levels through knowledge, innovation and education
3. Implementation of disaster risk reduction initiatives, community safety programs and campaigns to promote safe resilient sustainable communities
4. Establishing efficient early warning systems for efficient and effective response.
5. Developing efficient mechanism for identification, assessment and monitoring of disaster risks.
6. Improving emergency preparedness to vulnerable communities.
7. Creating appropriate response system to emergencies and disasters.
8. Mainstreaming disaster management into the developmental planning process.
9. Ensuring that services are progressively expanded and maintained in all communities through proper planning.

| # | Activity | Comments |
|---|---|---|
| **COGTA Financial Support – Grant funding received from COGTA for the procurement of Fire engine and other equipment** | | |
| | Grant funding received from COGTA for the procurement of the fire engine to reopen Devon Satellite Fire Station to improve response times. | 1 x Medium Pumper Fire engine was procured using COGTA funding. Over and above this, the surplus amount from this grant funding was used to procure additional Fire and Rescue equipment. |
| **Disaster Management and Fire & Rescue Services – The provision of Fire Safety, Rescue related service as well as activities aimed at the management of disasters within the municipality** | | |
| COVID-19 | Disaster Management Compliance during lockdown periods | The fire and rescue department played a crucial role assisting other departments within the municipality in dealing with the fumigation of facilities in the entire municipality. |

| | | |
|---|---|---|
| | Fire Extinguishers serviced within all the municipal buildings | Basic necessity to prevent the spread of fire. All fire extinguishers were serviced in line with OHS. |
| | Building Plans scrutinized and approved | Fire compliance is a crucial element of the building to prevent the spread of fire in case the building catches fire. Buildings plans were scrutinized and approved as requested by the building section |
| | Fire hydrants inspected and maintained | Fire hydrants are very essential resource for the provision of water in an event of firefighting. Hydrants inspection is conducted on an ongoing basis to ensure serviceability. |
| | Motor Vehicle Accidents (MVAs) | A quick response to accidents is important to save lives |
| | House Fire Calls | House Fires remains a challenge that requires serious interventions terms of the Awareness campaigns. |
| | Shack Fire Calls | Shack fires calls have also proven to be problematic especially during wither period. The department needs to improved on community outreach in order to reduce these calls. |
| | Average Turn Around Time response (Urban) | Response to calls must be as minimal as possible in order to save lives and damage to property. |

| Employees: Fire Services | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| Fire Fighters / Administrators | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| Chief Fire Officer & Deputy | 1 | 1 | 1 | 0 | 0% |
| Other Fire Officers | | | | | |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 5 | 5 | 5 | 0 | 0% |
| 7 - 9 | 0 | 1 | 0 | 1 | 100% |
| 10 - 12 | 16 | 18 | 18 | 0 | 0% |
| 13 - 15 | 1 | 3 | 1 | 2 | 67% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 22 | 27 | 22 | 5 | 19% |

| Financial Performance Year 2020/21: Fire Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 55 | 30 | 5627 | 6060 | 100% |
| Expenditure: | | | | | |
| Fire fighters | | | | | |
| Other employees | 10402 | 12247 | 12247 | 12083 | -1% |
| Repairs and Maintenance | 550 | 940 | 986 | 887 | 0% |
| Other | 541 | 1028 | 1058 | 899 | -14% |
| **Total Operational Expenditure** | 11493 | 14215 | 14291 | 13869 | -2% |
| **Net Operational Expenditure** | 11438 | 14185 | 8664 | 7809 | -82% |

*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 3.21.5*

| Capital Expenditure Year 2020/21: Fire Services | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | Year 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 4500 | 10652 | 9950 | 55% | |
| | | | | | |
| Project A | 4500 | 4652 | 4625 | 3% | |
| Project B | 0 | 6000 | 5325 | 100% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | |
| | | | | | *T 3.21.6* |

# COMPONENT H: SPORT AND RECREATION

## 3.23 SPORT AND RECREATION

| SPORTS & RECREATION, Arts & Culture<br><br>(2020/21) | | |
|---|---|---|
| The municipality recognizes the fact that residences within its borders have vast talents in sports and wants to give formal recognition to those who excel locally. The focus is on the 7 priority codes i.e., Netball, Football, Cricket, Rugby, Athletics, Boxing and Aquatics, as prescribed by the Minister of Sports. The seven priority codes are part of the developmental programs adopted to open up opportunities to and expose communities to different codes which were not readily available or familiar to their environment | | |
| **#** | **Activities** | **Comments** |
| 1 | Walk For Health | The Move to Health Event took place on the **10 May 2021 (International Health Day)** at Ratanda Sport Facility Precinct in Ratanda themed ***"Move More and Sit Less".***<br><br>Move for Health was an initiative by the two-national departments, Sport Arts & Culture and the Department of Health and it is aim/objective was to:<br><br>• Promote Physical Activity<br>• Prevent or reduce Non-Communicable Diseases (NCD)<br>• Change Behavior<br>• Fight obesity |
| 1 | Social Cohesion community Arts festival Auditions. | It was a Theatre auditions aimed at promoting Arts in the following aspects:<br><br>• Theatre/Drama<br>• Dance and<br>• Music and Poetry. |

| | | |
|---|---|---|
| | | The winners were escalated to participate in the regional competitions and groups that won in the mentioned genre were the following:<br><br>• Drama: Victory Maweni, Creatives Arts Association of Lesedi and Ubuhle Bekhono.<br>• Dance: Corroboration and Via Ratanda.<br>• Music/Poetry: Sifiso Mtshali, Zanele Dlamini and Siwelele Group. |
| 1 | Cricket Development under 15 | The Sports & Sports Cricket Academy was approached to extend this sporting code to the black community. This academy is headed by AB De Villiers the ex-protea cricket bowler, now residing in Heidelberg. The project was halted due to COVID 19 Restrictions when It on the phase of signing a Memorandum of Understanding. |
| 1 | Rugby Development | The Heidelberg Rugby Club has been engaged for the extension of the sporting code to black community and agreement has been reached. The implementation thereof has been put on hold due COVID 19 Restrictions. The project is set roll out immediately when the restrictions are eased.<br><br>Target group: under 10 – 15 years of age. The aim is drive social cohesion and transformation. |

| Employees: Sport and Recreation | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 6 | 8 | 6 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 1 | 0% |
| 13 - 15 | 1 | 2 | 1 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 8 | 11 | 8 | 1 | 9% |

| Financial Performance Year 2020/21: Sport and Recreation | | | | | R'000 |
|---|---|---|---|---|---|
| Details | Year - 2019/2020 | Year 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 8 | 15 | 15 | 480 | 97% |
| Expenditure: | | | | | |
| Employees | 4422 | 3024 | 3219 | 4350 | 30% |
| Repairs and Maintenance | 65 | 693 | 490 | 0 | 0% |
| Other | 1448 | 1284 | 1541 | 1295 | 0% |
| **Total Operational Expenditure** | 5935 | 5001 | 5250 | 5645 | 11% |
| **Net Operational Expenditure** | 5927 | 4986 | 5235 | 5165 | 3% |

*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 3.23.4*

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

Corporate Services Department is central to the governance in the Municipality. Corporate Service in the main is expected to provide the following support services to Municipal Departments: -

- Human Resources
- Labour Relations
- ICT
- Facilities Management
- Fleet Management
- Administrative support & Secretariat
- Legal
- Security
- Records Management

## 3.24 EXECUTIVE AND COUNCIL

Municipal Council members are elected by electorates to make decisions on their behalf regarding service delivery within the municipality. Thus, the Council has the responsibility to conduct oversight to the executive actions of the appointed officials acting on its behalf.

The Mayoral Committee is appointed to assist the council in formulating guidelines (policies) for operation; to monitor the operations of the appointed officials; and to evaluate results on behalf of Council.

The Accounting Officer and other HODs are appointed to manage the different administration functions of the municipality.

| Employees: The Executive and Council | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 1 | 1 | 1 | 1 | 100% |
| 10 - 12 | 1 | 2 | 1 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Councillors | 26 | 26 | 26 | 0 | 0% |
| Ward Committee Members | 121 | 130 | 121 | 9 | 7% |
| Total | 150 | 160 | 150 | 10 | 6% |

| Financial Performance Year 2020/21: The Executive and Council | | | | | R'000 |
|---|---|---|---|---|---|
| Details | Year - 2019/20 | Year 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 8869 | 8974 | 9249 | 9895 | 9% |
| Expenditure: | | | | | |
| Employees | 18249 | 15903 | 15903 | 14716 | -8% |
| Repairs and Maintenance | 548 | 664 | 678 | 432 | -54% |
| Other | 12051 | 17355 | 17557 | 11692 | -48% |
| **Total Operational Expenditure** | 30848 | 33922 | 34138 | 26840 | -26% |
| **Net Operational Expenditure** | 21979 | 24948 | 24889 | 16945 | -47% |
| *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 3.24.5* |

## 3.25 FINANCIAL SERVICES

There were no capital projects budgeted for the financial services department during the financial year as per the IDP.

**Debt Recovery**

R' 000

| Details of the types of account raised and recovered | Year -1 | | Year 0 | | | Year 1 | |
|---|---|---|---|---|---|---|---|
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estmated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| Property Rates | 134 042 504 | 84% | 143 392 958 | 143 392 958 | 85% | 148 985 283 | 90% |
| Electricity - B | 67 195 494 | 84% | 73 640 227 | 73 640 227 | 85% | 84 384 336 | 90% |
| Electricity - C | 213 317 960 | 84% | 403 214 075 | 403 214 075 | 85% | 462 043 009 | 90% |
| Water - B | 10 669 082 | 84% | 11 675 516 | 11 675 516 | 85% | 12 352 696 | 90% |
| Water - C | 131 898 128 | 84% | 136 225 187 | 136 225 187 | 85% | 144 126 248 | 90% |
| Sanitation - B | 12 425 151 | 84% | 13 423 062 | 13 423 062 | 85% | 13 946 561 | 90% |
| Sanitation | 20 211 992 | 84% | 20 756 795 | 20 756 795 | 85% | 21 566 310 | 90% |
| Refuse | 38 121 061 | 84% | 38 400 366 | 38 400 366 | 85% | 39 897 980 | 90% |
| Other | 4 977 299 | 84% | 5 548 606 | 5 548 606 | 85% | 5 765 001 | 90% |

*B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.* *T 3.25.2*

| Financial Service Policy Objectives Taken From IDP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Service Objectives / Service Indicators (i) | Outline Service Targets (ii) | Year 0 | | Year 1 | | | Year 3 | |
| | | Target | Actual | Target | | Actual | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year Target | Actual (x) |
| **Service Objective xxx** | | | | | | | | |
| ***Basic service delivery*** | Total Number of indigent households registered by year end. **(Cumulative)** | 2000 | 2000 | 4000 | 4337 | 4337 | 5000 | 6216 |
| ***Reducing water and electricity losses*** | Number of meter audits | 0 | 0 | T1% reduction in invoices raised; target limit of invoices | 2824 | 10800 | T5% reduction in invoices raised; target limit of invoices | T5% reduction in invoices raised; target limit of invoices |
| Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate. | Resolution of billing queries. | 0 | 0 | 0 | 0 | 0 | 100% | 87% |
| | | | | | | | | |

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.* T 3.25.3

## Employees: Financial Services

| Job Level | Year -1 | Year 0 | | | |
|---|---|---|---|---|---|
| | Employees<br>No. | Posts<br>No. | Employees<br>No. | Vacancies (fulltime equivalents)<br>No. | Vacancies (as a % of total posts)<br>% |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 2 | 2 | 2 | 0 | 0% |
| 7 - 9 | 20 | 24 | 20 | 4 | 17% |
| 10 - 12 | 8 | 9 | 7 | 2 | 22% |
| 13 - 15 | 3 | 4 | 3 | 1 | 25% |
| 16 - 18 | 4 | 4 | 4 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 37 | 43 | 37 | 6 | 14% |

| Financial Performance Year 2020/21: Financial Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 273999 | 290135 | 317645 | 308258 | 6% |
| Expenditure: | | | | | |
| Employees | 11302 | 31997 | 31997 | 32054 | 0% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 67448 | 79493 | 79493 | 78255 | -2% |
| **Total Operational Expenditure** | 78750 | 111490 | 111490 | 110309 | -1% |
| **Net Operational Expenditure** | -195249 | -178645 | -206155 | -197949 | 10% |
| *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 3.25.5* |

There were no capital projects budgeted for the financial services department during the financial year as per the IDP.

## 3.26 HUMAN RESOURCE SERVICES

With regards to Human Resources we have seen great improvement in terms of policy development as critical HR Policies were developed and reviewed, amongst others the following key policies; Bursary Scheme Policy; Leave Management Policy; Occupational Health and Safety Policy, Remuneration Policy, Recruitment Policy; Code of Conduct and Disciplinary Procedure.

The Equity Plan was reviewed and reported in terms of sec 21 of the Employment Equity Act (Act No. 55 of 1998 as amended) to the Department of Labour.

The Workplace Skills Plan (WSP) was successfully completed and submitted to the Local Government SETA. The following trainings were conducted;

1. Municipal Finance: 5 employees
2. End User Computing: 20 Councillors
3. Commissioner of Oath: 10 employees
4. Occupational Health and Safety: 15 employees
5. Records Management: 1 employee

| Human Resource Services Policy Objectives Taken From IDP | | | | | | |
|---|---|---|---|---|---|---|
| **Service Objectives** | **Outline Service Targets** | **2019/20** | | **2020/21** | | |
| | | **Target** | **Actual** | **Target** | | **Actual** |
| **Service Indicators** | | **Previous Year** | | **Previous Year** | **Current Year** | |
| **(i)** | **(ii)** | **(iii)** | **(iv)** | **(v)** | **(vi)** | **(vii)** |
| **Municipal transformation and institutional development** | | | | | | |
| **Improve organisation knowledge** | Number of section 57 positions filled as per organogram annually | 6 | 4 | 6 | 6 | 4 |
| **Optimise systems administratio n and operating procedures** | Percentage of internal ICT calls logged and resolved. | 100% | 100% | 100% | 100% | 100% |
| | Average number of days taken to finalise internal disciplinary hearings from date of the filing of the misconduct/grievance | 90 | | 90 | 90 | 90 |
| | Implementation of the Schedule 8 of Labour Relations on disciplinary procedure. | 100% | 100% | 100% | 100% | 100% |
| | | | | | | |

| Employees: Human Resource Services | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 2 | 2 | 2 | 0 | 0% |
| 10 - 12 | 2 | 4 | 2 | 2 | 50% |
| 13 - 15 | 2 | 2 | 2 | 0 | 0% |
| 16 - 18 | 0 | 1 | 0 | 1 | 100% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 6 | 9 | 6 | 3 | 33% |

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT systems and infrastructure were stable during the 2020/2021 financial year with no major incidents or security events that would adversely impact service delivery. Information Security continues to be a concern and needs continuous assessment and improvement. The position for ICT manager was appointed. The issues with expired SLA's with some of the service providers are currently being addressed. The policy was also updated and some were reviewed

During national lockdown due to covid19, ICT managed to issue ICT tools trade to key personnel so that they can continue to work from home and providing service delivery service as it is required. ICT has also collaborated with Gauteng E-Government to be assisted in digitalisation of some of the system and also to negotiating Microsoft Enterprise Agreement licenses as small municipalities do not have enough budget to address issues of the software required. The system for COVID19 register is currently up and running and they are assisting in developing a new website.

| Employees: ICT Services | | | | | |
|---|---|---|---|---|---|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 1 | 4 | 1 | 3 | 75% |
| 10 - 12 | 1 | 3 | 2 | 1 | 33% |
| 13 - 15 | 0 | 2 | 0 | 2 | 100% |
| 16 - 18 | 0 | 1 | 0 | 1 | 100% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 10 | 3 | 7 | 70% |

| Financial Performance Year 2020/21: ICT Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2019/20 | 2020/21 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 42 | 0 | 12 | 42 | 100% |
| Expenditure: | | | | | |
| Employees | 1917 | 2545 | 2545 | 3166 | 20% |
| Repairs and Maintenance | 6 | 111 | 105 | 399 | 72% |
| Other | 7133 | 10833 | 10590 | 7979 | -36% |
| **Total Operational Expenditure** | 9056 | 13489 | 13240 | 11544 | -17% |
| **Net Operational Expenditure** | 9014 | 13489 | 13228 | 11502 | -17% |

*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 3.27.5*

**Capital Expenditure Year 2020/21: ICT Services**

R' 000

| Capital Projects | Year 2020/21 | | | | |
|---|---|---|---|---|---|
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1500 | 4004 | 1280 | -17% | |
| | | | | | |
| Project A | 0 | 2126 | 0 | 0% | |
| Project B | 0 | 100 | 100 | 100% | |
| Project C | 1500 | 1472 | 875 | -71% | |
| Project D | 0 | 306 | 305 | 100% | |

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

*T 3.27.6*

## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENTSERVICES

The Legal division handles all Municipal legal matters. Depending on the merits of each matter a decision may be taken to outsource. We are in the process of gazetting by-laws to ensure that the risks associated with litigation are minimized.
Facilities division was established and enhanced through capacitation to ensure efficient and effective management of municipal properties.
Gauteng Provincial Treasury assisted the Municipality in providing risk management services.

The municipality strives to provide efficient procurement services to its internal services in line with Supply Chain Management Policy

**Financial Performance Year 2020/21: Property; Legal; Risk Management and Procurement Services**

R'000

| Details | 2019/20 | Year 2020/21 | | | |
|---|---|---|---|---|---|
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Total Operational Revenue** | 1928 | 5 | 5 | 102 | 95% |
| Expenditure: | | | | | |
| Employees | 26843 | 10475 | 10475 | 8925 | -17% |
| Repairs and Maintenance | 952 | 0 | 0 | 0 | 0% |
| Other | 34401 | 4314 | 6041 | 5959 | 28% |
| **Total Operational Expenditure** | 62196 | 14789 | 16516 | 14884 | 1% |
| **Net Operational Expenditure** | 60268 | 14784 | 16511 | 14782 | 0% |

*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 3.28.5*

| Capital Expenditure Year 2020/21: Property; Legal; Risk Management and Procurement Services | | | | | |
|---|---|---|---|---|---|
| | | | | | R' 000 |
| Capital Projects | Year 2020/21 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 20 | 24 | 100% | |
| | | | | | |
| Project A | 0 | 20 | 24 | 0% | |
| Project B | 0 | 0 | 0 | 0% | |
| Project C | 0 | 0 | 0 | 0% | |
| Project D | 0 | 0 | 0 | 0% | |
| *Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.* | | | | | |
| | | | | | *T 3.28.6* |

## COMPONENT J: MISCELLANEOUS

| |
|---|
| Not applicable the municipality does not provide the above-mentioned functions |

## (PERFORMANCE REPORT PART II)

### 1.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Employees | | | | | |
|---|---|---|---|---|---|
| Description | Year -1 | Year 0 | | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies No. | Vacancies % |
| Water | 47 | 61 | 52 | 9 | % |
| Waste Water (Sanitation) | 67 | 72 | 66 | 6 | % |
| Electricity | 48 | 48 | 44 | 4 | % |
| Waste Management | 31 | 40 | 35 | 5 | % |
| Housing | 10 | 11 | 7 | 4 | % |
| Waste Water (Stormwater Drainage) | 55 | 93 | 55 | 38 | % |
| Roads | 48 | 51 | 46 | 5 | % |
| Planning | 16 | 17 | 15 | 2 | % |
| Local Economic Development | 6 | 8 | 6 | 2 | % |
| Community & Social Services | 143 | 149 | 146 | 3 | % |
| Social Programmes | 9 | 9 | 9 | 0 | % |
| Health | 55 | 55 | 55 | 0 | % |
| Security and Safety | 45 | 50 | 45 | 5 | % |
| Sport and Recreation | 8 | 15 | 9 | 3 | % |

| Employees | | | | | |
|---|---|---|---|---|---|
| Description | Year -1 | Year 0 | | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies No. | Vacancies % |
| Cemetries | 33 | 37 | 26 | 11 | |
| Corporate Policy Offices and Other | 205 | 239 | 212 | 26 | % |
| **Totals** | **826** | **955** | **828** | **123** | – |

*Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.*

*T 4.1.1*

| Vacancy Rate: Year 0 | | | |
|---|---|---|---|
| Designations | *Total Approved Posts No. | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 1 | 100,00 |
| CFO | 0 | 1 | 0 |
| Other S57 Managers (excluding Finance Posts) | 5 | 0 | 0 |
| Other S57 Managers (Finance posts) | 0 | 0 | 0 |
| Police officers | 0 | 0 | 0 |
| Fire fighters | 30 | 27 | 90,00 |
| Senior management: Levels 13-15 (excluding Finance Posts) | 52 | 12 | 23,08 |
| Senior management: Levels 13-15 (Finance posts) | 6 | 1 | 16,67 |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 253 | 31 | 12,25 |

| Vacancy Rate: Year 0 | | | |
|---|---|---|---|
| Designations | *Total Approved Posts<br>No. | *Vacancies (Total time that vacancies exist using fulltime equivalents)<br>No. | *Vacancies (as a proportion of total posts in each category)<br>% |
| Highly skilled supervision: levels 9-12 (Finance posts) | 33 | 6 | 18,18 |
| **Total** | 380 | 79 | 20,79 |

*Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

*T 4.1.2*

| Turn-over Rate | | | |
|---|---|---|---|
| Details | Total Appointments as of beginning of Financial Year<br>No. | Terminations during the Financial Year<br>No. | Turn-over Rate* |
| 2019/2020 | 17 | 20 | 118% |
| 2020/2021 | 24 | 27 | 113% |

** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*

*T 4.1.3*

**Appointments of Executive Managers**

- The Executive Manager Infrastructure Services

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Policies have been developed and approved by Council: -

- Recruitment
- Leave Policy
- Overtime Policy
- Disciplinary Agreement
- EAWP Policy and OHS Policy as a Code of Conduct

HR Section also embarked on reviewing the organizational structure as the outcome of the re-engineering process.

This process entailed amongst others, to ensure signed job description and placed on personal files.

The following committees were established: Employment Equity Committee, the OHS Committee, the HR Development Committee and the Job Evaluation Committee.

All new appointments are being vetted for qualifications and for criminal checks.
All new Section 56 & 57 are sent for competency tests.

The following committees were established the Employment Equity Committee, the OHS Committee, the HR Development Committee and the Job Evaluation Committee have been established.

All new appointments are being vetted for qualifications and for criminal checks. All new Section 57 (now 56's) are sent for competency tests and that is given to the MM and the panel. The municipality has also launched the Employee Self Service.

Employees are now able to apply for leave and view their personal information online. The implementation of ESS will enable the HR section to minimise the Auditor General findings that relate to leave management.

## 4.2 POLICIES

Most policies relevant to Human Resources have been reviewed at LLF Level and implemented in the year under review.

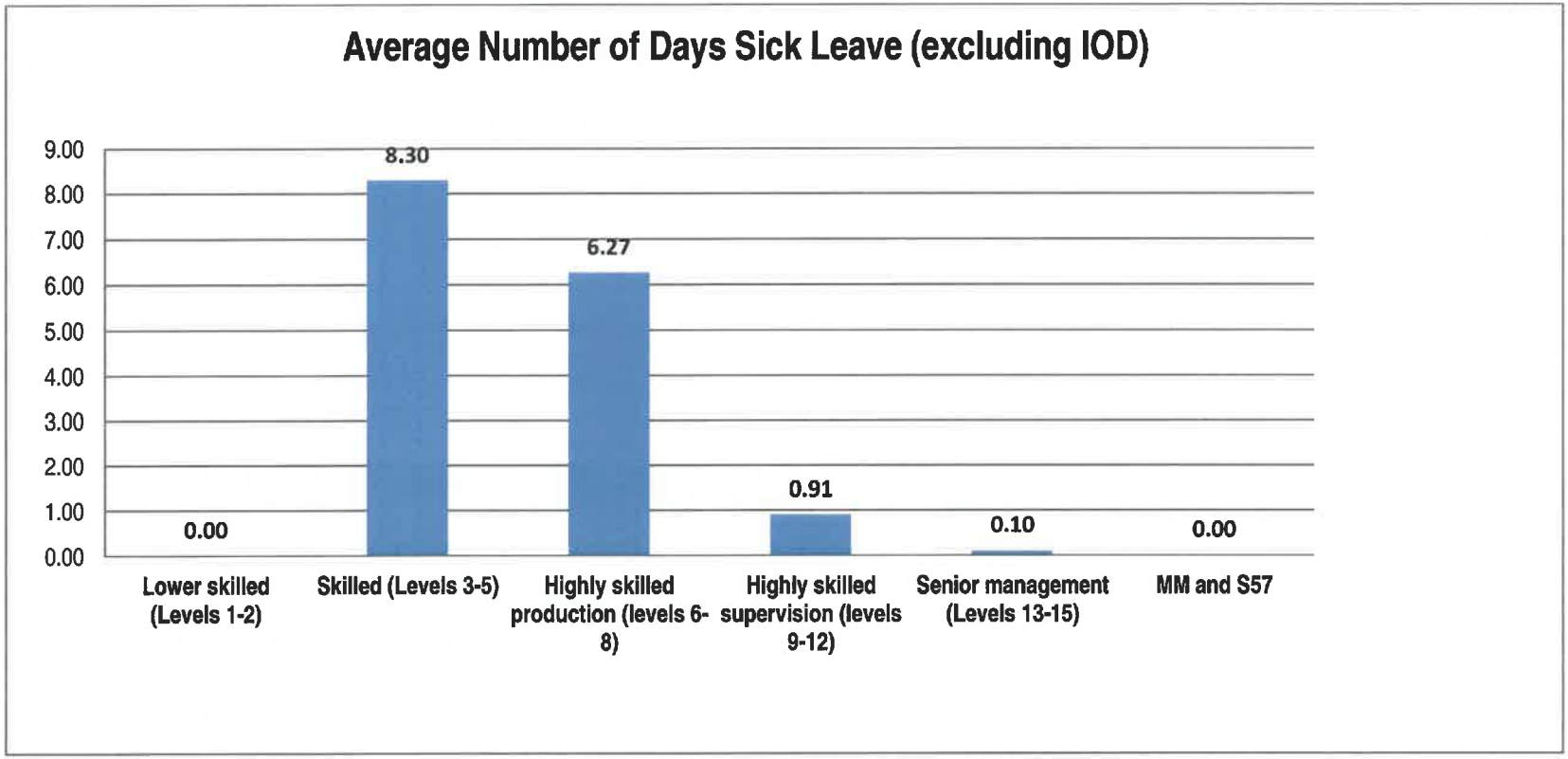
The LLF is fully functional and before any item can be discussed at LLF, it had to be served before the Senior Management Team then to LLF and then finally to Council.

| HR Policies and Plans | | | | |
|---|---|---|---|---|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 1 | Attraction and Retention | 100 | 100 | |
| 2 | Code of Conduct for employees | 100 | 100 | |
| 3 | Delegations, Authorisation & Responsibility | 100 | 100 | |
| 4 | Disciplinary Code and Procedures | 100 | 100 | |
| 5 | Employment Equity | 100 | 100 | |
| 6 | Exit Management | 100 | 100 | |
| 7 | Human Resource Strategy | 100 | 100 | |
| 8 | Information Technology | 100 | 100 | |
| 10 | Leave | 100 | 100 | |
| 12 | Recruitment, Selection and Appointments | 100 | 100 | |

| HR Policies and Plans | | | | |
|---|---|---|---|---|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 13 | OHS Policy | 100 | 100 | |
| 14 | Remuneration Policy | 100 | 100 | |
| 15 | Other: | | | |
| *Use name of local policies if different from above and at any other HR policies not listed.* | | | | |
| | | | | *T 4.2.1* |

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

| Number and Cost of Injuries on Duty | | | | | |
|---|---|---|---|---|---|
| Type of injury | Injury Leave Taken Days | Employees using injury leave No. | Proportion employees using sick leave % | Average Injury Leave per employee Days | Total Estimated Cost R'000 |
| Required basic medical attention only | 21 | 7 | 3.4% | 3 Days | R16 800.00 |
| Temporary total disablement | 6 | 2 | 2.7% | 3 Days | R5100.00 |
| Permanent disablement | 0 | 0 | 0 | 0 | R0.00 |
| Fatal | 0 | 0 | 0 | 0 | R0.00 |
| Total | 27 | 9 | 6.1% | 0 | 21900 |
| | | | | | *T 4.3.1* |


Average Number of Days Sick Leave (excluding IOD)
9.00
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
0.00
8.30
6.27
0.91
0.10
0.00
Lower skilled (Levels 1-2)
Skilled (Levels 3-5)
Highly skilled production (levels 6-8)
Highly skilled supervision (levels 9-12)
Senior management (Levels 13-15)
MM and S57

Municipality has been operating without taking into account the health and safety issues. This year we have prioritized safety of employees by taking the following steps as an intervention: -

An assessment of the working environment was conducted and a status report was compiled.

- Health and safety policy developed
- Health and Safety Committee was established and members have been trained.
- The position of OHS and Wellness Practitioner was appointed. The appointment has helped to deal with all OHS issues, especially with regards to Covid - 19
- The Occupational Health and Safety policy was developed as a guidance tool.

A road show was conducted in order to workshop staff on the importance of safety in the work place.

With regards to sick leave, the trends and tendencies are being monitored by the HR Administrator through a monthly report sending it to supervisor's making them aware of the trends and prompting them to find out reasons for such and to intervene.

Performance Counselling are conducted in instances where serious trends are being picked up before disciplinary action are implemented to ensure corrective action are taken.

| Number and Period of Suspensions | | | | |
|---|---|---|---|---|
| **Position** | **Nature of Alleged Misconduct** | **Date of Suspension** | **Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized** | **Date Finalized** |
| **NONE** | | | | |
| | | | | |
| | | | | |
| | | | | |

| 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 Finalized |
| NONE | | | |
| | | | |
| | | | |
| | | | |

## 4.5 SKILLS DEVELOPMENT AND TRAINING

| Skills Matrix | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees in post as at 30 June Year 0 | Number of skilled employees required and actual as at 30 June Year 0 | | | | | | | | | | | |
| | | | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | No. | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target |
| MM and s57 | Female | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | Male | 1 | 0 | 0 | 4 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Councillors, senior officials and managers | Female | 19 | 8 | 2 | 7 | 0 | 4 | 2 | 4 | 0 | 0 | 0 | 0 | 0 |
| | Male | 46 | 10 | 3 | 10 | 0 | 3 | 1 | 12 | 0 | 3 | 0 | 0 | 0 |
| Technicians and associate professionals* | Female | 123 | 5 | 2 | 20 | 2 | 2 | 10 | 6 | 0 | 0 | 0 | 0 | 0 |
| | Male | 162 | 80 | 45 | 60 | 10 | 2 | 8 | 4 | 0 | 0 | 0 | 0 | 0 |
| Professionals | Female | 54 | 2 | 12 | 6 | 1 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| | Male | 119 | 4 | 25 | 2 | 6 | 10 | 7 | 2 | 0 | 0 | 0 | 0 | 0 |
| Sub total | Female | 40 | 16 | 18 | 30 | 14 | 7 | 10 | 27 | 0 | 0 | 0 | 0 | 0 |
| | Male | 120 | 70 | 80 | 70 | 80 | 15 | 15 | 10 | 0 | 0 | 0 | 0 | 0 |
| Total | | 685 | 195 | 187 | 210 | 113 | 44 | 55 | 67 | 0 | 5 | 0 | 0 | 0 |

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The workforce expenditure is monitored closely and in the year under review the expenditure was kept within the required rate. The newly developed organisational structure is also within 20% and 24% of the norm. There is prioritisation of filling of positions taking into consideration the ever-changing patterns in revenue

### 1.6 EMPLOYEE EXPENDITURE

| Skills Development Expenditure | | | | | | | | | | | R'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees as at the beginning 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 | | | | | | 10 | 20 | 10 | 20 |
| | Male | | | | | | 20 | 25 | 20 | 25 |
| Legislators, senior officials and managers | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Professionals | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Technicians and | Female | | | | | | | | | |
| | Male | | | | | | | | | |

| Skills Development Expenditure | | | | | | | | | | R'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees as at the beginning 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 |
| associate professionals | | | | | | | | | | |
| Clerks | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Service and sales workers | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Plant and machine operators and assemblers | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Elementary occupations | Female | | | | | | | | | |
| | Male | | | | | | | | | |
| Sub total | Female | | | | | | 10 | 20 | 10 | 20 |
| | Male | | | | | | 20 | 25 | 20 | 25 |
| Total | | | | | | | | | | |
| *% and *R value of municipal salaries (original budget) allocated for workplace skills plan. | | | | | | | | | %* | *R |
| | | | | | | | | | | T4.5.3 |

At the end of the 2020/21 financial year, the municipality had met 94% of the budgeted revenue, 100% of the budgeted operating expenditure There is an over expenditure of R15.8m that is attributable to the debt impairment figures.

The highlights are that the municipality continued to maintain its monthly payments for the bulk purchases just like it has for the past three financial years and has remained current on all bulk purchase's accounts.

The municipality is also able to pay creditors within the regulated 30-day period and is not in arrears with regards to the DBSA loan which has biannual payments of about R4.5m.

The municipality has cashflow challenges due to the fact that consumers do not want to pay for municipal services rendered other community members just do not have the means to make the payments, this results in the increasing debt book and high debt impairment figures.

The debt impairment figure, although its a non cash item has a negative impact on the municipal budget as a whole as it amounts to R190m which is R40,9m more than what was budgeted for.
The municipality needs to implement rigorous credit control measures in order to reduce these high figures, a reduction in the debt impairment figures will mean that the municipality will be able to have cash backed reserves, have enough capital and operational budget to ensure continued uninterrupted service delivery to the community of Lesedi as a whole.

The average collection rate of the municipality amounted to 83% which is above the targeted 75% collection rate for the year.

The municipality realised a surplus of R50m for the financial year and this due to the improved financial management within the municipality including the implementation of cost containment measures as well donation of infrastructure assets received amounting to R40m .

**Employee Costs** – 23% of total operating expenditure. This is within the expected norm of 35%.

**Repairs and maintenance costs** - 3% of total expenditure. This appears very low when compared to expected norm of 8% and this is due to budget and cash constraints which limit the municipality when it comes to the ability to perform required repairs and maintenance of municipal infrastructure.
**Finance charges** – are less than 1% of the total operating expenditure, these costs are for employee benefits and interest paid on the DBSA loan. indicating that even though the municipality is in a position to take on additional debt to finance infrastructure investments, it is rather concentrating on improving cash flow by implementing credit control and thus making the debt book liquid enough to internally fund such projects.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The municipality realized a surplus of R91m for the financial year. The impairment of consumer debtors reduced by R30m when compared to the prior year. The municipality will continue to implement credit control and debt collection policy in order to increase the revenue collection and monitor indigent households.

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

| Financial Summary | | | | | | R' 000 |
|---|---|---|---|---|---|---|
| Description | Year -1 | Current: Year 2020/21 | | | Year 2020/21 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| **Financial Performance** | | | | | | |
| Property rates | 109<br>688 | 135<br>626 | 141<br>275 | 140<br>268 | 103% | 99,29% |

## Financial Summary

R' 000

| Description | Year -1 | Current: Year 2020/21 | | | Year 2020/21 Variance | |
|---|---|---|---|---|---|---|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Service charges | 473 509 | 565 328 | 581 662 | 538 592 | 95% | 93% |
| Investment revenue | 31 562 | 35 988 | 35 988 | 40 157 | 112% | 112% |
| Transfers recognised - operational | 129 388 | 162 749 | 187 226 | 180 143 | 111% | 96% |
| Other own revenue | 89 383 | 44 911 | 31 497 | 56 051 | 125% | 178% |
| **Total Revenue (excluding capital transfers and contributions)** | 833 530 | 944 602 | 977 649 | 955 210 | 101% | 98% |
| Employee costs | 177 799 | 215 770 | 215 770 | 217 319 | 101% | 101% |
| Remuneration of councillors | 10 851 | 12 560 | 12 560 | 11 837 | 94% | 94% |
| Depreciation & asset impairment | 34 327 | 39 846 | 38 122 | 35 001 | 88% | 92% |
| Finance charges | 8 166 | 7 608 | 7 608 | 7 402 | 97% | 97% |
| Materials and bulk purchases | 299 245 | 363 307 | 363 307 | 355 788 | 98% | 98% |
| Transfers and grants | – | – | – | – | 0% | 0% |
| Other expenditure | 391 694 | 326 858 | 334 631 | 360 493 | 110% | 108% |
| **Total Expenditure** | 922 081 | 965 948 | 971 998 | 987 840 | 102% | 102% |
| **Surplus/(Deficit)** | (88 551) | (21 347) | 5 651 | (32 629) | 153% | -577% |
| Transfers recognised - capital | 63 423 | 71 074 | 84 364 | 87 500 | 123% | 104% |
| Contributions recognised - capital & contributed assets | | – | – | (4 495) | 0% | 0% |

## Financial Summary

R' 000

| Description | Year -1 | Current: Year 2020/21 | | | Year 2020/21 Variance | |
|---|---|---|---|---|---|---|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| **Surplus/(Deficit) after capital transfers & contributions** | (25 128) | 49 727 | 90 014 | 50 376 | 101% | 56% |
| Share of surplus/ (deficit) of associate | | – | – | | 0% | 0% |
| **Surplus/(Deficit) for the year** | (25 128) | 49 727 | 90 014 | 50 376 | 101% | 56% |
| **Capital expenditure & funds sources** | | | | | | |
| **Capital expenditure** | – | – | – | – | 0% | 0% |
| Transfers recognised - capital | 53 047 | 65 639 | 95 419 | 87 500 | 133% | 92% |
| Public contributions & donations | 7 174 | | | 39 995 | 0% | 0% |
| Borrowing | – | – | – | – | 0% | 0% |
| Internally generated funds | – | 14 052 | 26 021 | 6 586 | 47% | 25% |
| **Total sources of capital funds** | 60 222 | 79 691 | 121 440 | 134 082 | 168% | 110% |
| **Financial position** | | | | | | |
| Total current assets | 281 678 | 441 780 | 325 123 | 287 961 | 65% | 89% |
| Total non current assets | 1 029 334 | 1 445 957 | 1 437 775 | 1 380 036 | 95% | 96% |
| Total current liabilities | 271 977 | 252 264 | 298 245 | 320 393 | 127% | 107% |
| Total non current liabilities | 87 414 | 341 027 | 384 958 | 405 709 | 119% | 105% |
| Community wealth/Equity | 953 125 | 1 104 929 | 1 052 817 | 974 327 | 88% | 93% |
| **Cash flows** | | | | | | |

## Financial Summary

R' 000

| Description | Year -1 | Current: Year 2020/21 | | | Year 2020/21 Variance | |
|---|---|---|---|---|---|---|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Net cash from (used) operating | 80 905 | 125 549 | 68 600 | 83 036 | 66% | 121% |
| Net cash from (used) investing | (47 062) | (79 691) | (121 440) | (94 084) | 118% | 77% |
| Net cash from (used) financing | (4 358) | (4 791) | (4 791) | (4 791) | 100% | 100% |
| **Cash/cash equivalents at the year end** | 29 484 | 41 066 | (57 631) | (15 839) | -39% | 27% |
| **Cash backing/surplus reconciliation** | | | | | | |
| Cash and investments available | 70 866 | 76 638 | 4 894 | 755 028 | 985% | 15428% |
| Application of cash and investments | – | (201 946) | (157 618) | – | 0% | 0% |
| **Balance - surplus (shortfall)** | 70 866 | (125 308) | 32 680 | 755 028 | -603% | 2310% |
| **Asset management** | | | | | | |
| Asset register summary (WDV) | 846 199 | 929 685 | 1 044 646 | 959 453 | 103% | 92% |
| Depreciation & asset impairment | 37 494 | 39 846 | 38 122 | 35 001 | 88% | 92% |
| Renewal of Existing Assets | – | 8 250 | 5 935 | – | 0% | 0% |
| Repairs and Maintenance | 23 758 | 30 582 | 38 776 | 39 133 | 128% | 101% |
| **Free services** | | | | | | |
| Cost of Free Basic Services provided | – | 5 062 | – | – | % | % |
| Revenue cost of free services provided | – | 49 239 | 43 460 | – | % | % |

| Financial Summary | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R' 000 |
| Description | Year -1 | Current: Year 2020/21 | | | Year 2020/21 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| **Households below minimum service level** | | | | | | |
| Water: | – | – | – | – | % | % |
| Sanitation/sewerage: | – | 2 | 2 | – | % | % |
| Energy: | – | 4 | 4 | – | % | % |
| Refuse: | – | 0 | 0 | – | % | % |
| *Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1* | | | | | | *T 5.1.1* |

| Financial Performance of Operational Services | | | | | | |
|---|---|---|---|---|---|---|
| R '000 | | | | | | |
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| **Operating Cost** | | | | | | |
| Water | 161<br>484 | 175<br>263 | 197<br>141 | 252<br>225 | 144% | 127,94% |
| Waste Water (Sanitation) | 52<br>105 | 33<br>417 | 39<br>347 | 46<br>506 | 139,17% | 118,19% |
| Electricity | 350<br>266 | 400<br>622 | 413<br>818 | 376<br>808 | 94,06% | 91,06% |

## Financial Performance of Operational Services

R '000

| Description | Year -1 | Year 0 | | | Year 0 Variance | |
|---|---|---|---|---|---|---|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Waste Management | 414 045 | 504 432 | 761 451 | 443 430 | 99,52% | 95,28% |
| Housing | 756 4 | 515 23 | 688 16 | 043 9 | 38,46% | 54,19% |
| Component A: sub-total | 025 614 | 321 1 065 | 755 1 118 | 025 1 115 | 104,67% | 99,67% |
| Waste Water (Stormwater Drainage) | – | – | – | – | 0,00% | 0,00% |
| Roads | 367 17 | 703 22 | 992 26 | 255 28 | 124,45% | 104,68% |
| Transport | – | – | – | – | 0,00% | 0,00% |
| Component B: sub-total | 367 17 | 703 22 | 992 26 | 255 28 | -16,62% | -15,33% |
| Planning | – | – | – | – | 0,00% | 0,00% |
| Local Economic Development | 075 6 | 806 410 | 604 421 | 168 386 | 94,00% | 91,59% |
| Component B: sub-total | 075 6 | 806 410 | 604 421 | 168 386 | 0,00% | 0,00% |
| Planning (Strategic & Regulatary) | – | – | – | – | 0,00% | 0,00% |
| Local Economic Development | – | – | – | – | 0,00% | 0,00% |
| Component C: sub-total | – | – | – | – | -29,07% | -29,07% |
| Community & Social Services | 598 33 | 076 42 | 554 42 | 562 36 | 31,04% | 85,92% |
| Enviromental Proctection | 297 13 | 025 15 | 935 14 | 588 11 | 31,04% | 77,59% |
| Health | 911 5 | 231 6 | 231 6 | 687 6 | 31,04% | 107,32% |

| Financial Performance of Operational Services<br>R '000 | | | | | | |
|---|---|---|---|---|---|---|
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Security and Safety | 15 324 | 49 047 | 22 275 | 16 825 | 31,04% | 75,53% |
| Sport and Recreation | 4 777 | 5 002 | 5 250 | 5 645 | 31,04% | 107,53% |
| Corporate Policy Offices and Other | 139 982 | 75 757 | 75 412 | 81 418 | 31,04% | 107,96% |
| Component D: sub-total | 212 888 | 193 138 | 62 196 | 158 726 | 31,04% | 255,20% |
| **Total Expenditure** | **850 356** | **1 691 968** | **1 629 547** | **1 688 174** | 99,78% | 103,60% |

In this table operational income is offset agaist operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

*T 5.1.2*

## 5.2 GRANTS

| Grant Performance | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R' 000 |
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| **Operating Transfers and Grants** | | | | | | |
| **National Government:** | **137 457** | **151 148** | **173 548** | **166 815** | 0,1 | - 0,04 |
| Equitable share | 133 765 | 148 231 | 148 231 | 148 231 | - | - |
| Municipal Systems Improvement | – | – | – | – | - | - |
| Expanded Public Works Program Integrated Grant | 1 460 | 1 367 | 1 367 | 1 367 | - | - |
| Finance Management Grant | 1 547 | 1 550 | 1 550 | 1 550 | - | - |
| Other transfers/grants [insert description] | 685 | – | 22 400 | 15 667 | - | - |
| **Provincial Government:** | **7 410** | **7 500** | **9 568** | **7 506** | 0,0 | - 0,27 |
| Health subsidy | – | – | – | – | - | - |
| Libraries plan | 5 258 | 7 000 | 9 068 | 7 006 | 0,0 | - 0,29 |
| Human Settlement | – | – | – | – | - | - |
| Expanded Public Works Program (Cogta) | 1 004 | 500 | 500 | 500 | - | - |

| Grant Performance | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R' 000 |
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Grap 17 Compliance | 1 000 | – | – | – | | |
| Performance Management Services Grant | 149 | – | – | – | - | - |
| **District Municipality:** | **4 165** | **4 101** | **4 101** | **5 328** | 0,2 | 0,23 |
| Health subsidy | 4 165 | 4 101 | 4 101 | 5 328 | - - | - - |
| **Other grant providers:** | **390** | **296** | **78** | **494** | - | - |
| Department of Public Services and Administration | – | – | – | – | - | - |
| Seta | **390** | **296** | **78** | **494** | - | - |
| Bontle Ke Botho | – | – | – | – | - | - |
| *Other grant providers:* | | | | | | |
| **Total Operating Transfers and Grants** | **149 423** | **163 045** | **187 295** | **180 143** | | |

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.*

*T 5.2.1*

All transfers and grants received for the year have been spent for the purposes they were received for where conditions were attached.

No grants were received from other sources.

## 5.3 ASSET MANAGEMENT

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0 | | | | |
|---|---|---|---|---|
| **Asset 1** | | | | |
| Name | Design and construction of roads and stormwater at Kwa-Zanzele Phase 1 | | | |
| Description | Infrastructure (Roads and Stormwater) | | | |
| Asset Type | Roads and Storm Water | | | |
| Key Staff Involved | (Infrastructure for roads and stormwater ) | | | |
| Staff Responsibilities | (Infrastructure for roads and stormwater ) | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | | **16 096 172,62** | | |
| Capital Implications | MIG (Funding) | | | |
| Future Purpose of Asset | Building and roads for a new township establishment | | | |
| Describe Key Issues | Providing of Roads and storm water | | | |
| Policies in Place to Manage Asset | Assest manatance Plans | | | |
| **Asset 2** | | | | |
| Name | Construction of Roads and Stormwater in Heidelburg Ext 23 and 26 | | | |
| Description | Infrastructure | | | |
| Asset Type | Infrastructure (Roads and Stormwater) | | | |
| Key Staff Involved | Roads and Storm Water | | | |
| Staff Responsibilities | Roads and Storm Water | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | | | **9 505 466,17** | |
| Capital Implications | MIG (Funding) | | | |

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0 | | | | |
|---|---|---|---|---|
| **Asset 1** | | | | |
| Future Purpose of Asset | Building and roads for a new township establishment | | | |
| Describe Key Issues | Providing of Roads and storm water | | | |
| Policies in Place to Manage Asset | Assest manatance Plans | | | |
| **Asset 3** | | | | |
| Name | ELECTRIFICATION - OBED NKOSI PHASE 4 | | | |
| Description | Infrastructure (Electricity ) | | | |
| Asset Type | ELECTRIFICATION - OBED NKOSI PHASE 4 | | | |
| Key Staff Involved | Electrical Department (Infrasteucture) | | | |
| Staff Responsibilities | Electrical Department (Infrasteucture) | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | | | 5 231 609,80 | |
| Capital Implications | MIG (Funding) | | | |
| Future Purpose of Asset | Providing of electrification for a new tonship establishment | | | |
| Describe Key Issues | Providing of Roads and storm water | | | |
| Policies in Place to Manage Asset | Asset Manaintance Plans | | | |
| | | | | *T 5.3.2* |

Asset Management remains a concerning area for the municipality mainly due to undue reliance on consultants and lack of capacity that would ensure the transfer of skills by consultants.

| Repair and Maintenance Expenditure: Year 2020/21 | | | | |
|---|---|---|---|---|
| | | | | R' 000 |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 30582 | 38776 | 39133 | -28% |
| | | | | *T 5.3.4* |

Repairs and maintenance expenditure was in line with the budget however the total expenditure of 4% is below the expected norm on 8%

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.5 CAPITAL EXPENDITURE

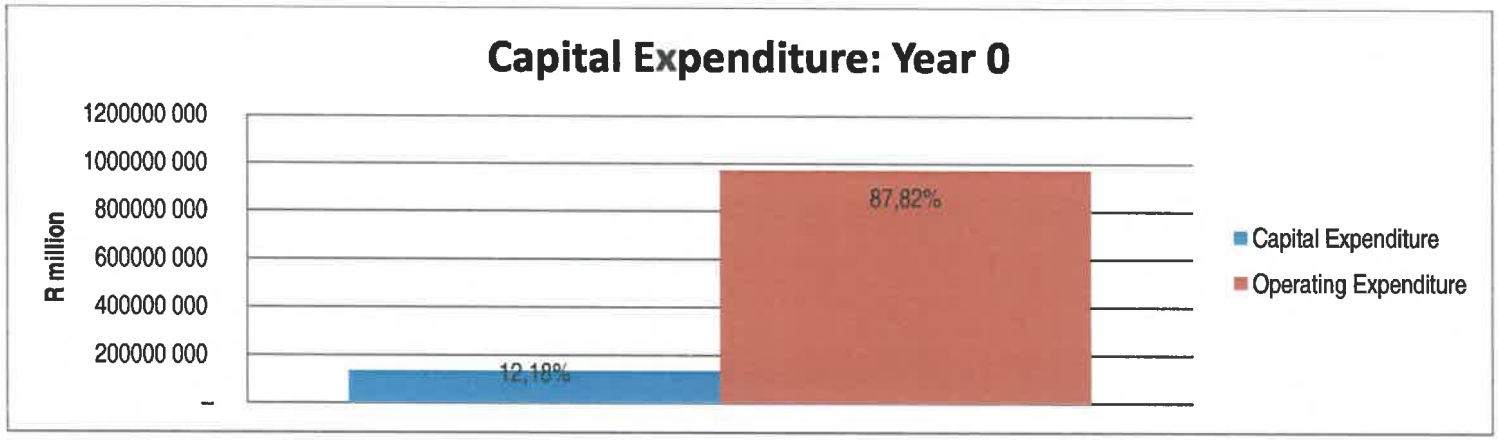
| R million | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|---|---|---|---|---|
| Capital Expenditure | 80 | 121 | 94 | -18,1% | 22,5% |
| | **138** | **135** | **133** | 4,0% | 1,5% |
| Operating Expenditure | 966 | 972 | 988 | -2,3% | -1,6% |
| | **966** | **972** | **988** | -2,3% | -1,6% |
| **Total expenditure** | 1 **104** | 1 **107** | 1 **121** | -1,5% | -1,2% |
| Water and sanitation | 16 | 15 | 9 | 41,6% | 38,9% |
| Electricity | 22 | 45 | 28 | -26,1% | 38,3% |
| Housing | – | – | – | | |
| Roads, Pavements, Bridges and storm water | 30 | 30 | 18 | 39,4% | 39,0% |
| Other | 12 | 32 | 39 | -222,6% | -22,8% |
| | **80** | **121** | **94** | -18,1% | 22,5% |
| External Loans | – | – | – | | |

| R million | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|---|---|---|---|---|
| Internal contributions | 20 | 11 | 7 | 64,6% | 34,9% |
| Grants and subsidies | 60 | 111 | 87 | -45,3% | 21,3% |
| Other | – | – | | | |
| | **80** | **121** | **94** | -18,1% | 22,5% |
| External Loans | – | – | – | | |
| Grants and subsidies | 60 | 111 | 87 | -45,3% | 21,3% |
| Investments Redeemed | – | – | – | | |
| Statutory Receipts (including VAT) | 20 | – | – | 100,0% | |
| Other Receipts | 748 | 11 | 7 | 99,1% | 34,9% |
| | **828** | **121** | **192** [1] | -44,0% | -881,4% |
| Salaries, wages and allowances | 216 | 216 | 217 | -0,7% | -0,7% |
| Cash and creditor payments | (24) | (72) | (27) | -10,5% | 62,7% |
| Capital payments | 80 | 121 | 94 | -17,9% | 22,6% |
| Investments made | – | – | – | | |
| External loans repaid | 5 | 5 | 5 | 0,0% | 0,0% |
| Statutory Payments (including VAT) | – | – | – | | |
| Other payments | – | – | – | | |
| | **276** | **270** | **289** | -4,8% | -7,2% |
| | **Original Budget** | **Adjustment Budget** | **Un-audited Full Year Total** | **Original Budget variance** | **Adjusted Budget Variance** |

| R million | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|---|---|---|---|---|
| Property rates | 136 | 141 | 140 | -3,4% | 0,7% |
| Service charges | 565 | 582 | 539 | 4,7% | 7,4% |
| Other own revenue | 315 | 339 | 364 | -15,6% | -7,3% |
| | **1 016** | **1 062** | **1 043** | -2,7% | 1,8% |
| Employee related costs | 210 | 300 | 217 | -3,6% | 27,7% |
| Provision for working capital | – | – | – | | |
| Repairs and maintenance | 31 | 39 | 39 | -28,0% | -0,9% |
| Bulk purchases | 363 | 363 | 356 | 2,1% | 2,1% |
| Other expenditure | 362 | 270 | 376 | -3,7% | -39,4% |
| | **966** | **972** | **988** | -2,3% | -1,6% |
| Service charges: Electricity | 367 | 358 | 330 | 10,2% | 8,0% |
| Grants & subsidies: Electricity | 19 | 35 | 34 | -76,9% | 3,8% |
| Other revenue: Electricity | 12 | 12 | 15 | -22,7% | -22,7% |
| | **398** | **405** | **378** | 5,0% | 6,7% |
| Employee related costs: Electricity | 20 | 20 | 19 | 2,5% | 3,5% |
| Provision for working capital: Electricity | – | – | – | | |
| Repairs and maintenance: Electricity | 16 | 23 | 21 | -34,1% | 8,4% |
| Bulk purchases: Electricity | 289 | 289 | 271 | 6,0% | 6,0% |

| R million | Original Budget | Adjustment Budget | Un-audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|---|---|---|---|---|
| Other expenditure: Electricity | 76 | 82 | 65 | 14,9% | 20,8% |
| | **401** | **414** | **377** | 5,9% | 8,9% |
| Service charges: Water | 130 | 156 | 142 | -9,0% | 9,0% |
| Grants & subsidies: Water | 16 | 14 | 13 | 20,5% | 12,1% |
| Other revenue: Water | 7 | 7 | 34 | -380,2% | -380,2% |
| | **153** | **177** | **188** | -23,1% | -6,2% |
| Employee related costs: Water | 15 | 14 | 15 | 2,9% | -5,1% |
| Provision for working capital: Water | – | – | – | | |
| Repairs and maintenance: Water | 2 | 3 | 3 | -62,6% | 3,5% |
| Bulk purchases: Water | 75 | 75 | 84 | -13,1% | -13,1% |
| Other expenditure: Water | 27 | 39 | 75 | -176,0% | -93,8% |
| | **119** | **131** | **177** | -49,0% | -35,7% |

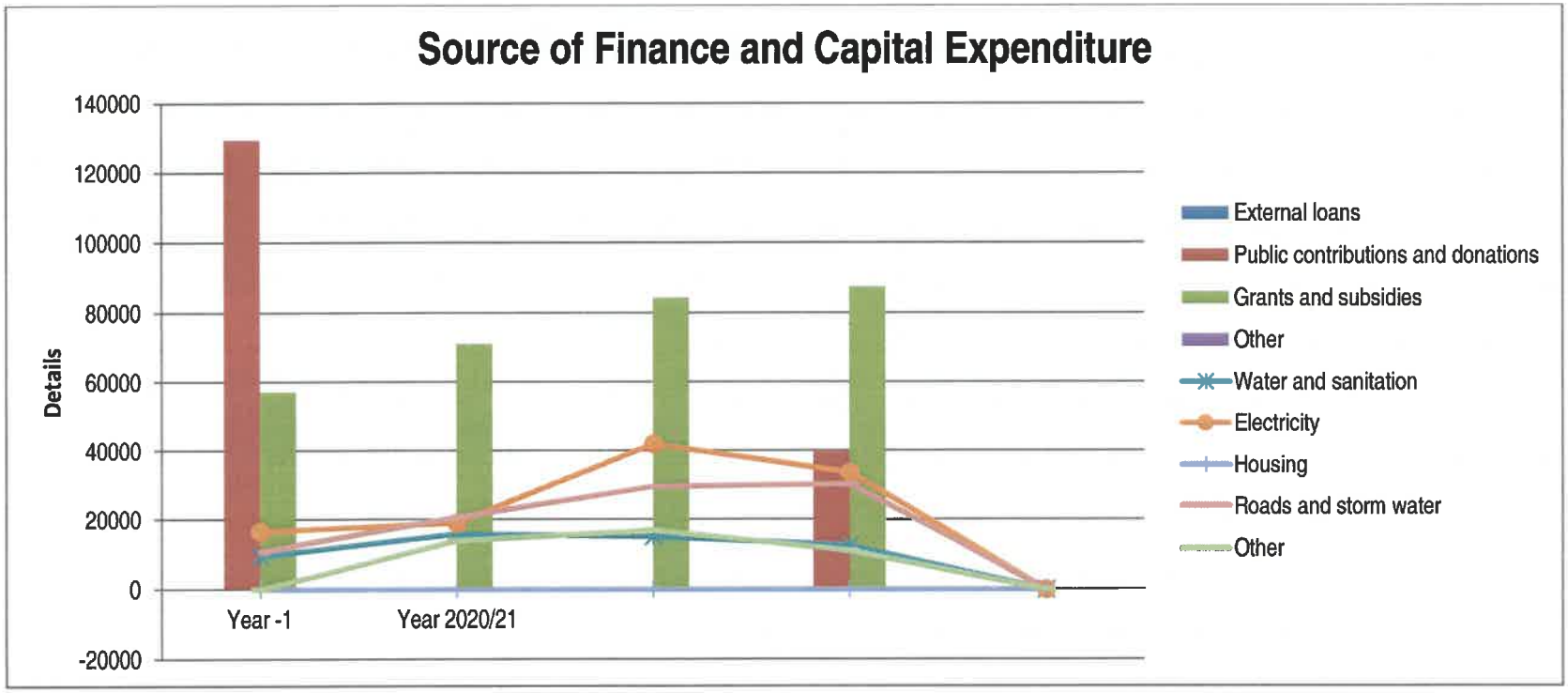
Txxx


Capital Expenditure: Year 0
R million
1200000 000
1000000 000
800000 000
600000 000
400000 000
200000 000
-
12,18%
87,82%
Capital Expenditure
Operating Expenditure

## 5.6.1 CAPITAL EXPENDITURE

| Capital Expenditure - Funding Sources: Year -1 to Year 2020/21 | | | | | | | R' 000 |
|---|---|---|---|---|---|---|---|
| Details | | Year -1 | Year 2020/21 | | | | |
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| **Source of finance** | | | | | | | |
| | External loans | 0 | 0 | 0 | 0 | 0,00% | 0,00% |
| | Public contributions and donations | 129307 | 0 | 0 | 39995 | 0,00% | 0,00% |
| | Grants and subsidies | 57082 | 71074 | 84364 | 87500 | 18,70% | 23,11% |
| | Other | 0 | 0 | 0 | 0 | 0,00% | 0,00% |
| **Total** | | **186389** | **71074** | **84364** | **127495** | **18,70%** | **23,11%** |
| *Percentage of finance* | | | | | | | |
| | External loans | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| | Public contributions and donations | 69,4% | 0,0% | 0,0% | 31,4% | 0,0% | 0,0% |
| | Grants and subsidies | 30,6% | 100,0% | 100,0% | 68,6% | 100,0% | 100,0% |
| | Other | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| **Capital expenditure** | | | | | | | |
| | Water and sanitation | 9533 | 15825 | 15075 | 12575 | -4,74% | -20,54% |
| | Electricity | 16549 | 19000 | 41949 | 33611 | 120,78% | 76,90% |
| | Housing | 47 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | Roads and storm water | 10775 | 20549 | 29506 | 30264 | 43,59% | 47,28% |
| | Other | 0 | 13950 | 16843 | 11050 | 20,74% | -20,79% |

| Capital Expenditure - Funding Sources: Year -1 to Year 2020/21 | | | | | | | R' 000 |
|---|---|---|---|---|---|---|---|
| Details | | Year -1 | Year 2020/21 | | | | |
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| **Total** | | **36904** | **69324** | **103373** | **87500** | **#DIV/0!** | **#DIV/0!** |
| *Percentage of expenditure* | | | | | | | |
| | Water and sanitation | 25,8% | 22,8% | 14,6% | 14,4% | #DIV/0! | #DIV/0! |
| | Electricity | 44,8% | 27,4% | 40,6% | 38,4% | #DIV/0! | #DIV/0! |
| | Housing | 0,1% | 0,0% | 0,0% | 0,0% | #DIV/0! | #DIV/0! |
| | Roads and storm water | 29,2% | 29,6% | 28,5% | 34,6% | #DIV/0! | #DIV/0! |
| | Other | 0,0% | 20,1% | 16,3% | 12,6% | #DIV/0! | #DIV/0! |
| | | | | | | | *T 5.6.1* |


Source of Finance and Capital Expenditure
140000
120000
100000
80000
60000
40000
20000
0
-20000
Details
Year -1
Year 2020/21
External loans
Public contributions and donations
Grants and subsidies
Other
Water and sanitation
Electricity
Housing
Roads and storm water
Other

## 5.7.1 CAPITAL SPENDING ON 5 LARGEST PROJECTS

| Capital Expenditure of 5 largest projects* | | | | | R' 000 |
|---|---|---|---|---|---|
| Name of Project | Current: Year 0 | | | Variance: Current Year 0 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| A - Name of Project | 1 448 000 | 1 448 000 | 1 284 115 | 11% | 0% |
| B - Name of Project | 1 875 000 | 1 875 000 | 1 694 951 | 10% | 0% |
| C - Name of Project | 5 000 000 | 5 000 000 | 5 231 809 | -5% | 0% |
| D - Name of Project | 1 490 590 | 1 490 590 | 1 445 233 | 3% | 0% |
| E - Name of Project | 2 100 000 | 2 100 000 | 1 838 758 | 12% | 0% |
| ** Projects with the highest capital expenditure in Year 0* | | | | | |
| **Name of Project - A** | **Design and construction of roads and stormwater at Kwa-Zanzele Phase 1** | | | | |
| Objective of Project | Access to proper roads and stormwater | | | | |
| Delays | No delays | | | | |
| Future Challenges | No future challenges to be experinced in the future | | | | |
| Anticipated citizen benefits | Community will be benefiting from the project | | | | |
| **Name of Project - B** | **Construction of Roads and Stormwater in Heidelburg Ext 23 and 26** | | | | |
| Objective of Project | Access to proper roads and stormwater | | | | |
| Delays | No delays | | | | |
| Future Challenges | No future challenges to be experinced in the future | | | | |
| Anticipated citizen benefits | Community will be benefiting from the project | | | | |
| **Name of Project - C** | **Electrification Obed Nkosi Phase 4** | | | | |
| Objective of Project | Providing of electrification to a newly establised township | | | | |

| Capital Expenditure of 5 largest projects* | | | | | R' 000 |
|---|---|---|---|---|---|
| Name of Project | Current: Year 0 | | | Variance: Current Year 0 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Delays | No delays | | | | |
| Future Challenges | No future challenges to be experinced in the future | | | | |
| Anticipated citizen benefits | Community will be benefiting from the project | | | | |
| **Name of Project - D** | **Electrification for Ratanda Extension 8** | | | | |
| Objective of Project | Providing of electrification to a newly establised township | | | | |
| Delays | No delays | | | | |
| Future Challenges | No future challenges to be experinced in the future | | | | |
| Anticipated citizen benefits | Community will be benefiting from the project | | | | |
| **Name of Project - E** | **Highmust** | | | | |
| Objective of Project | Lighting for the New established | | | | |
| Delays | No delays | | | | |
| Future Challenges | No future challenges to be experinced in the future | | | | |
| Anticipated citizen benefits | Community will be benefiting from the project | | | | |
| | | | | | *T 5.7.1* |

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Large amounts of infrastructure investments are required over the short to medium term (1 to 10 years) to address the basic services backlogs. Critical bulk water, sanitation and electricity infrastructure are needed for key economic developments and mega housing projects. Roads and stormwater backlogs resulting from prior housing developments which were implemented without these services also needs to be addressed in the short to medium term period.

Maintenance backlogs are being addressed through the operational budget even though not enough due to insufficient allocation. As collection rate is improving more funds will have to be dedicated to address the accumulated backlogs through maintenance and refurbishment. A dedicated form of funding will have to be sourced to fast-track the eradication of the accumulated maintenance backlogs

| Service Backlogs as at 30 June Year 0 | | | | Households (HHs) |
|---|---|---|---|---|
| | *Service level above minimum standard | | **Service level below minimun standard | |
| | No. HHs | % HHs | No. HHs | % HHs |
| Water | 36577 | 94 | 2716 | 6 |
| Sanitation | 36026 | 92 | 3267 | 8 |
| Electricity | 37927 | 94 | 2716 | 6 |
| Waste management | 34184 | 87 | 5109 | 13 |
| Housing | | % | | % |

*% HHs are the service above/below minimum standards as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*

*T 5.8.2*

| Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R' 000 |
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjust-ments Budget | |
| **Infrastructure - Road transport** | | | | % | % | |
| *Roads, Pavements & Bridges* | 20549 | 30264 | 30264 | 0,32 | 0,00 | |
| *Storm water* | | | | % | % | |
| **Infrastructure - Electricity** | | | | % | % | |
| *Generation* | | | | % | % | |
| *Transmission & Reticulation* | | | | % | % | |
| *Street Lighting* | | | | % | % | |
| **Infrastructure - Water** | | | | % | % | |
| *Dams & Reservoirs* | | | | % | % | |
| *Water purification* | | | | % | % | |
| *Reticulation* | | | | % | % | |
| **Infrastructure - Sanitation** | | | | % | % | |
| *Reticulation* | | | | % | % | |
| *Sewerage purification* | | | | % | % | |
| **Infrastructure - Other** | | | | % | % | |
| *Waste Management* | | | | % | % | |

| Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R' 000 |
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjust-ments Budget | |
| *Transportation* | | | | % | % | |
| *Gas* | | | | % | % | |
| ***Other Specify:*** | | | | % | % | |
| Sportfield | | | | % | % | |
| | | | | % | % | |
| | | | | % | % | |
| **Total** | | | | % | % | |

** MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

*T 5.8.3*

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

At the end of the financial year the municipality had R55m in the current and short-term deposits account.

The municipality realised an increased cash flows from operating activities of R83m million during the current financial year compared to R80m. increase in the previous financial year this includes payments to suppliers, employee costs and finance costs, actual cash paid for operating the municipality

A net cash outflow from investing activities amounted to R94m including investments in property plant and equipment of R93m for the current financial year (2019/20 amount invested amounts to R47m.

This indicates that although financial sustainability was a risk, it is not at an unacceptable level whereby the municipality would be unable to continue as a going concern

## 5.9 CASH FLOW TO START HERE

| Cash Flow Outcomes | | | | R'000 |
|---|---|---|---|---|
| Description | Year -1 | Current: Year 0 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Ratepayers and other | 497 280 | 654 767 | 595 611 | 520 168 |
| Government - operating | 160 069 | 162 749 | 185 158 | 170 351 |
| Government - capital | 57 082 | 71 074 | 79 676 | 87 500 |
| Interest | 37 148 | 4 619 | 4 619 | 8 655 |
| Dividends | | | – | – |
| **Payments** | | | | |
| Suppliers and employees | (666 121) | (760 052) | (788 856) | (699 494) |
| Finance charges | (4 553) | (7 608) | (7 608) | (4 144) |
| Transfers and Grants | | – | – | |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **80 905** | **125 549** | **68 600** | **83 036** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Proceeds on disposal of PPE | – | – | – | (97) |
| Decrease (Increase) in non-current debtors | – | – | – | – |

| Cash Flow Outcomes | | | | R'000 |
|---|---|---|---|---|
| Description | Year -1 | Current: Year 0 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Decrease (increase) other non-current receivables | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – |
| **Payments** | | | | |
| Capital assets | (47 062) | (79 691) | (121 440) | (93 986) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(47 062)** | **(79 691)** | **(121 440)** | **(94 084)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| **Receipts** | | | | |
| Short term loans | – | – | – | – |
| Borrowing long term/refinancing | – | – | – | – |
| Increase (decrease) in consumer deposits | – | – | – | – |
| **Payments** | | | | |
| Repayment of borrowing | (4 358) | (4 791) | (4 791) | (4 791) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(4 358)** | **(4 791)** | **(4 791)** | **(4 791)** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **29 484** | **41 066** | **(57 631)** | **(15 839)** |
| Cash/cash equivalents at the year begin: | **41 382** | **35 659** | **70 866** | **70 866** |
| Cash/cash equivalents at the year end: | **70 866** | **14 844** | **30 691** | **55 028** |
| *Source: MBRR A7* | | | | *T 5.9.1* |

## 5.10 BORROWING AND INVESTMENTS

| Actual Borrowings: Year -2 to Year 0 | | | R' 000 |
|---|---|---|---|
| **Instrument** | **Year -2** | **Year -1** | **Year 0** |
| **Municipality** | | | |
| Long-Term Loans (annuity/reducing balance) | 50955 | 46598 | 41806 |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| **Municipality Total** | 50 955 | 46 598 | 41 806 |
| | | | |
| **Municipal Entities** | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |

| Actual Borrowings: Year -2 to Year 0 | | | |
|---|---|---|---|
| | | | R' 000 |
| **Instrument** | **Year -2** | **Year -1** | **Year 0** |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| **Entities Total** | 0 | 0 | 0 |
| | | | *T 5.10.2* |

The municipality only borrowed funds from the Development Bank of South Africa and this are loans that were concluded in previous financial years.

No new borrowing facilities were concluded during the financial year. Investments were made with various banking institutions based on a favourable interest rate and they are largely driven by the conditional grant funding where funds are only withdrawn when certain conditions of the grant are met

# CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

The annual financial statements and annual report (inclusive of the performance report) were submitted to the Auditor-General of South Africa (AGSA) on 31 August 2021. The AGSA will commence with the annual audit during September 2021 and will complete the audit in Novembe 2021. The management and audit reports will be issued by the AGSA to the Executive Mayor, the Municipal Manager and Acting Chief Financial Officer in the 1st week of December 2021.

**AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1**

## 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

**The municipality had an unqualified opinion with other matters from the Auditor-General of South Africa.**

| Auditor-General Report on Service Delivery Performance: Year -1 | |
|---|---|
| **Status of audit report**:** | Qualified opinion on audit of performance information. |
| **Non-Compliance Issues** | **Remedial Action Taken** |
| Non-compliance with municipal performance regulations | Development of standard operating procedures to address short comings in the municipalities performance management system |
| | |
| | |
| | |
| | *T 6.1.2* |

## AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT YEAR 0

| Auditor-General Report on Financial Performance Year 0* | |
|---|---|
| **Status of audit report:** | |
| **Non-Compliance Issues** | **Remedial Action Taken** |
| | |
| | |
| | |
| | |
| *Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.* | T 6.2.1 |

**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**

## 6.3 ACTION PLANS TO ADDRESS AGSA FINDINGS

**ANNEXURE A**

| A | SUMMARISED FINDINGS | DETAILED FINDINGS | ROOT CAUSES | ACTION PLAN | MILESTONE AS PER ACTION PLAN | DUE DATE and OFFICIAL RESPONSIBLE | PROGRESS REPORTED BY MANAGEMENT | EVIDENCE PROVIDED TO IA | RESULTS OF IA VERIFICATION |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Restatement of corresponding figures (7) | As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended 30 June 2020 | Insufficient time allocated for the preparation of the financial statements | Reduction in restated figures | 1.Implementation of year end procedures in May 2022.<br>2. GRAP training for BTO staff | Acting CFO<br><br>15 May 2022 | In Progress | 1.Training schedule and/ training attendance register<br>2. Year end plan | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2. | Significant uncertainties (8) | With reference to note 47 to the financial statement, the municipality is the defendant in various lawsuits. The ultimate outcome of the matters cannot be presently determined and no provision for any liability that may result has been made in the financial statements. | | The contingency liabilities were submitted to Finance however the figures were not reconciling with what the lawyers and the department submitted to AG. Verification of figures will be conducted before submission to AG | | **EM: Corporate Services** | | | |
| 3. | Material impairment (9) | As disclosed in note 6 to the financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors' | Insufficient implementation of credit control policy | Implementation of credit control policy | 1.public awareness on payment for services..... 2.credit control | **Acting CFO** | In Progress | 1.Communicare WRT consumer payments. 2.Credit control report | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | amounts to R931.08million (2019-2020): R747.27 million), which represents 82% (2019-20: 80%) of total consumer debtors. The contribution to the allowance for impairment, as disclosed in note 6 to the financial statements, was R189, 09 million (2019-20: R173, 72 million). | | | | | | | |
| 4. | Material losses – electricity (10) | As disclosed in note 57 to the financial statements, material water losses of R33.0 million (2019-20: R25.2 million) were incurred, which represents 29.42% (2019- | | Finalise the implementation of the Phase 6 pipe replacement and Zonal meters installation to monitor areas contributing to losses. | Complete Phase 6: Asbestos pipeline replacement project. Complete Zonal meters installation Project | EM: Infrastructure | Contractor Phase 6 Appointed in November 2021<br><br>The Zonal Meter project has served on the BSC in December 2021 and will | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 20: 31.21%) of total water purchased. Technical losses amounted to R4.5 million (2019-20: R4.4 million) and were due to the water that was lost through physical loss of water through the water distribution network. Non-technical losses amounted to R28.5 million (2019-20: R20.8 million) and were due to persistent leakages as a result of aging water supply infrastructure and illegal connections | | | | | be advertised in January 2022 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 5. | % of new houses with access to water (23) | The planned target of 100% for this indicator did not specify the period or deadline for delivery | | The target will be revised in the Q3 to be specific and delivery period | Revise the delivery period on the SDBIP to indicate specific Month and Date | **EM: Infrastructure** | No progress to date awaiting SDBIP review process | | |
| 6. | Strategic planning and performance management (29) | Performance targets were not set for each of the KPI's for the financial year, as required by Section 41(1)(b) of the municipal system act and municipal planning and performance management regulation 12(1) | KPIs with targets were approved by council. AGSA finding is not correct. | | | **Andrew and Wendy** | | | |
| 7. | 7.1 Procurement and contract management (30) | Invitation to tender for procurement of commodities designated for local content and production, did not stipulate | Tender adverts did not include threshold however the bid documents included the | Threshold will be included in the advert for commodities designated for local service providers | Threshold will be included in the advert for commoditi es designated for local | **CFO** | In Progress | Tender Advert | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). | relevant threshold | | service providers | | | | |
| 7.2 | 7.2 Procurement and contract management (31) | 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 due to less than 3 quotes being received and emergency procurement | Implementation of procurement plan | Monthly reporting on procurement plan | **Acting CFO** | In Progress | Signed procurement plan | |
| 7.3 | Procurement and contract management (32) | Some of the contracts were awarded to bidders based on points given for criteria that differed from those | Poor document management | All tender documents to be signed for by user departments | Compiling Tender document control register | **CFO** | In Progress | Tender document control register | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations | | | | | | | |
| 8 | 8.1 Expenditure management (33) | Reasonable steps were not taken to prevent irregular expenditure amounting to R10 383 675 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non- | Non compliance with SCM regulations | Implementation of Prevention of irregular expenditure plan | Compiling of quarterly irregular expenditure report and submission to council | **Acting CFO** | In Progress | Irregular expenditure report | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | compliance with SCM Regulation 5. | | | | | | | |
| 8.2 | 8.2 Expenditure management (34) | Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 20 335 944, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by debt impairment | Insufficient credit control | Implementation of credit control | Public awareness and monthly credit control reports | Acting CFO | In progress | Public awareness communicare and credit control reports | |
| 9 | 9.1 Consequence management (35) | Irregular expenditure incurred by the municipality were not investigated to | Lack of capacity within the institution | Outsource investigations as to complianc | Budget and service providers now in place | MM Office | Report submitted to Council on all irregular expenditure. Furthermore, | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA | | e with section 32(2) of MFMA | | | MPAC provided recommendations | | |
| 9 | 9.2 Consequence management (36) | 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. | Lack of capacity within the institution | Outsource investigations as to compliance with section 32(2) of MFMA | Budget and service providers now in place | **MM Office** | Report submitted to Council on all irregular expenditure. Furthermore, MPAC provided recommendations | | |
| 9. | 9.3 Consequent management (37) | Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine inf any person was liable for the expenditure, as required by section 32 | Lack of capacity within the institution | Outsource investigations as to compliance with section 32(2) of MFMA | Budget and service providers now in place | **Acting MM** | Report submitted to Council on all irregular expenditure. Furthermore, MPAC provided recommendations | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | (2)(b) of the MFMA | | | | | | | |
| 10. | 10.1 Information technology governance framework | Management were in the process of updating the ICT strategy document in order to align with the organisational strategy to enable the municipality to achieve its objectives. As a result, the Information and Communicatio n Technology (ICT) strategy for the 2020/21 financial year was defined, but did not include the IT budget. As a result, it was not clear | | The department is finalising the ICT Strategy reviewal to include the budget estimates to be submitted to Council by end February 2022 | | **EM: Corporate Services**<br><br>**28 Feb 2022** | The department is finalising the ICT Strategy reviewal to include the budget estimates to be submitted to Council by end February 2022 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | whether the IT Budget was compiled in alignment to the IT Strategic Plan and overall municipal objectives. | | | | | | | |
| 10.2 | 10.2 Information technology governance framework | In addition, due to budget constraints and management's failure to prioritise the filling of ICT vacancies, key ICT positions remained vacant. | | The proposed organizational structure which include ICT positions will be presented to the new councillors in Q4 | | **EM: Corporate Services** | | | |
| 15. | | | | | | | | | |

# APPENDICES

## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Percentage Council Meetings Attendance % | Percentage Apologies for non-attendance % |
| Cllr MNR Nkosi | FT | Speaker of Council | PR | 80 | 20 |
| Cllr LF Maloka | FT | Executive Mayor, Mayoral Committee Chair | PR | 67 | 33 |
| Cllr TS Moremi | FT | MMC Legal & Corporate Service | PR | 80 | 20 |
| Cllr KM Rakitla | FT | MMC Community Services | PR | 87 | 13 |
| Cllr T Motsepe | FT | MMC LED & Planning | PR | 93 | 7 |
| Cllr TE Ramothibe | FT | MMC Finance | Ward | 80 | 20 |
| Cllr M Motsepe | FT | MMC Infrastructure | Ward | 87 | 13 |
| Cll MP Mtshonyane | PT | Section 80: Legal & Corporate/Infrastructure | Ward | 87 | 13 |
| Cllr PR Mchunu | PT | Section 80: Community Services | Ward | 93 | 7 |
| Cllr E Magazi | PT | Section 80: Lega & Corporate, Infrastrusture and Petition (Sec 79) | Ward | 93 | 7 |
| Cllr T Gama | PT | Section 80: Finance, Infrastructure, MPAC and Petition (Sec 79) | Ward | 93 | 7 |
| Cllr T Mofokeng | PT | Section 80: Community Services, LED&Planning and Petition (Sec 79) | Ward | 80 | 20 |
| Cllr Z Twala | PT | Section 80: Finance, Legal & Corporate and MPAC (Sec 79) | Ward | 87 | 13 |
| Cllr MA Mulder | PT | Secttion 80: Finance, Legal & Corporate | Ward | 73 | 27 |
| Cllr G Holtzhausen | PT | Section 80: Finance, LED& Planning and MPAC (Sec 79) | Ward | 93 | 7 |
| Cllr S Paul | PT | Section 80: Legal & Coorporate and MPAC (Sec 79) | Ward | 73 | 27 |
| Cllr S Mnyakeni | PT | MPAC Chairperson (Sec 79) | Ward | 100 | 100 |
| Cllr M Lukhele | PT | Petition Committee Chairperson (Sec 79) | Ward | 87 | 13 |
| Cllr B Mogorosi | PT | Section 80: Infrastructure, LED&Planning and Petition (Sec 79) | PR | 73 | 27 |
| Cllr RS Hlatshwayo | PT | Section 80: Infrastructure, LED&Planning | PR | 33 | 67 |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Percentage Council Meetings Attendance % | Percentage Apologies for non-attendance % |
| Cllr Z Abdullah | PT | Section 80: Finance and MPAC (Sec 79) | PR | 40 | 60 |
| Cllr M Boshoff | PT | Section 80: All, MPAC and Petition ( Sec 79) | PR | 87 | 13 |
| Cllr M Malefela | PT | Section 80: Legal & Corporate | PR | 87 | 13 |
| Cllr LS Gamede | PT | Section 80: LED & Planning and Finance | PR | 87 | 13 |
| Cllr T Nyembe | PT | Section 80: Community Services and Petition (Sec 79) | PR | 93 | 7 |
| Cllr M Sabasaba | PT | Section 80: Finance and MPAC (Sec 79) | PR | 66 | 34 |
| *Note: * Councillors appointed on a proportional basis do not have wards allocated to them* | | | | | *T A* |

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | |
|---|---|
| **Municipal Committees** | **Purpose of Committee** |
| Finance Committee | Financial issues, Council Budget |
| Economic LED and Planning | Town Planning Promotion Local Economic Development |
| Infrastructure Committee | Service delivery Maintenance of Infrastructure |
| Community Service | Community Development Safety and Security Recreational issues Libraries, Sports promotion |
| MPAC | Oversight of Council Funds |
| Audit and Performance and Risk Committee | Audit, Performance Risk management of Council |
| | |
| | |

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | | |
|---|---|---|
| **Directorate** | **Title** | **Director/Manager (State title and name)** |
| Municipal Manager (Acting) | Acting Municipal Manager | S'busiso Dlamini |
| | Senior Manager Monitoring & Reporting (Acting) | Andrew Machitje |
| | Internal Auditor | Lizo Ndabeni |
| Executive Mayor | Executive Mayor | Cllr Mluleki Nkosi |
| | Manager Office of the Executive Mayor | Mr Jabu Marwa |
| Corporate Services | Executive Manager Corporate Services | Advocate Gugulethu Thimane |
| | ICT Manager | Yvonne Ratombo |
| | Human Resource Manager | Nerina Ramsammy(Acting) |
| | Manager Facilities and Maintenance | Jankie Khumalo |
| | Manager Administration Support | Vacant |
| Finance | CFO (Acting) | Gugu Mncube |
| | Manager Expenditure | Vacant |
| | Manager SCM | Paul Malgas |
| | Manager Asset and Insurance | Vacant |
| | Manager Management Accounting | Gugu Mncube |

| Third Tier Structure | | |
|---|---|---|
| **Directorate** | **Title** | **Director/Manager (State title and name)** |
| | Manager Revenue | Sindiswa Boyi |
| Infrastructure Services | Executive Manager Infrastructure Services | Ms. Thobeka Zondi |
| | Senior Manager Roads, Stormwater and Public Service | Vacant |
| | Senior Manager Water, Sanitation and Water Management | Star Moholobela |
| | Senior Manager Electrical | Jacqueline Mbebwe |
| LED & Planning | Executive Manager LED & Planning | S'busiso Dlamini |
| | Manager Local Economic Development | Vacant |
| | Assistant Manager IDP & Planning | Andrew Machitje |
| | Manager Regional & Town Planning | Vacant |
| Community Services | Executive Manager Community Services | Dr. Nompumelelo Khawula |
| | Manager Health & Social Services | Corrie Verster |
| | Manager Traffic & Public Safety | Meshack Makhubu |
| | Manager Facilities & Amenities | Solly Sibaya |

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

| MUNICIPAL FUNCTIONS | Municipal / Entity Functions | |
|---|---|---|
| | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| **Constitution Schedule 4, Part B functions:** | | |
| **Air pollution** | Yes | n/a |
| **Building regulations** | Yes | n/a |
| **Child care facilities** | Yes | n/a |
| **Electricity and gas reticulation** | Yes | n/a |
| **Firefighting services** | Yes | n/a |

| MUNICIPAL FUNCTIONS | Municipal / Entity Functions<br>Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
|---|---|---|
| **Local tourism** | Yes | n/a |
| **Municipal airports** | No | n/a |
| **Municipal planning** | Yes | n/a |
| **Municipal health services** | Yes | n/a |
| **Municipal public transport** | Yes | n/a |
| **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 | n/a |
| **Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto** | Yes | n/a |
| **Stormwater management systems in built-up areas** | Yes | n/a |
| **Trading regulations** | Yes | n/a |
| **Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems** | Yes | n/a |
| **Beaches and amusement facilities** | No | n/a |
| **Billboards and the display of advertisements in public places** | No | n/a |
| **Cemeteries, funeral parlours and crematoria** | Yes | n/a |
| **Cleansing** | Yes | n/a |

| MUNICIPAL FUNCTIONS | Municipal / Entity Functions | |
|---|---|---|
| | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| Control of public nuisances | Yes | n/a |
| Control of undertakings that sell liquor to the public | Yes | n/a |
| Facilities for the accommodation, care and burial of animals | Yes | n/a |
| Fencing and fences | Yes | n/a |
| Licensing of dogs | No | n/a |
| Licensing and control of undertakings that sell food to the public | Yes | n/a |
| Local amenities | Yes | n/a |
| Local sport facilities | Yes | n/a |
| Markets | Yes | n/a |
| Municipal abattoirs | No | n/a |
| Municipal parks and recreation | Yes | n/a |
| Municipal roads | Yes | n/a |
| Noise pollution | No | n/a |
| Pounds | No | n/a |
| Public places | Yes | n/a |
| Refuse removal, refuse dumps and solid waste disposal | Yes | n/a |
| Street trading | Yes | n/a |
| Street lighting | Yes | n/a |
| Traffic and parking | Yes | n/a |

| 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 |
| Ward 1 | Cllr M Mtshonyane. Ward Committee members: H. Nyawuza, J. Mnguni, N. Radebe, B. Sobopho, P. Magazi, E. Molefe, T. Mazibuko, T. Ndlovu, V. Mashinini and T. Hlophe | Yes | 0 | 0 | 0 |
| Ward 2 | Cllr PR Mchunu. Ward Committee members: P. Mabena, L. Mbele, G. Mokoena, P. Tsotetsi, L. Nhlapho, V. Dhlamini, M. Tsholanku, T. Mlaba, J. Lekala, M. Sebiloane | Yes | 0 | 0 | 0 |
| Ward 3 | Cllr TE Ramothibe. Ward Committee members: N. Mahlangu, B. Nkosi, L. Hlahane, S. Mnguni, L. Mashinini, E. Mbele, D. Mthembu, S. Mazibuko, E. Tsoari, T. Makgale | Yes | 0 | 0 | 0 |

| 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** |
| Ward 4 | Cllr E Magazi. Ward Committee members: F. Dibate, B. Mahlangu, I. Ketsekile, S. Motloaka, M. Molefe, M. Manave, N. Motespe, T. Nhlanhla, M. Motloung, S. Malakoane. | Yes | 0 | 0 | 0 |
| Ward 5 | Cllr T. Gama. Ward Committee members: S. Mthethwa, L. Nkabinde, M. Nkoko, B. Nkomo, T. M.Makhanya, T. Mofokeng, E. Masilela, J. Mbhele, N. Moloi, J. Nhlapho | Yes | 0 | 0 | 0 |
| Ward 6 | Cllr T Mofokeng, Ward Committee members: V. Sukazi, S. Gxubane, J. Tsotetsi, F. Shabangu, S. Maarman, N. Mohapi, M. Maleke, M. Morontshi, P. Mashinini, D. Mathabela. | Yes | 0 | 0 | 0 |
| Ward 7 | Cllr Z Twala. Ward Committee members: A. Majola, G. Mfene, J. Lushaba, S. Motaung, T. Mazibuko, P. Zulu, N. Cindi, D. Sentoeli, A. Thango, T. Khumalo | Yes | 0 | 0 | 0 |

| 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** |
| Ward 8 | Cllr M. Mulder. Ward Committee members: N. Tsotetsi, S. Kubheka, T. Ndaba, P. Cloete, J. Coetzee, M. Carver, P. Mfene, B. Thenjekwayo, G. Yusuf, N. Dube. | Yes | 0 | 0 | 0 |
| Ward 9 | Cllr G. Holtzhause. Ward Committee members: J. Britt, R. Du Plooy, H. Brits, S. Lemon, W. Venter, E. Du Plessis, W. Boshoff, L. Barnard, M. van Neirop, S. Mchunu. | Yes | 0 | 0 | 0 |
| Ward 10 | Cllr S. Paul. Ward Committee members: T. Ndlangisa, D. Masombuka, R. Gwayisa, E. Macala, N. Mbatha, P. Nkosi, G. Masoga, J. van Rensburg, C. Erusmus, J. Lottering. | Yes | 0 | 0 | 0 |
| Ward 11 | Cllr M. Motsepe. Ward Committee members: T. Kubheka, T. Mbele, H. Olifant, C. Motaung, S. Manana, M. Tshabalala, M. Kekana, A. Radebe, D. Tshabangu | Yes | 0 | 0 | 0 |

| 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** |
| Ward 12 | Cllr S. Mnyakeni. Ward Committee members: Q. Mkhonto, P.Nhlapho, S. Nkosi, C. Mkhonza, P. Mngwevu, C. Mbonani, M. Mkhonza, J. Mngwevu. D. Mlangeni. | Yes | 0 | 0 | 0 |
| Ward 13 | Cllr M. Lukhele. Ward Committee members: B. Madala, J. Mnguni, B. Motaung, S. Zondo, F. Mobe, T. Mphafudi, B. Makanku, M. Mbonani, P. Nkosi | Yes | 0 | 0 | 0 |
| | | | | | *TE* |

Ward Committee could not be held due to Covid 19 regulations.

## APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

**People Centered & Performance Driven Municipality**

**ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR 2020/21 FY**

**TO BE PRESENTED IN**

**THE ORDINARY COUNCIL MEETING SCHEDULED TO BE HELD ON 31 JANUARY 2022 IN THE COUNCIL CHAMBERS**

**LESEDI LOCAL MUNICIPALITY AUDIT COMMITTEE MEMBERS:**

Mr. Trevor Boltman - Chairperson

Ms. Ayanda Noah – Member

Advocate Thembi Bokako - Member

Mr. Roelf Loubser – Member (Resigned during the year)

Mr. Mzonke Nondwangu – Member (appointed on 31/07/2019)

Ms. Cindy Smith – Member (appointed during the 2020/21 financial year)

## 1. INTRODUCTION

1.1. The Audit Committee (AC) has pleasure in submitting to the Council its annual Audit Committee Report regarding the responsibilities of the Audit Committee on items received from Management for the year ended 30 June 2021. These responsibilities include:

1.1.1. To provide an independent opinion about the internal audit function within the municipality;

1.1.2. To provide an independent opinion about the risk management, governance and internal controls within the municipality.

## 2. THE LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

2.1. In terms of Section 166(1) of the Local Government: Municipal Finance Management Act number 56 of 2003, MFMA requires each municipality to have an Audit Committee.

2.2. Reading with Act number 108 of 1996 (The Constitution of the Republic of South Africa, 1996), Chapter 13 (Finance), the Audit Committee as regulated is required to provide Council with a report containing all related activities the Audit Committee has attended to with recommendations advising Council established in terms of Local Government: Municipal Structures Act, 1998 (Act number 117 of 1998) and the Management as appointed by council in terms of section 56 of the Municipal Systems Act, 2000.

2.3. It needs mentioning that the Audit Committee remains an INDEPENDENT ADVISORY BODY which MUST advise and perform the following roles and responsibilities of the municipal council:

2.3.1. Advise the Municipal Council, Political Office-Bearers, Accounting Officer and Management of the municipality and its entire staff on matters related to the following:

2.3.1.1. internal financial control and internal audits;
2.3.1.2. risk management;
2.3.1.3. accounting policies;
2.3.1.4. the adequacy, reliability and accuracy of financial reporting and information;
2.3.1.5. performance management;
2.3.1.6. performance evaluation;
2.3.1.7. effective application of governance;
2.3.1.8. Compliance with the annual Division of Revenue Act and any other applicable local government legislation and
2.3.1.9. Any other issues referred to it by the municipality.

2.3.2. In addition, sections 166(2) (b) (c) (d) and (e) requires from the committee to review the financial statements of Lesedi Local Municipality and provide the Council of the municipality with an authoritative and credible view of the FINANCIAL POSITION, PERFORMANCE, COMPLIANCE, EFFECIENCY and EFFECTIVENESS of the municipality and its overall level of compliance with legislations read in conjunction with the Division of Revenue Act and other related local government legislation:

2.3.2.1. responding to Council on all matters raised by the Auditor-General South Africa in the Audit Report,

2.3.2.2. Recommending the carrying out of investigations into the financial affairs of the municipality as the Council may request,

2.3.2.3. Performing any of the functions as prescribed or regulated.

2.3.3. In performing its functions, the Audit Committee must:

2.3.3.1. Have unrestricted access the financial records and other relevant information of the municipality relating to matters relevant to the duties of the Audit Committee,

2.3.3.2. Liaise with the internal audit of the municipality and

2.3.3.3. Liaise with the person designated by the Auditor General to audit the financial statements of the municipality.

2.3.4. Other roles of the Audit Committee include:

2.3.4.1. Providing leadership and direction,

2.3.4.2. Fulfilling with the oversight responsibility of municipal council,

2.3.4.3. Maintaining working relationships with municipal council, management and audit committee members.

## 3. GOVERNANCE OF THE AUDIT COMMITTEE

3.1. The Audit Committee held three Audit Committee meetings with management, AGSA and oversight bodies reviewing the 2020/2021 financial year audit work on the dates listed below:

| Date | Mr. T Boltman | Ms. A Noah | Advocate T Bokako | * Mr. R Loubser | Mr. M Nondwangu |
|---|---|---|---|---|---|
| 12 Aug 2020 | Present | Present | Present | Present | Present |
| 17 Sep 2020 | Present | Present | Present | Apology | Present |
| 21 Oct 2020 | Present | Present | Present | Present | Present |
| 20 Nov 2020 | Present | Present | Present | Present | Present |
| 25 Jan 2021 | Present | Present | Present | Present | Present |
| 19 Feb 2021 | Present | Present | Present | Present | Present |
| 03 Mar 2021 | Present | Present | Present | Present | Present |
| 15 Apr 2021 | Apology | Present | Present | Apology | Present |
| 23 Jun 2021 | Present | Present | Present | Resigned | Present |

## 4. INTERNAL CONTROL AND INTERNAL AUDITS

4.1. The Audit Committee noted significant internal control deficiencies and recommended that management ensure that the system of internal control is improved going forward. In that regard management developed an Audit Improvement Plan; however, the actions in the plan were not fully implemented resulting in AGSA and Internal Audit reporting various instances of control deficiencies and noncompliance matters.

4.2. The Audit Committee developed a workplan and approved an Internal Audit plan, rigorously reviewed the management reports, regularly reviewed management's progress with implementing actions to improve the system of internal control, risk management and governance as well as performance and utilization of grant funds.

4.3. The table below provides an overview of the results of the internal audits conducted during the 2020/21 financial year:

**SUMMARY OF FINAL INTERNAL AUDIT REPORTS ISSUED TO MANAGEMENT IN 2020/21 FINANCIAL YEAR**

| Project | Status | Overall conclusion |
|---|---|---|
| 2019/20 Quarter 4 Performance Information Review | Completed | Weak |
| 2019/20 Annual Financial Statements (AFS) Review | Completed | Weak |
| 2019/20 Annual Performance Report (APR) Review | Completed | Weak |
| 2020/21 Quarter 1 Performance information Review – report issued. | Completed | Weak |
| Infrastructure Services Review | Completed | Weak |
| 2020/21 Quarter 2 Performance information Review – report issued. | Completed | Weak |
| SCM & Contract Management | Completed | Weak |
| Revenue Management | Completed | Acceptable |
| Performance Information Q3 Review | Completed | Acceptable |
| ICT Review | Completed | Weak |
| Fleet and Facilities Review | Completed | Weak |

4.4. A concerted effort to address the findings raised by Internal Audit is required to improve the system of internal control. This will require management to develop and implement monitor an action plan to address both Internal Audit and AGSA audit findings which action plan is based on an in-depth root cause analysis. This plan will have to be monitored on a monthly basis by management and quarterly by the oversight committees including the Audit Committee.

## 5. RISK MANAGEMENT

5.1. The Audit Committee advised management during the 2018/19 financial year to consider including a Risk Management Unit under the leadership of a dedicated Chief Risk Officer on the post establishment of the Municipality. However, this had not yet been done as it was reported that the revised organizational structure was not yet approved and financial constraints. The limited resources in the Risk Management Unit resulted in limited coverage of the risk scope and Risk Management Committee meetings did not always take place.

5.2. The Audit Committee is of the view that a concerted effort is required to ensure that risk management becomes an integral and embedded process in all activities of the municipality.

## 6. PERFORMANCE MANAGEMENT

6.1. The Audit Committee noted the audit findings and recommendations made by the Auditor-General and Internal Audit regarding the reported Performance Management Information of the municipality and will monitor that the recommendations will be implemented adequately and effectively during the 2021/2022 financial year.

6.2. Furthermore, the Audit Committee advised management to immediately address all the material findings reported by both Internal Audit and AGSA through an Audit Implementation Action Plan dubbed "Operation Clean Audit", which will be reported on quarterly to the Audit Committee and the Municipal Council.

## 7. EFFECTIVE GOVERNANCE

7.1. MFMA imposes various responsibilities on the Accounting Officer concerning financial, risk management and internal control.

7.2. Essential to achieving this, is the implementation of certain key governance responsibilities.

7.3. The following key governance structures of the Municipality were functional:

7.3.1. Municipal Public Accounts Committee (MPAC);

7.3.2. Mayoral Committee (MAYCO);

7.3.3. Council;

7.3.4. Executive Committee; and

7.3.5. Section 80 Committees.

7.4. Audit Committee and Internal Audit structures were functional during course of the 2020/2021 financial year.

## 8. COMPLIANCE WITH THE ACTS, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION

8.1. The Audit Committee noted the audit findings on material non-compliance with specific matters relating to key legislation and advised management to adequately implement the recommendations made by Internal Audit and the Auditor-General.

## 9. PERFORMANCE EVALUATION

9.1. The performance evaluation of the Section 56/57 Managers reporting directly to the Municipal Manager for the reporting period ended 30 June 2021 was conducted and completed.

9.2. The Audit Committee advised management to address all performance evaluation challenges during 2021/2022 financial year.

## 10. ANY OTHER ISSUE(S) REFERRED TO THE AUDIT COMMITTEE BY THE MUNICIPALITY

10.1. The Municipality currently functions with vacancies at Executive Management level, including Municipal Manager and Chief Financial Officer, which does have a negative effect on the effective and efficient management of the municipality.

10.2. Audit Committee has noted the efforts made by Council to fill those positions; however, the Audit Committee would like to request that the process be sped up.

## 11. REVIEW OF ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

11.1. The Audit Committee reviewed the draft Annual Financial Statements (AFS) and the draft Annual Performance Report (APR) for the year ended 30 June 2021 as presented by management at the Audit Committee meeting held on the 27 August 2021 and 31 August 2021. The Audit Committee made recommendations for the improvement of the quality of the afore-mentioned reports and though management implemented some of the recommendations, the AGSA identified certain material misstatements in the AFS and APR which resulted in the opinion as expressed by the AGSA in its audit report.

## 12. THE AUDITOR - GENERAL OF SOUTH AFRICA (AGSA)

12.1. The Audit Committee noted the opinion of the AGSA on the Annual Financial Statements for the year ended 30 June 2021 and recommends that the audited Annual Financial Statements, together with the audited Annual Performance Report, be adopted by Council.

## 13. APPRECIATION

13.1. The Audit Committee expresses its sincere appreciation to the following:

13.1.1. Municipal Council,

13.1.2. Speaker,

13.1.3. Executive Mayor,

13.1.4. Acting Municipal Manager,
13.1.5. Executive Managers and Acting Executive Managers,
13.1.6. Management including the entire municipal staff,
13.1.7. Auditor-General of South Africa,
13.1.8. Gauteng Provincial - Treasury,
13.1.9. Gauteng Provincial - COGTA and
13.1.10. Internal Audit.

Date: 19 January 2022

**Mr. Trevor Boltman**
**Chairperson of the Audit Committee: Lesedi Local Municipality**

## APPENDIX G – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

| Long Term Contracts (20 Largest Contracts Entered into during Year 0) | | | | | |
|---|---|---|---|---|---|
| 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 |
| BUSINESS CONNEXION | INFORMATION,COMMUNICATION AND TECHNOLOGY INFRASTRUCTURE | 11-May-2009 | 11-May-2012 | Yvonne Ratombo | R 6,105,828.60 |
| BUSINESS CONNEXION | INFORMATION,COMMUNICATION AND TECHNOLOGY INFRASTRUCTURE | 11-May-2009 | 11-May-2012 | Yvonne Ratombo | R 211,919.89 |
| SHANDUKANI TECHNOLOGIES | WEBSITE MAINTENACE | 1-Nov-2011 | 11-Jan-2014 | Yvonne Ratombo | R 90,000.00 |
| WEBB INDUSTRIES | POINT TO POINT LINK SYSTEM | 1-Nov-2002 | 1-Nov-2007 | Yvonne Ratombo | R 196,704.00 |
| DBSA | RATANDA ELECTRICITY SUPPLY | 30-Jun-2006 | 30-Jun-2021 | MRS SINDI BOYI | 5,000,000.00 |
| DBSA | LONG TERM LOAN | 16-Jan-2010 | 16-Jan-2030 | MRS SINDI BOYI | 9,000,000.00 |
| DBSA | LONG TERM LOAN | 16-Jan-2010 | 16-Jan-2022 | MRS SINDI BOYI | 4,000,000.00 |
| DBSA | LONG TERM LOAN | 18-Jan-2008 | 18-Jan-2028 | MRS SINDI BOYI | 35,000,000.00 PLUS INTEREST |
| DBSA | LONG TERM LOAN | 1-Jul-2010 | 1-Jul-2030 | MRS SINDI BOYI | R7,807,015.00 |

| | | | | | |
|---|---|---|---|---|---|
| DBSA | LONG TERM LOAN | 1-Jul-2010 | 1-Jul-2030 | MRS SINDI BOYI | R16,000,000.00 |
| DBSA | LONG TERM LOAN | 1-Jul-2010 | 1-Jul-2022 | MRS SINDI BOYI | R5,171,700.00 |
| ABSA BANK | BANKING SERVICES | 13-Jul-2013 | 30-Jun-2018 | MRS MAGDA LAWRENSON | R2,236,800.00 |
| QUIDITY CC | RECORDS MANAGEMENT AND CONTROL OF RECORDS | 31-Mar-2010 | 31-Mar-2013 | MRS DUDU TSHABALALA | R4276.11 INCL.VAT FOR THE 1ST YEAR AND BE ADJUSTED ANNUALLY IN CPIX |
| ENDIPHASE | RE-CONNECTION AND CONNECTION OF ELECTRICAL METERS | 1-Jun-2013 | 1-Jun-2016 | MRS SINDI BOYI | BASED ON THE AMOUNT STATED ON THE TENDER DOCUMENT |
| SCHINDLER LIFTS (SA) (PTY) LTD | REPAIR AND MAINTANANCE OF LIFTS IN LESEDI LM | 1-Nov-03 | 1-Nov-08 | MR. JANKIE KHUMALO | R2 104.00 SUBJECT TO ANNUAL ESCALATION |
| FOCUS FORM | PREPARATION AND PRINTING OF STATEMENTS | 6-Sep-12 | 5-May-15 | MRS SINDI BOYI | BASED ON THE AMOUNT STATED ON THE TENDER DOCUMENT |
| MODE-RES VALUERS CC | COMPILATION AND MAINTENANCE OF VALUATION ROLL AND SUPPLEMENTARY VALUATION ROLLS | 1 JULY 2019 | 30 JUNE 2024 | MRS SINDI BOYI | BASED ON THE AMOUNT STATED ON THE TENDER DOCUMENT |
| | | | | | |
| The municipality does not have Public Private Partnership | | | | | *T H.1* |
| | | | | | |

## APPENDIX H – DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|---|---|---|
| Period 1 July to 30 June of Year 0 (Current Year) | | |
| **Position** | **Name** | **Description of Financial interests* (Nil / Or details)** |
| **(Executive) Mayor** | Cllr Lerato Maloka | N/A |
| **Member of MayCo / Exco** | Cllr T Ramothibe | N/A |
| | Cllr M Motsepe | a)-j)N/A |
| | Cllr T Motsepe | a)-j)N/A |
| | Cllr T Moremi | N/A |
| | Cllr K Rakitla | a)-j)N/A |
| | | |
| Councillor | LS Gamede | a)-b)N/A |
| | PR Mchunu | a)-d) N/A e)Zmatororo Car Wash f)-j) N/A |
| | MVM Malefela | N/A |
| | ME Magazi | N/A |
| | TJ Gama | a)No b)No c)No d)No e)Gamzeni Enterprise PTY f)Taxi Owner g)No h)No i)No j)No |
| | TP Nyembe | a)-j)N/A |

| Disclosures of Financial Interests | | |
|---|---|---|
| Period 1 July to 30 June of Year 0 (Current Year) | | |
| **Position** | **Name** | **Description of Financial interests* (Nil / Or details)** |
| | NT Mofokeng | a)No b)No c)Tokolohong CPA d)No e)No f)No g)No h)No i)MGF j)No |
| | JM Sababsaba | N/A |
| | BV Mogorose | a)-j)N/A |
| | MK Rakitla | a)-j)N/A |
| | T Motsepe | a)-b)N/A |
| | SHAC Paul | a)-h)No i) Salam, Old Mutual j)No |
| | MV Motsepe | a)-j)N/A |
| | SJ Mnyakeni | a)-c) e) Inkandla Smith Trading PTY (LTD) |
| | ZS Twala | a)-d)No f) Manyamande Catering & Cleaning |
| | MS Lukhele | a)No b) Vukasizwe Brick making c)-j)No |
| | AZ Abdullah | a)-j)N/A |
| | JM Sabasaba | a)-j)No |
| | Boshoff | Sunset Point Properties, Mari Properties |
| | Holtzhausen | N/A |
| | MP Mtshonyane | Mzansi Family Trust |
| | | |
| **Municipal Manager** | Vacant | |

| Disclosures of Financial Interests | | |
|---|---|---|
| Period 1 July to 30 June of Year 0 (Current Year) | | |
| Position | Name | Description of Financial interests* (Nil / Or details) |
| Chief Financial Officer | Vacant | |
| Deputy MM and (Executive) Directors | Advocate Gugulethu Thimane | Directorship Board Member Routs Regulations |
| | S'busiso Dlamini | Lamanfa Consulting - Dormant DAIA Petroluem - Dormant South African Planning Institute |
| | Nompumeleo Khawula | NPC - Thabasande |

## APPENDIX I – REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote | | | | | | R' 000 |
|---|---|---|---|---|---|---|
| Vote Description | Year -1 | Current: Year 0 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Vote 1 - Community Services | 29 624 | 71 356 | 74 460 | 21 001 | -240% | -255% |
| Vote 2 - Executive & Council | 7 535 | 8 321 | 8 321 | 9 703 | 14% | 14% |
| Vote 3 - Development & Planning | 5 200 | 6 098 | 6 098 | 3 419 | -78% | -78% |
| Vote 4 - Budget & Treasury Office | 237 918 | 256 770 | 25 670 | 273 999 | 6% | 91% |
| Vote 5 - Management Support Services | 2779 | 1684 | 1684 | 1 928 | 13% | 13% |
| Vote 6 - Internal Audit | - | - | - | - | 0% | 0% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Vote 7 - Infrastructure Services | 542 144 | 611 316 | 611 316 | 746 272 | 18% | 18% |
| **Total Revenue by Vote** | **825** | **956** | **728** | **1 056** | **(0)** | **(0)** |

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3*

*T K.1*

# APPENDIX J – REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Source | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | R '000 |
| Description | Year -1 | Year 2020/21 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Property rates | 131 812 | 135 626 | 141 275 | 131 809 | -3% | -7% |
| Property rates - penalties & collection charges | – | – | – | – | 0% | 0% |
| Service Charges - electricity revenue | 338 139 | 367 084 | 358 119 | 338 139 | -9% | -6% |
| Service Charges - water revenue | 121 735 | 129 982 | 155 811 | 139 544 | 7% | -12% |
| Service Charges - sanitation revenue | 28 995 | 32 977 | 32 937 | 31 161 | -6% | -6% |
| Service Charges - refuse revenue | 30 197 | 35 285 | 34 795 | 33 086 | -7% | -5% |
| Service Charges - other | – | – | | – | 0% | 0% |
| Rentals of facilities and equipment | 6 280 | 5 588 | 5 699 | 6 688 | 16% | 15% |
| Interest earned - external investments | 5 087 | 4 619 | 4 619 | 2 723 | -70% | -70% |
| Interest earned - outstanding debtors | 28 771 | 31 369 | 31 369 | 33 713 | 7% | 7% |
| Dividends received | – | – | – | – | 0% | 0% |
| Fines | 1 155 | 35 066 | 6 100 | 1 522 | -2205% | -301% |
| Licences and permits | 48 | 35 | 8 | 15 | -136% | 45% |
| Agency services | – | – | – | – | 0% | 0% |
| Transfers recognised - operational | 221 074 | 233 823 | 285 392 | 267 643 | 13% | -7% |
| Other revenue | 146 333 | 4 223 | 5 888 | 56 668 | 93% | 90% |
| Gains on disposal of PPE | – | – | – | – | 0% | 0% |
| Enviromental Proctection | – | – | – | – | 0% | 0% |
| **Total Revenue (excluding capital transfers and contributions)** | **1 059 627** | **1 015 676** | **1 062 013** | **1 042 711** | **2.59%** | **-1.85%** |

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.*

*T K.2*

## 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 | |
| **Equitable share** | 133765 | 133765 | 133765 | 0% | 0% | |
| *Finance Management Grant* | 1550 | 1550 | 1547 | 0% | 0% | |
| *Expanded Public Works Program Integrated Grant* | 1460 | 1460 | 1460 | 0% | 0% | |
| *Libraries plan* | 7000 | 8619 | 5257 | -33% | 64% | |
| *Expanded Public Works Program (Cogta)* | 1004 | 1004 | 1004 | 0% | 0% | |
| *Municiapl Disaster Relief Grant* | 0 | 685 | 685 | 100% | 0% | |
| *Grap 17 Compliance* | 1000 | 1000 | 1000 | 0% | 0% | |
| *Integrated National Electrification Grant* | 13000 | 13000 | 12908 | -1% | 1% | |
| *Energy Efficiency and Demand Side Management Grant* | 7000 | 7000 | 6883 | -2% | 2% | |
| *Water Services Infrastructure Grant* | 15000 | 15000 | 9872 | -52% | 52% | |
| *Recapitalization of Community Libraries Grant* | 10000 | 11484 | 5828 | -72% | 97% | |
| *Small business development grant* | 0 | 0 | 286 | 100% | -100% | |
| *Performance management system grant* | 0 | 500 | 149 | 0% | 0% | |
| | | | | | | |
| **Total** | | | | | | |

** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*

*TL*

## APPENDIX M: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

**Capital Expenditure - New Assets Programme***

R '000

| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
|---|---|---|---|---|---|---|---|
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| **Capital expenditure by Asset Class** | | | | | | | |
| **Infrastructure - Total** | – | 39 | 33 | – | – | – | – |
| **Infrastructure: Road transport - Total** | – | 10 | 9 | – | – | – | – |
| *Roads, Pavements & Bridges* | | 9 500 | 8 571 | | | | |
| *Storm water* | | 0 | 0 | | | | |
| **Infrastructure: Electricity - Total** | – | 11 | 10 | – | – | – | – |
| *Generation* | | | | | | | |
| *Transmission & Reticulation* | | 10 200 | 7 491 | | | | |
| *Street Lighting* | | 704 | 2 100 | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| **Infrastructure: Water - Total** | – | 8 | 14 | – | – | – | – |
| *Dams & Reservoirs* | | 7 500 | 13 863 | | | | |
| *Water purification* | | | | | | | |
| *Reticulation* | | | | | | | |
| **Infrastructure: Sanitation - Total** | – | 12 | 1 | – | – | – | – |
| *Reticulation* | | 11 500 | 670 | | | | |
| *Sewerage purification* | | | | | | | |
| **Infrastructure: Other - Total** | – | – | | – | – | – | – |
| *Waste Management* | | | | | | | |
| *Transportation* | | | | | | | |
| *Gas* | | | | | | | |
| *Other* | | | | | | | |
| **Community - Total** | – | 5 | | – | – | – | – |
| Parks & gardens | | | | | | | |
| Sportsfields & stadia | | | 503 | | | | |
| Swimming pools | | | | | | | |
| Community halls | | | | | | | |
| Libraries | | 1 667 | 4 849 | | | | |
| Recreational facilities | | | | | | | |
| Fire, safety & emergency | | | | | | | |
| Security and policing | | 1 000 | | | | | |
| Buses | | | | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Clinics | | | | | | | |
| Museums & Art Galleries | | | | | | | |
| Cemeteries | | 1 500 | 195 | | | | |
| Social rental housing | | | | | | | |
| Other | | 1 000 | 79 | | | | |
| *Table continued next page* | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Capital expenditure by Asset Class** | | | | | | | |
| **Heritage assets - Total** | – | – | | – | – | – | – |
| Buildings | | | | | | | |
| Other | | | | | | | |
| **Investment properties - Total** | – | – | | – | – | – | – |
| Housing development | | | | | | | |
| Other | | | | | | | |
| - | | | | | | | |
| **Other assets** | – | 7 | | – | – | – | – |
| General vehicles | | 900 | 759 | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Specialised vehicles | | 1 500 | 0 | | | | |
| Plant & equipment | | 1 890 | 1 015 | | | | |
| Computers - hardware/equipment | | 2 300 | 1 200 | | | | |
| Furniture and other office equipment | | | | | | | |
| Abattoirs | | | | | | | |
| Markets | | | | | | | |
| Civic Land and Buildings | | | | | | | |
| Other Buildings | | 500 | 1 600 | | | | |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | | | | | | |
| **Agricultural assets** | – | – | | – | – | – | – |
| *List sub-class* | | | | | | | |
| **Biological assets** | – | – | | – | – | – | – |
| *List sub-class* | | | | | | | |
| **Intangibles** | – | 0 | | – | – | – | – |
| Computers - software & programming | | 350 | | | | | |
| Other *(list sub-class)* | | | | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| **Total Capital Expenditure on new assets** | – | 52 | | – | – | – | – |
| | | | | | | | |
| **Specialised vehicles** | – | 2 | | – | – | – | – |
| Refuse | | 1 500 | | | | | |
| Fire | | | | | | | |
| Conservancy | | | | | | | |
| Ambulances | | | | | | | |
| ** Note: Information for this table may be sourced from MBRR (2009: Table SA34a)* | | | | | | | *T M.1* |

| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 0 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| **Capital expenditure by Asset Class** | | | | | | | |
| **Infrastructure - Total** | – | 1 | | – | – | – | – |
| Infrastructure: Road transport -Total | – | 1 | | – | – | – | – |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| *Roads, Pavements & Bridges* | | 500 | | | | | |
| *Storm water* | | | | | | | |
| **Infrastructure: Electricity - Total** | – | – | | – | – | – | – |
| *Generation* | | | | | | | |
| *Transmission & Reticulation* | | | | | | | |
| *Street Lighting* | | | | | | | |
| **Infrastructure: Water - Total** | – | – | | – | – | – | – |
| *Dams & Reservoirs* | | | | | | | |
| *Water purification* | | | | | | | |
| *Reticulation* | | | | | | | |
| **Infrastructure: Sanitation - Total** | – | – | | – | – | – | – |
| *Reticulation* | | | | | | | |
| *Sewerage purification* | | | | | | | |
| **Infrastructure: Other - Total** | – | – | | – | – | – | – |
| *Waste Management* | | | | | | | |
| *Transportation* | | | | | | | |
| *Gas* | | | | | | | |
| *Other* | | | | | | | |
| **Community** | – | – | | – | – | – | – |
| Parks & gardens | | | | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| 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 | | | | | | | |
| **Heritage assets** | – | – | | – | – | – | – |
| Buildings | | | | | | | |
| Other | | | | | | | |

*Table continued next page*

*Table continued from previous page*

| Capital Expenditure - Upgrade/Renewal Programme* | | | | R '000 |
|---|---|---|---|---|
| Description | Year -1 | Year 0 | Planned Capital expenditure | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| | 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 | | | | | | | |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | | | | | | |
| **Agricultural assets** | – | – | | – | – | – | – |
| *List sub-class* | | | | | | | |

| Capital Expenditure - New Assets Programme* | | | | | | | R '000 |
|---|---|---|---|---|---|---|---|
| Description | Year -1 | Year 2020/21 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| | | | | | | | |
| **Biological assets** | – | – | | – | – | – | – |
| *List sub-class* | | | | | | | |
| **Intangibles** | – | – | | – | – | – | – |
| Computers - software & programming<br>Other *(list sub-class)* | | | | | | | |
| **Total Capital Expenditure on renewal of existing assets** | – | 1 | | – | – | – | – |
| | | | | | | | |
| **Specialised vehicles** | – | – | | – | – | – | – |
| Refuse<br>Fire<br>Conservancy<br>Ambulances | | | | | | | |
| ** Note: Information for this table may be sourced from MBRR (2009: Table SA34b)* | | | | | | | *T M.2* |

## APPENDIX P: SERVICE BACKLOGS: SCHOOLS AND CLINICS

There are no service connection backlogs in schools and clinics around Lesedi LM.

| Service Backlogs: Schools and Clinics | | | | |
|---|---|---|---|---|
| **Establishments lacking basic services** | **Water** | **Sanitation** | **Electricity** | **Solid Waste Collection** |
| **Schools (NAMES, LOCATIONS)** | | | | |
| N/A | | | | |
| **Clinics (NAMES, LOCATIONS)** | | | | |
| N/A | | | | |
| *Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.* | | | | |
| | | | | *T P* |

## APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

| Declaration of Loans and Grants made by the municipality: Year 0 | | | | |
|---|---|---|---|---|
| All Organisation or Person in receipt of Loans */Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value Year 0 R' 000 | Total Amount committed over previous and future years |
| Not applicable as the municipality did not make any loans or grants to any entity | | | | |
| ** Loans/Grants - whether in cash or in kind* | | | | *T R* |

# VOLUME II: 2020/ 2021 AUDITED FINANCIAL STATEMENTS

Lesedi Local Municipality
(Registration number GT423)
Annual Financial Statements
for the year ended 30 June 2021

* See Note



The supplementary information presented does not form part of the annual financial statements and is unaudited

## General Information

| | |
|---|---|
| **Legal form of entity** | Municipality<br>Municipal demarcation code - GT423 |
| **Nature of business and principal activities** | Local municipal functions as set out in the Constitution of South Africa (Act No. 105 of 1996) |
| **Members of Council** | |
| Executive Mayor | MNR Nkosi |
| Speaker | MV Motsepe |
| Mayoral Committee | ZS Twala |
| | T Motsepe |
| | TS Moremi |
| | MK Rakitla |
| | TE Ramothibe |
| Councillors | TJ Gama |
| | MS Malefela |
| | HACS Paul |
| | RS Hlatshwayo |
| | MP Mtshonyane |
| | TP Nyembe |
| | BV Mogorosi |
| | MI Abdullah |
| | MA Mulder |
| | JM Sabasaba |
| | NE Cindi |
| | M Boshoff |
| | PR Mnchunu |
| | LS Gamede |
| | GC Holzhausen |
| | TN Mofokeng |
| | EM Magazi |
| | MS Lukhele |
| | SJ Mnyakeni |
| **Grading of local authority** | Grade 4 Local Municipality |
| **Accounting Officer** | S Dlamini (Acting) |
| **Chief Finance Officer (CFO)** | G Mncube (Acting) |
| **Registered office** | Civic Centre<br>c/o HF Verwoerd and Louw Street<br>Heidelberg<br>1441 |
| **Postal address** | PO Box 201<br>Heidelberg<br>1438 |
| **Bankers** | ABSA Bank |
| **Auditors** | Auditor General of South Africa |

# Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature: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Abbreviations

| | |
|---|---|
| DBSA | Development Bank of South Africa |
| GRAP | Generally Recognised Accounting Practice |
| IMFO | Institute of Municipal Finance Officers |
| MFMA | Municipal Finance Management Act |
| LG Seta | Local Government Sector Education and Training Authority |

# Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

**Accounting Officer**
**Designation**

# Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2021.

**Audit committee members and attendance**

The audit committee consists of the members listed hereunder and should meet x times per annum as per its approved terms of reference. During the current year x number of meetings were held.

| Name of member | Number of meetings attended |
|---|---|
| Mr. T Boltman (Chairperson) | 8 |
| Ms. A Noah | 9 |
| Mr. M Nondwangu | 9 |
| Mr. R Loubser | 6 |
| Adv T Bokako | 9 |

**Audit committee responsibility**

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**The effectiveness of internal control**

The system of internal control was not effective and efficient resulting in material misstatements in the Annual Financial Statements and Annual Performance Report as reflected in both Internal Audit and Auditor General South Africa audit reports.

**The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.**

The audit committee is not satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

**Evaluation of annual financial statements**

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

**Internal audit**

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

**Auditor-General of South Africa**

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

**Chairperson of the Audit Committee**

**Date:** _____

## Statement of Financial Position as at 30 June 2021

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 3 | 55 027 571 | 70 866 072 |
| Receivables from exchange transactions | 4&6 | 171 708 185 | 151 728 903 |
| Receivables from non-exchange transactions | 5&6 | 55 083 045 | 53 263 279 |
| Inventories | 7 | 6 107 153 | 5 819 430 |
| | | **287 925 954** | **281 677 684** |
| **Non-Current Assets** | | | |
| Investment property | 8 | 132 621 348 | 135 463 124 |
| Property, plant and equipment | 9 | 951 859 113 | 856 949 120 |
| Intangible assets | 10 | 2 931 418 | 3 057 838 |
| Heritage assets | 11 | 4 662 664 | 4 662 664 |
| | | **1 092 074 543** | **1 000 132 746** |
| **Total Assets** | | **1 380 000 497** | **1 281 810 430** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Payables from exchange transactions | 12 | 139 223 144 | 112 553 435 |
| Unspent conditional grants and receipts | 13 | 20 400 501 | 28 711 623 |
| Consumer deposits | 14 | 19 995 450 | 18 092 860 |
| VAT payable | 15 | 109 339 713 | 86 285 694 |
| Long term loans | 16 | 4 600 559 | 4 791 323 |
| Employee benefit obligation | 17 | 2 060 017 | 2 169 595 |
| Provisions | 18 | 24 765 593 | 18 569 175 |
| | | **320 384 977** | **271 173 705** |
| **Non-Current Liabilities** | | | |
| Long term loans | 16 | 37 204 995 | 41 805 554 |
| Employee benefit obligation | 17 | 22 159 619 | 19 713 403 |
| Provisions | 18 | 25 950 540 | 25 193 873 |
| | | **85 315 154** | **86 712 830** |
| **Total Liabilities** | | **405 700 131** | **357 886 535** |
| **Net Assets** | | **974 300 366** | **923 923 895** |
| Accumulated surplus | | 974 300 366 | 923 923 895 |
| **Total Net Assets** | | **974 300 366** | **923 923 895** |

* See Note 43

## Statement of Financial Performance

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | 19 | 538 592 172 | 541 929 461 |
| Rental of facilities and equipment | 20 | 6 688 295 | 6 279 923 |
| Interest income | 21 | 36 436 424 | 33 858 526 |
| Licences and permits | 23 | 14 855 | 48 406 |
| Recoveries | 24 | 800 011 | 1 927 587 |
| Other income | 25 | 7 030 835 | 3 514 328 |
| **Total revenue from exchange transactions** | | **589 562 592** | **587 558 231** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation revenue** | | | |
| Property rates | 26 | 140 267 873 | 131 811 900 |
| Interest income | 22 | 3 720 446 | 3 289 877 |
| **Transfer revenue** | | | |
| Government grants & subsidies | 27 | 267 642 810 | 206 504 406 |
| Public contributions and donations | 28 | 39 995 423 | 129 307 107 |
| Fines, Penalties and Forfeits | 29 | 1 521 530 | 1 155 450 |
| **Total revenue from non-exchange transactions** | | **453 148 082** | **472 068 740** |
| **Total revenue** | | **1 042 710 674** | **1 059 626 971** |
| **Expenditure** | | | |
| Employee related costs | 30 | (217 318 941) | (198 287 780) |
| Remuneration of councillors | 31 | (11 836 648) | (11 075 739) |
| Depreciation and amortisation | 32 | (35 001 347) | (33 725 426) |
| Impairment loss | 33 | (2 291 666) | (17 770 539) |
| Finance costs | 34 | (7 401 985) | (7 324 558) |
| Lease rentals on operating lease | 35 | (1 052 354) | (2 001 454) |
| Debt Impairment | 36 | (190 487 138) | (174 768 705) |
| Bulk purchases | 37 | (355 787 725) | (331 651 987) |
| Contracted services | 38 | (95 095 146) | (75 129 129) |
| Loss on disposal of assets and liabilities | | (4 494 603) | (3 591 696) |
| Inventories losses/write-downs | | - | (1 221) |
| General Expenses | 39 | (71 566 644) | (64 299 721) |
| **Total expenditure** | | **(992 334 197)** | **(919 627 955)** |
| **Surplus for the year** | | **50 376 477** | **139 999 016** |

* See Note 43

## Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|---|---|---|
| Opening balance as previously reported | 816 901 912 | 816 901 912 |
| Adjustments | | |
| Correction of errors | (32 977 033) | (32 977 033) |
| **Balance at 01 July 2019 as restated*** | **783 924 879** | **783 924 879** |
| Changes in net assets | | |
| Surplus for the year | 139 999 016 | 139 999 016 |
| Total changes | 139 999 016 | 139 999 016 |
| **Restated* Balance at 01 July 2020** | **923 923 889** | **923 923 889** |
| Changes in net assets | | |
| Surplus for the year | 50 376 477 | 50 376 477 |
| Total changes | 50 376 477 | 50 376 477 |
| **Balance at 30 June 2021** | **974 300 366** | **974 300 366** |

Note(s)

* See Note 43

# Cash Flow Statement

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Property rates | | 131 607 312 | 109 094 848 |
| Sale of goods and services | | 388 560 936 | 388 185 593 |
| Grants | | 257 851 446 | 217 150 839 |
| Interest income | | 8 654 718 | 37 148 403 |
| | | 786 674 412 | 751 579 683 |
| **Payments** | | | |
| Employee costs | | (222 407 400) | (203 997 794) |
| Suppliers | | (477 086 531) | (462 123 259) |
| Finance costs | | (4 144 157) | (4 553 463) |
| | | (703 638 088) | (670 674 516) |
| **Net cash flows from operating activities** | 42 | **83 036 324** | **80 905 167** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 9 | (93 986 360) | (47 062 436) |
| Proceeds from sale of property, plant and equipment | 9 | 599 | - |
| Purchase of other intangible assets | 10 | (99 800) | - |
| Proceeds from sale of other intangible assets | 10 | 2 052 | - |
| **Net cash flows from investing activities** | | **(94 083 509)** | **(47 062 436)** |
| **Cash flows from financing activities** | | | |
| Repayment of other financial liabilities | | (4 791 323) | (4 358 431) |
| **Net cash flows from financing activities** | | **(4 791 323)** | **(4 358 431)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(15 838 508)** | **29 484 300** |
| Cash and cash equivalents at the beginning of the year | | 70 866 072 | 41 381 771 |
| **Cash and cash equivalents at the end of the year** | 3 | **55 027 564** | **70 866 071** |

* See Note 43

# Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Performance** | | | | | | |
| **Revenue** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Service charges | 565 327 618 | 16 334 442 | **581 662 060** | 538 592 172 | **(43 069 888)** | Note 56(1) |
| Rental of facilities and equipment | 5 587 756 | 111 683 | **5 699 439** | 6 688 295 | **988 856** | |
| Interest received | 35 988 137 | - | **35 988 137** | 40 156 870 | **4 168 733** | Note 56(2) |
| Licences and permits | 35 003 | (26 851) | **8 152** | 14 855 | **6 703** | |
| Recoveries | - | 29 389 | **29 389** | 800 011 | **770 622** | Note 56(3) |
| Other income | 4 222 877 | 1 635 419 | **5 858 296** | 7 030 835 | **1 172 539** | Note 56(4) |
| **Total revenue from exchange transactions** | **611 161 391** | **18 084 082** | **629 245 473** | **593 283 038** | **(35 962 435)** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Taxation revenue** | | | | | | |
| Property rates | 135 625 634 | 5 649 617 | **141 275 251** | 140 267 873 | **(1 007 378)** | |
| **Transfer revenue** | | | | | | |
| Government grants & subsidies | 233 823 024 | 51 568 935 | **285 391 959** | 267 642 810 | **(17 749 149)** | Note 56(5) |
| Public contributions and donations | - | - | **-** | 39 995 423 | **39 995 423** | Note 56(6) |
| Fines, Penalties and Forfeits | 35 065 563 | (28 965 563) | **6 100 000** | 1 521 530 | **(4 578 470)** | Note 56(7) |
| **Total revenue from non-exchange transactions** | **404 514 221** | **28 252 989** | **432 767 210** | **449 427 636** | **16 660 426** | |
| **Total revenue** | **1 015 675 612** | **46 337 071** | **1 062 012 683** | **1 042 710 674** | **(19 302 009)** | |
| **Expenditure** | | | | | | |
| Personnel | (215 770 342) | - | **(215 770 342)** | (217 318 941) | **(1 548 599)** | |
| Remuneration of councillors | (12 559 572) | - | **(12 559 572)** | (11 836 648) | **722 924** | |
| Depreciation and amortisation | (39 845 956) | 1 723 463 | **(38 122 493)** | (35 001 347) | **3 121 146** | |
| Impairment loss/ Reversal of impairments | - | - | **-** | (2 291 666) | **(2 291 666)** | |
| Finance costs | (7 607 693) | - | **(7 607 693)** | (7 401 985) | **205 708** | |
| Lease rentals on operating lease | (3 422 621) | - | **(3 422 621)** | (1 052 354) | **2 370 267** | Note 56(8) |
| Debt Impairment | (158 355 796) | 8 840 461 | **(149 515 335)** | (190 487 138) | **(40 971 803)** | Note 56(9) |
| Bulk purchases | (363 306 696) | - | **(363 306 696)** | (355 787 725) | **7 518 971** | Note 56(10) |
| Contracted Services | (95 961 839) | (5 578 726) | **(101 540 565)** | (95 095 146) | **6 445 419** | Note 56(11) |
| General Expenses | (69 117 872) | (11 035 064) | **(80 152 936)** | (71 566 644) | **8 586 292** | Note 56(12) |
| **Total expenditure** | **(965 948 387)** | **(6 049 866)** | **(971 998 253)** | **(987 839 594)** | **(15 841 341)** | |
| **Operating surplus** | **49 727 225** | **40 287 205** | **90 014 430** | **54 871 080** | **(35 143 350)** | |
| Loss on derecognition of assets and liabilities | - | - | **-** | (4 494 603) | **(4 494 603)** | Note 56(13) |
| **Surplus before taxation** | **49 727 225** | **40 287 205** | **90 014 430** | **50 376 477** | **(39 637 953)** | |
| **Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement** | **49 727 225** | **40 287 205** | **90 014 430** | **50 376 477** | **(39 637 953)** | |

# Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Position** | | | | | | |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | 76 638 354 | (71 744 339) | **4 894 015** | 55 027 571 | **50 133 556** | Note 56(14) |
| Receivables from exchange transactions | 323 793 329 | (32 833 109) | **290 960 220** | 171 743 305 | **(119 216 915)** | Note 56(15) |
| Receivables from non-exchange transactions | 36 197 559 | (12 747 799) | **23 449 760** | 55 083 045 | **31 633 285** | Note 56(16) |
| Inventories | 5 150 725 | 668 705 | **5 819 430** | 6 107 153 | **287 723** | |
| | **441 779 967** | **(116 656 542)** | **325 123 425** | **287 961 074** | **(37 162 351)** | |
| **Non-Current Assets** | | | | | | |
| Investment property | 182 616 698 | (22 308 111) | **160 308 587** | 132 621 348 | **(27 687 239)** | |
| Property, plant and equipment | 813 980 844 | 128 655 418 | **942 636 262** | 951 859 113 | **9 222 851** | |
| Intangible assets | 2 916 362 | 2 127 562 | **5 043 924** | 2 931 418 | **(2 112 506)** | |
| Heritage assets | 4 662 664 | - | **4 662 664** | 4 662 664 | **-** | |
| | **1 004 176 568** | **108 474 869** | **1 112 651 437** | **1 092 074 543** | **(20 576 894)** | |
| **Total Assets** | **1 445 956 535** | **(8 181 673)** | **1 437 774 862** | **1 380 035 617** | **(57 739 245)** | |
| **Liabilities** | | | | | | |
| **Current Liabilities** | | | | | | |
| Long term loans | 4 791 323 | - | **4 791 323** | 4 600 559 | **(190 764)** | |
| Payables from exchange transactions | 101 211 644 | (16 301 292) | **84 910 352** | 139 223 132 | **54 312 780** | Note 56(17) |
| VAT payable | 110 036 513 | 58 593 191 | **168 629 704** | 109 348 204 | **(59 281 500)** | Note 56(18) |
| Consumer deposits | 16 692 778 | 2 438 575 | **19 131 353** | 19 995 450 | **864 097** | |
| Employee benefit obligation | - | 2 169 595 | **2 169 595** | 2 060 017 | **(109 578)** | |
| Unspent conditional grants and receipts | 110 106 | (66 475) | **43 631** | 20 400 501 | **20 356 870** | Note 57(19) |
| Provisions | 19 421 777 | (852 602) | **18 569 175** | 24 765 593 | **6 196 418** | |
| | **252 264 141** | **45 980 992** | **298 245 133** | **320 393 456** | **22 148 323** | |
| **Non-Current Liabilities** | | | | | | |
| Long term loans | 41 805 554 | (1) | **41 805 553** | 37 204 995 | **(4 600 558)** | Note 56(20) |
| Employee benefit obligation | 20 896 641 | (1 183 238) | **19 713 403** | 22 159 619 | **2 446 216** | |
| Provisions | 26 060 933 | (867 060) | **25 193 873** | 25 950 540 | **756 667** | |
| | **88 763 128** | **(2 050 299)** | **86 712 829** | **85 315 154** | **(1 397 675)** | |
| **Total Liabilities** | **341 027 269** | **43 930 693** | **384 957 962** | **405 708 610** | **20 750 648** | |
| **Net Assets** | **1 104 929 266** | **(52 112 366)** | **1 052 816 900** | **974 327 007** | **(78 489 893)** | |
| **Net Assets** | | | | | | |
| **Net Assets Attributable to Owners of Controlling Entity** | | | | | | |
| **Reserves** | | | | | | |
| Accumulated surplus | 1 104 929 266 | (52 112 366) | **1 052 816 900** | 974 327 007 | **(78 489 893)** | |

# Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | | |
| **Financial Performance** | | | | | | | | | | | |
| Property rates | 135 625 634 | 5 649 617 | 141 275 251 | - | | 141 275 251 | 140 267 873 | | (1 007 378) | 99 % | 103 % |
| Service charges | 565 327 618 | 16 334 442 | 581 662 060 | - | | 581 662 060 | 538 592 172 | | (43 069 888) | 93 % | 95 % |
| Interest income | 35 988 137 | - | 35 988 137 | - | | 35 988 137 | 36 436 424 | | 448 287 | 101 % | 101 % |
| Transfers recognised - operational | 162 749 024 | 24 477 369 | 187 226 393 | - | | 187 226 393 | 180 142 634 | | (7 083 759) | 96 % | 111 % |
| Other own revenue | 44 911 199 | (27 215 923) | 17 695 276 | - | | 17 695 276 | 19 775 972 | | 2 080 696 | 112 % | 44 % |
| **Total revenue (excluding capital transfers and contributions)** | **944 601 612** | **19 245 505** | **963 847 117** | **-** | | **963 847 117** | **915 215 075** | | **(48 632 042)** | **95 %** | **97 %** |
| Employee costs | (215 770 342) | - | (215 770 342) | - | - | (215 770 342) | (217 318 941) | - | (1 548 599) | 101 % | 101 % |
| Remuneration of councillors | (12 559 572) | - | (12 559 572) | - | - | (12 559 572) | (11 836 648) | - | 722 924 | 94 % | 94 % |
| Debt impairment | (158 355 796) | 8 840 461 | (149 515 335) | | | (149 515 335) | (190 487 138) | - | (40 971 803) | 127 % | 120 % |
| Depreciation and asset impairment | (39 845 956) | 1 723 463 | (38 122 493) | | | (38 122 493) | (37 293 013) | - | 829 480 | 98 % | 94 % |
| Finance charges | (7 607 693) | - | (7 607 693) | - | - | (7 607 693) | (7 401 985) | - | 205 708 | 97 % | 97 % |
| Materials and bulk purchases | (363 306 696) | - | (363 306 696) | - | - | (363 306 696) | (355 787 725) | - | 7 518 971 | 98 % | 98 % |
| Other expenditure | (168 502 332) | (16 613 790) | (185 116 122) | - | - | (185 116 122) | (172 208 747) | - | 12 907 375 | 93 % | 102 % |
| **Total expenditure** | **(965 948 387)** | **(6 049 866)** | **(971 998 253)** | **-** | **-** | **(971 998 253)** | **(992 334 197)** | **-** | **(20 335 944)** | **102 %** | **103 %** |
| **Surplus/(Deficit)** | **(21 346 775)** | **13 195 639** | **(8 151 136)** | **-** | | **(8 151 136)** | **(77 119 122)** | | **(68 967 986)** | **946 %** | **361 %** |

## Appropriation Statement

| Figures in Rand | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transfers recognised - capital | 71 074 000 | 27 091 566 | 98 165 566 | - | | 98 165 566 | 87 500 176 | | (10 665 390) | 89 % | 123 % |
| Contributions recognised - capital and contributed assets | - | - | - | - | | - | 39 995 423 | | 39 995 423 | DIV/0 % | DIV/0 % |
| **Surplus (Deficit) after capital transfers and contributions** | **49 727 225** | **40 287 205** | **90 014 430** | **-** | | **90 014 430** | **50 376 477** | | **(39 637 953)** | **56 %** | **101 %** |
| **Surplus/(Deficit) for the year** | **49 727 225** | **40 287 205** | **90 014 430** | **-** | | **90 014 430** | **50 376 477** | | **(39 637 953)** | **56 %** | **101 %** |
| **Capital expenditure and funds sources** | | | | | | | | | | | |
| Total capital expenditure | 79 691 405 | 41 748 535 | 121 439 940 | - | | 121 439 940 | 94 086 160 | | (27 353 780) | 77 % | 118 % |
| **Sources of capital funds** | | | | | | | | | | | |
| Transfers recognised - capital | 65 639 000 | 29 779 935 | 95 418 935 | - | | 95 418 935 | 84 137 162 | | (11 281 773) | 88 % | 128 % |
| Internally generated funds | 14 052 405 | 11 968 600 | 26 021 005 | - | | 26 021 005 | 10 313 910 | | (15 707 095) | 40 % | 73 % |
| **Total sources of capital funds** | **79 691 405** | **41 748 535** | **121 439 940** | **-** | | **121 439 940** | **94 451 072** | | **(26 988 868)** | **78 %** | **119 %** |

# Accounting Policies

| Figures in Rand | Note(s) | 2021 | 2020 |
|---|---|---|---|

## 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

### 1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

### 1.2 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:

**Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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, held to maturity investments and loans and 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.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

**Useful lives of property, plant and equipment and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

# Accounting Policies

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

**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. Additional information is disclosed in Note 17.

### 1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

**Cost model**

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| Item | Useful life |
|---|---|
| Property - land | indefinite |
| Property - buildings | 30 years |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

# Accounting Policies

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

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 any accumulated depreciation and any accumulated impairment losses.

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 |
|---|---|---|
| Infrastructure | Straight-line | |
| • Roads and paving | | 5-80 years |
| • Electricity | | 10-50 years |
| • Water | | 10-40 years |
| • Sewerage | | 12-20 years |
| • Landfill site | | 15-30 years |

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

| | | |
|---|---|---|
| Community | Straight-line | |
| • Buildings | | 30-60 years |
| • Recreational facilities | | 20-50 years |
| • Security | | 5 years |
| Other property, plant and equipment | Straight-line | |
| • Buildings | | 30-60 years |
| • Specialist vehicles | | 5-20 years |
| • Other vehicles | | 5-20 years |
| • Furniture and fittings | | 3-18 years |
| • Bins and containers | | 3-18 years |
| • Office equipment | | 3-18 years |
| • Library books | | 5-25 years |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from the estimates, the change is accounted for as a change in accounting estimate.

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 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.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

# Accounting Policies

### 1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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, other | Straight-line | 3 years |
| Servitudes | Straight-line | indefinite |

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).

### 1.6 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

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.

**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.

**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.

**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).

### 1.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

# Accounting Policies

### 1.7 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

**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 |
|---|---|
| Other receivables from exchange transactions | Financial asset measured at amortised cost |
| Other receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Consumer debtors | 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 |
|---|---|
| Long term loans | Financial liability measured at amortised cost |
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Unspent conditional grants and receipts | Financial liability measured at amortised cost |
| Consumer deposits | Financial liability measured at amortised cost |
| VAT payable | 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.

# Accounting Policies

### 1.7 Financial instruments (continued)

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

**Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

**Impairment and uncollectibility of financial assets**

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

# Accounting Policies

### 1.7 Financial instruments (continued)

**Derecognition**

**Financial assets**

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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.

**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.

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**

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.8 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.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

# Accounting Policies

### 1.8 Statutory receivables (continued)

**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**

The municipality initially measures statutory receivables at their transaction amount.

**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.

**Other charges**

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

**Impairment losses**

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

# Accounting Policies

### 1.8 Statutory receivables (continued)

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

**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.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

# Accounting Policies

### 1.10 Inventories (continued)

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.

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

**Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

**Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

# Accounting Policies

### 1.11 Impairment of cash-generating assets (continued)

**Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

**Reversal of impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

### 1.12 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

**Identification**

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Accounting Policies

### 1.12 Impairment of non-cash-generating assets (continued)

**Reversal of an impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

# Accounting Policies

### 1.13 Employee benefits (continued)

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

**Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

**Other post retirement obligations**

The municipality 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. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

# Accounting Policies

### 1.14 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

### 1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.16 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.

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

# Accounting Policies

### 1.16 Revenue from exchange transactions (continued)

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

Debt impairment is calculated as follows:
- all residential debts which are 90 days and above will be provided for at 100% of the outstanding amount;
- all residential debt which are above 60 days and below 90 days will be provided for at 10% of the outstanding amount;
- residential debt below 60 days will not be provided for; and
- no provision will be made for outstanding government, business and agricultural debt.

# Accounting Policies

### 1.16 Revenue from exchange transactions (continued)

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised in surplus and deficit using the effective interest rate method.

### 1.17 Revenue from non-exchange transactions

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.

**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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

**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.

Fines are impaired based on the "average collection rate" in the previous two financial years.

### 1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

# Accounting Policies

### 1.18 Borrowing costs (continued)

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

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 is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Budget information

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.

### 1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

# Accounting Policies

### 1.24 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the control of the municipality are considered to be related parties.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • Guideline: Guideline on Accounting for Landfill Sites | 01 April 2020 | The impact of the standard is not material. |

### 2.2 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 2021 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • GRAP 25: Employee Benefits | 01 April 2021 | Unlikely there will be a material impact |
| • GRAP 104 (amended): Financial Instruments | 01 April 2021 | Unlikely there will be a material impact |

## 3. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Cash on hand | 2 080 | 2 080 |
| Bank balances | 3 898 486 | 7 444 225 |
| Short-term deposits | 51 127 005 | 63 419 767 |
| | **55 027 571** | **70 866 072** |

**The municipality had the following bank accounts**

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|---|---|---|---|---|---|
| | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
| ABSA Bank - Main Cheque Account | 2 584 329 | 4 286 817 | 3 246 800 | (1 954 649) | 6 737 229 | 3 468 445 |
| ABSA Bank - Cheque Account | 80 541 | 50 345 | 536 | 80 541 | 50 345 | 536 |
| ABSA Bank - Call Account | 29 581 515 | 39 660 153 | 37 483 163 | 29 581 515 | 39 660 153 | 37 483 163 |
| Investec - Call Account | 21 545 491 | 23 759 547 | 396 579 | 21 545 491 | 23 759 547 | 396 579 |
| FNB - Main Cheque Account | 755 141 | 656 650 | 39 287 | 755 141 | 656 650 | 39 287 |
| FNB - Cheque Account | - | - | (8 388) | - | - | (8 388) |
| **Total** | **54 547 017** | **68 413 512** | **41 157 977** | **50 008 039** | **70 863 924** | **41 379 622** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 4. Receivables from exchange transactions

| | | |
|---|---|---|
| Consumer debtors - Electricity | 58 090 449 | 46 259 020 |
| Consumer debtors - Water | 35 089 799 | 36 975 415 |
| Consumer debtors - Sewerage | 8 215 311 | 8 203 247 |
| Consumer debtors - Refuse | 9 120 269 | 7 949 961 |
| Consumer debtors - VAT | 15 018 292 | 13 411 917 |
| Consumer debtors - Other | 42 081 467 | 35 002 477 |
| Deposits | 673 792 | 673 792 |
| Accrued interest | 179 975 | 202 389 |
| Prepaid expenses | - | 678 112 |
| Other debtors | 3 238 831 | 2 372 573 |
| | **171 708 185** | **151 728 903** |

**Credit quality of trade and other receivables**

The credit quality of trade and other receivables 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.

**Trade and other receivables impaired**

As of 30 June 2021, trade and other receivables of 1 028 500 638 (2020: 831 603 198) were impaired and provided for.

The amount of the provision was (860 849 931) as of 30 June 2021 (2020: 685 981 357).

The ageing of these receivables from exchange transactions is provided in note 6.

## 5. Receivables from non-exchange transactions

| | | |
|---|---|---|
| Consumer debtors - Rates | 40 927 497 | 39 635 860 |
| Fines | 8 878 434 | 8 863 612 |
| Government grants and subsidies | 5 277 114 | 4 763 807 |
| | **55 083 045** | **53 263 279** |

**Statutory receivables included in receivables from non-exchange transactions above are as follows:**

| | | |
|---|---|---|
| Consumer debtors - Rates | 40 927 497 | 39 645 422 |
| Fines | 8 878 434 | 8 863 612 |
| | **49 805 931** | **48 509 034** |
| **Financial asset receivables included in receivables from non-exchange transactions above** | **5 277 114** | **4 754 245** |
| **Total receivables from non-exchange transactions** | - | 47 880 404 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 5. Receivables from non-exchange transactions (continued)

**Statutory receivables general information**

**Transaction(s) arising from statute**

Property rates are levied in terms of the Municipal Property Rates Act (Act No 6 of 2004).

Traffic fines are issued in terms of s56 and s341 of the National Road Traffic Act (Act No 93 of 1996).

**Interest or other charges levied/charged**

Interest on property rates is levied monthly at a rate of 10% per annum on outstanding amounts.

**Statutory receivables impaired**

Consumer debtors - rates

As of 30 June 2021, consumer debtors - rates of 111 164 433 (2020: 100 938 796) were impaired and provided for.

The amount of the provision was 70 236 936 as of 30 June 2021 (2020: 61 293 374).

The ageing of consumer debtors - rates is provided in note 6.

Traffic fines

As of 30 June 2021, traffic fines of R139 884 056 (2020: R138 717 636) were impaired and provided for.

The amount of the provision was R131 005 622 as of 30 June 2021 (2020: R129 854 024).

**Credit quality of receivables from non-exchange transactions**

The credit quality of other receivables from non-exchange transactions 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:

### 6. Consumer debtors disclosure

| | | |
|---|---|---|
| **Gross balances** | | |
| Consumer debtors - Rates | 111 164 433 | 100 929 234 |
| Consumer debtors - Electricity | 283 243 826 | 226 568 989 |
| Consumer debtors - Water | 345 166 029 | 274 946 751 |
| Consumer debtors - Sewerage | 86 595 620 | 70 712 344 |
| Consumer debtors - Refuse | 113 612 547 | 93 406 314 |
| Consumer debtors - VAT | 108 607 347 | 86 982 326 |
| Consumer debtors - Other | 91 240 149 | 81 166 670 |
| | **1 139 629 951** | **934 712 628** |
| **Less: Allowance for impairment** | | |
| Consumer debtors - Rates | (70 236 936) | (61 293 374) |
| Consumer debtors - Electricity | (225 153 377) | (180 309 969) |
| Consumer debtors - Water | (310 076 230) | (237 971 336) |
| Consumer debtors - Sewerage | (78 380 309) | (62 509 097) |
| Consumer debtors - Refuse | (104 492 278) | (85 456 353) |
| Consumer debtors - VAT | (93 589 055) | (73 570 409) |
| Consumer debtors - Other | (49 158 682) | (46 164 193) |
| | **(931 086 867)** | **(747 274 731)** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 6. Consumer debtors disclosure (continued)

| **Net balance** | | |
|---|---|---|
| Consumer debtors - Rates | 40 927 497 | 39 635 860 |
| Consumer debtors - Electricity | 58 090 449 | 46 259 020 |
| Consumer debtors - Water | 35 089 799 | 36 975 415 |
| Consumer debtors - Sewerage | 8 215 311 | 8 203 247 |
| Consumer debtors - Refuse | 9 120 269 | 7 949 961 |
| Consumer debtors - VAT | 15 018 292 | 13 411 917 |
| Consumer debtors - Other | 42 081 467 | 35 002 477 |
| | **208 543 084** | **187 437 897** |

| **Rates** | | |
|---|---|---|
| Current (0 -30 days) | 9 851 953 | 12 775 781 |
| 31 - 60 days | 4 384 728 | 4 180 430 |
| 61 - 90 days | 3 166 160 | 3 554 869 |
| 91 - 120 days | 1 195 601 | 1 318 346 |
| 121 - 365 days | 7 351 138 | 8 229 882 |
| > 365 days | 14 977 917 | 9 576 552 |
| | **40 927 497** | **39 635 860** |

| **Electricity** | | |
|---|---|---|
| Current (0 -30 days) | 23 315 910 | 19 824 940 |
| 31 - 60 days | 10 240 022 | 6 917 462 |
| 61 - 90 days | 6 064 051 | 6 413 083 |
| 91 - 120 days | 1 048 787 | 849 003 |
| 121 - 365 days | 6 290 626 | 5 373 811 |
| > 365 days | 11 131 053 | 6 880 721 |
| | **58 090 449** | **46 259 020** |

| **Water** | | |
|---|---|---|
| Current (0 -30 days) | 10 696 351 | 14 706 488 |
| 31 - 60 days | 8 112 616 | 7 864 338 |
| 61 - 90 days | 6 117 794 | 7 775 522 |
| 91 - 120 days | 346 871 | 272 100 |
| 121 - 365 days | 2 467 841 | 1 663 961 |
| > 365 days | 7 348 326 | 4 693 006 |
| | **35 089 799** | **36 975 415** |

| **Sewerage** | | |
|---|---|---|
| Current (0 -30 days) | 2 701 543 | 2 628 165 |
| 31 - 60 days | 1 865 631 | 1 845 951 |
| 61 - 90 days | 1 624 010 | 1 703 626 |
| 91 - 120 days | 82 209 | 92 428 |
| 121 - 365 days | 494 362 | 557 870 |
| > 365 days | 1 447 556 | 1 375 207 |
| | **8 215 311** | **8 203 247** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 6. Consumer debtors disclosure (continued)

| | | |
|---|---|---|
| **Refuse** | | |
| Current (0 -30 days) | 3 038 529 | 2 735 049 |
| 31 - 60 days | 2 321 447 | 2 084 110 |
| 61 - 90 days | 1 981 442 | 1 936 853 |
| 91 - 120 days | 88 246 | 65 805 |
| 121 - 365 days | 461 581 | 353 659 |
| > 365 days | 1 229 024 | 774 485 |
| | **9 120 269** | **7 949 961** |
| **VAT** | | |
| Current (0 -30 days) | 2 489 970 | 5 649 225 |
| 31 - 60 days | 877 873 | 2 478 721 |
| 61 - 90 days | 2 215 978 | 2 357 042 |
| 91 - 120 days | 211 224 | 178 391 |
| 121 - 365 days | 1 314 157 | 1 065 715 |
| > 365 days | 7 909 090 | 1 682 823 |
| | **15 018 292** | **13 411 917** |
| **Other** | | |
| Current (0 -30 days) | 1 962 752 | 1 132 642 |
| 31 - 60 days | 1 029 019 | 752 816 |
| 61 - 90 days | 2 533 163 | 687 526 |
| 91 - 120 days | 365 161 | 341 993 |
| 121 - 365 days | 2 952 916 | 2 719 236 |
| > 365 days | 33 238 456 | 29 368 264 |
| | **42 081 467** | **35 002 477** |
| **Reconciliation of allowance for impairment** | | |
| Balance at beginning of the year | (747 274 731) | (595 246 451) |
| Contributions to allowance | (189 097 990) | (173 723 466) |
| Debt impairment written off against allowance | 5 285 854 | 21 695 186 |
| | **931 086 867** | **747 274 731** |

## 7. Inventories

| | | |
|---|---|---|
| Consumable stores | 5 661 976 | 5 315 555 |
| Water for distribution | 445 177 | 428 659 |
| Fuel (Diesel, Petrol) | - | 75 216 |
| | **6 107 153** | **5 819 430** |

# Notes to the Annual Financial Statements

Figures in Rand

## 8. Investment property

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 189 210 101 | (56 588 753) | 132 621 348 | 189 210 101 | (53 746 977) | 135 463 124 |

**Reconciliation of investment property - 2021**

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Investment property | 135 463 124 | (2 841 776) | 132 621 348 |

**Reconciliation of investment property - 2020**

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Investment property | 140 697 415 | (5 234 291) | 135 463 124 |

**Pledged as security**

No portion of investment property has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 176 328 338 | - | 176 328 338 | 176 328 338 | - | 176 328 338 |
| Plant and machinery | 2 177 996 | (1 205 562) | 972 434 | 1 993 336 | (1 121 444) | 871 892 |
| Furniture and fixtures | 13 783 626 | (11 159 990) | 2 623 636 | 14 333 807 | (11 300 842) | 3 032 965 |
| Motor vehicles | 37 817 571 | (21 331 998) | 16 485 573 | 27 111 492 | (19 654 409) | 7 457 083 |
| Office equipment | 7 045 858 | (4 513 775) | 2 532 083 | 5 965 070 | (3 956 052) | 2 009 018 |
| Infrastructure | 996 786 563 | (378 866 794) | 617 919 769 | 891 026 276 | (357 960 202) | 533 066 074 |
| Community | 171 947 993 | (106 739 596) | 65 208 397 | 169 085 039 | (99 742 279) | 69 342 760 |
| Capital work in progress | 62 016 394 | - | 62 016 394 | 58 749 855 | - | 58 749 855 |
| Library books | 21 818 737 | (15 138 248) | 6 680 489 | 20 249 045 | (14 157 910) | 6 091 135 |
| Spare parts | 1 092 000 | - | 1 092 000 | - | - | - |
| **Total** | **1 490 815 076** | **(538 955 963)** | **951 859 113** | **1 364 842 258** | **(507 893 138)** | **856 949 120** |

# Notes to the Annual Financial Statements

Figures in Rand

## 9. Property, plant and equipment (continued)

**Reconciliation of property, plant and equipment - 2021**

| | Opening balance | Additions | Disposals | Transfers received | Transfers | Other changes, movements | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| Land | 176 328 338 | - | - | - | - | - | - | - | 176 328 338 |
| Plant and machinery | 871 892 | 256 245 | - | - | - | - | (155 703) | - | 972 434 |
| Furniture and fixtures | 3 032 965 | 599 400 | (99) | - | - | - | (1 008 630) | - | 2 623 636 |
| Motor vehicles | 7 457 083 | 10 836 079 | (18 134) | - | - | - | (1 789 455) | - | 16 485 573 |
| Office equipment | 2 009 018 | 1 619 167 | (363) | - | - | - | (1 095 739) | - | 2 532 083 |
| Infrastructure | 533 066 074 | - | (4 420 375) | 39 995 423 | 71 736 737 | (349 520) | (22 070 674) | (37 896) | 617 919 769 |
| Community | 69 342 760 | - | (56 231) | - | 3 010 501 | - | (4 834 864) | (2 253 769) | 65 208 397 |
| Capital work in progress | 58 749 855 | 78 013 777 | - | - | (74 747 238) | - | - | - | 62 016 394 |
| Library books | 6 091 135 | 1 569 692 | - | - | - | - | (980 338) | - | 6 680 489 |
| Spare parts | - | 1 092 000 | - | - | - | - | - | - | 1 092 000 |
| | **856 949 120** | **93 986 360** | **(4 495 202)** | **39 995 423** | **-** | **(349 520)** | **(31 935 403)** | **(2 291 665)** | **951 859 113** |

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment (continued)

**Reconciliation of property, plant and equipment - 2020**

| | Opening balance | Additions | Disposals | Transfers received | Transfers | Other changes, movements | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| Land | 176 328 338 | - | - | - | - | - | - | - | 176 328 338 |
| Plant and machinery | 902 717 | 117 540 | - | - | - | - | (148 365) | - | 871 892 |
| Furniture and fixtures | 3 462 297 | 627 919 | - | - | - | - | (1 057 251) | - | 3 032 965 |
| Motor vehicles | 8 051 075 | 1 029 218 | (97 927) | - | - | - | (1 525 283) | - | 7 457 083 |
| Office equipment | 1 486 403 | 1 096 743 | - | - | - | - | (574 128) | - | 2 009 018 |
| Infrastructure | 392 275 069 | 10 717 230 | (1 979 825) | 129 307 106 | 23 370 883 | (1 733 650) | (18 890 739) | - | 533 066 074 |
| Community | 70 639 802 | 36 800 | (1 510 347) | - | 22 644 826 | - | (4 694 185) | (17 774 136) | 69 342 760 |
| Capital work in progress | 71 331 946 | 33 433 618 | - | - | (46 015 709) | - | - | - | 58 749 855 |
| Library books | 7 208 990 | 3 368 | - | - | - | - | (1 121 223) | - | 6 091 135 |
| | **731 686 637** | **47 062 436** | **(3 588 099)** | **129 307 106** | **-** | **(1 733 650)** | **(28 011 174)** | **(17 774 136)** | **856 949 120** |

**Pledged as security**

No portion of property, plant and equipment has been pledged as security for liabilities.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 9. Property, plant and equipment (continued)

**Reconciliation of Work-in-Progress 2021**

| | Included within Infrastructure | Included within Community | Included within Other PPE | Total |
|---|---|---|---|---|
| Opening balance | 53 192 431 | 3 689 891 | 1 867 532 | 58 749 854 |
| Additions/capital expenditure | 76 942 269 | 1 071 508 | - | 78 013 777 |
| Transferred to completed items | (71 736 736) | (3 010 501) | - | (74 747 237) |
| | **58 397 964** | **1 750 898** | **1 867 532** | **62 016 394** |

**Reconciliation of Work-in-Progress 2020**

| | Included within Infrastructure | Included within Community | Included within Other PPE | Total |
|---|---|---|---|---|
| Opening balance | 45 275 443 | 24 188 970 | 1 867 532 | 71 331 945 |
| Additions/capital expenditure | 31 287 871 | 2 145 747 | - | 33 433 618 |
| Transferred to completed items | (23 370 883) | (22 644 826) | - | (46 015 709) |
| | **53 192 431** | **3 689 891** | **1 867 532** | **58 749 854** |

**Expenditure incurred to repair and maintain property, plant and equipment**

| **Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance** | | |
|---|---|---|
| Contracted services | 19 617 278 | 19 057 115 |
| Materials | 19 515 667 | 12 169 652 |
| | **39 132 945** | **31 226 767** |

In addition to the property, plant and equipment above, the municipality has land on which RDP houses have been built. The land is still registered in the deeds office in the name of the municipality. The municipality does not have control over these properties and it is therefore not recognised as assets as it does not comply with the definition of assets as per GRAP17. Total value: R147 313 000 (2020: R147 313 000)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## 10. Intangible assets

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 3 112 855 | (2 798 369) | 314 486 | 4 409 000 | (3 968 094) | 440 906 |
| Servitudes | 2 616 932 | - | 2 616 932 | 2 616 932 | - | 2 616 932 |
| **Total** | **5 729 787** | **(2 798 369)** | **2 931 418** | **7 025 932** | **(3 968 094)** | **3 057 838** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 10. Intangible assets (continued)

### Reconciliation of intangible assets - 2021

| | Opening balance | Additions | Disposals | Amortisation | Total |
|---|---|---|---|---|---|
| Computer software | 440 906 | 99 800 | (2 052) | (224 168) | 314 486 |
| Servitudes | 2 616 932 | - | - | - | 2 616 932 |
| | **3 057 838** | **99 800** | **(2 052)** | **(224 168)** | **2 931 418** |

### Reconciliation of intangible assets - 2020

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software | 920 868 | (479 962) | 440 906 |
| Servitudes | 2 616 932 | - | 2 616 932 |
| | **3 537 800** | **(479 962)** | **3 057 838** |

### Pledged as security

No portion of intangible assets have been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## 11. Heritage assets

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Historical monuments | 4 662 664 | - | 4 662 664 | 4 662 664 | - | 4 662 664 |

### Reconciliation of heritage assets 2021

| | Opening balance | Total |
|---|---|---|
| Historical monuments | 4 662 664 | 4 662 664 |

### Reconciliation of heritage assets 2020

| | Opening balance | Total |
|---|---|---|
| Historical monuments | 4 662 664 | 4 662 664 |

### Pledged as security

No portion of heritage assets have been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 12. Payables from exchange transactions

| | | |
|---|---|---|
| Trade payables | 82 083 081 | 72 803 987 |
| Payments received in advanced | 39 577 646 | 27 961 464 |
| Retentions | 8 434 326 | 6 821 973 |
| Grants payable | 3 796 873 | - |
| Accrued bonus | 4 294 292 | 3 927 518 |
| Deposits received | 1 036 926 | 1 038 493 |
| | **139 223 144** | **112 553 435** |

## 13. Unspent conditional grants and receipts

**Unspent conditional grants and receipts comprises of:**

| | | |
|---|---|---|
| **Unspent conditional grants and receipts** | | |
| Finance Management Grant | - | 2 931 |
| Equitable Share - Covid 19 | 6 742 490 | - |
| Libraries Plan | 2 062 805 | 3 361 965 |
| Performance System Management Grant | 351 022 | 351 022 |
| Bontle Ke Botho Grant | 27 371 | 27 371 |
| Municipal Infrastructure Grant | - | 6 737 525 |
| Integrated National Electrification Programme Grant | 1 338 382 | 91 881 |
| Energy Efficiency and Demand Side Management Grant | - | 117 300 |
| Water Services Infrastructure Grant | 1 828 890 | 5 218 351 |
| Recapitalization of Community Libraries Grant | 8 049 541 | 6 803 277 |
| Cogta Fire and Rescue Services Grant | - | 6 000 000 |
| | **20 400 501** | **28 711 623** |

**Movement during the year**

| | | |
|---|---|---|
| Balance at the beginning of the year | 28 711 623 | 11 161 049 |
| Additions during the year | 257 851 446 | 217 150 839 |
| Income recognition during the year | (267 642 809) | (206 504 406) |
| Transfer (to)/from payables | (3 796 873) | 2 140 334 |
| Grants receivable | 5 277 114 | 4 763 807 |
| | **20 400 501** | **28 711 623** |

| | | |
|---|---|---|
| **Net grants movement reconciliation** | | |
| Receivables from non-exchange transactions | (5 277 114) | (4 763 807) |
| Unspent conditional grant rollovers | 20 400 501 | 28 711 623 |
| | **15 123 387** | **23 947 816** |

See note 27 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

## 14. Consumer deposits

| | | |
|---|---|---|
| All services | 19 995 450 | 18 092 860 |

## 15. VAT payable

| | | |
|---|---|---|
| VAT | 109 339 713 | 86 285 694 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 16. Long term loans

| | | |
|---|---|---|
| **At amortised cost** | | |
| Bank loan | 41 805 554 | 46 596 877 |
| Terms and conditions | | |
| **Non-current liabilities** | | |
| At amortised cost | 37 204 995 | 41 805 554 |
| **Current liabilities** | | |
| At amortised cost | 4 600 559 | 4 791 323 |

| **Loan description** | Loan number | Redeemable | Balance at 30 June 2020 | Received during the period | Redeemed during the period | Balance at 30 June 2021 |
|---|---|---|---|---|---|---|
| R13 Ratanda electricity - 9.45% fixed | 102187 | 15 years | 587 688 | - | (587 688) | - |
| R14 Electrical Upgrade - 9.59% fixed | 102986_1 | 20 years | 12 967 231 | - | (1 142 123) | 11 825 108 |
| R15 Electrical upgrade - 5% fixed | 102986_2 | 20 years | 7 282 133 | - | (761 041) | 6 521 092 |
| R16 Vehicles - 11.87% fixed | 6100956 | 12 years | 1 088 697 | - | (512 999) | 575 698 |
| R17 Infrastructure - 6.75% | 6100955 | 20 years | 2 244 367 | - | (163 558) | 2 080 809 |
| R18 Other - 14.24% fixed | 6100954 | 20 years | 4 251 130 | - | (212 322) | 4 038 808 |
| R19 Electrical infrastructure - 12% fixed | 61006830 | 20 years | 6 385 502 | - | (280 021) | 6 105 481 |
| R20 Electrical upgrade - 6.75% fixed | 61006831 | 20 years | 9 511 788 | - | (569 987) | 8 941 801 |
| R21 Roads and stormwater - 11.65% fixed | 61006809 | 120 years | 2 278 341 | - | (561 587) | 1 716 754 |
| | | | **46 596 877** | **-** | **(4 791 326)** | **41 805 551** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 17. Employee benefit obligations

**Defined benefit plan**

**Post retirement medical aid plan**

The municipality's post-employment health care liability consists of a commitment to pay a portion of the pensioners' postemployment medical scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary pensioner.

Lesedi local municipality operates on 5 accredited medical aid schemes, namely Hosmed, Key Health, SAMWU Med, Bonitas and LA Health.

The municipality provides post-retirement benefits by subsidising the medical aid contributions of an employee who retires from employment and who, immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by the municipality, will continue to receive a subsidy calculated as follows:
- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the municipality as at the date of retirement will be 60% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.
- If the employee is 50 years or older on the 1 July 2003, his or her subsidy from the municipality as at the date of retirement will be 50% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

This benefit is subject to a maximum Rand cap of R4773.

The Rand cap amount is expected to increase each year in line with healthcare cost inflation, effective 1 January each year.

Summary of membership date:

| Reason | Number | Average Age |
|---|---|---|
| Continuation members | 33 | 72.91 |

**The amounts recognised in the statement of financial position are as follows:**

| | | |
|---|---|---|
| **Carrying value** | | |
| Present value of the defined benefit obligation-wholly unfunded | (24 219 636) | (21 882 998) |
| Non-current liabilities | (22 159 619) | (19 713 403) |
| Current liabilities | (2 060 017) | (2 169 595) |
| | **(24 219 636)** | **(21 882 998)** |

**Changes in the present value of the defined benefit obligation are as follows:**

| | | |
|---|---|---|
| Opening balance | 21 882 998 | 21 110 167 |
| Net expense recognised in the statement of financial performance | 2 336 638 | 772 831 |
| | **24 219 636** | **21 882 998** |

**Net expense recognised in the statement of financial performance**

| | | |
|---|---|---|
| Interest cost | 1 946 712 | 1 760 781 |
| Actuarial (gains) losses | 2 411 562 | 2 257 067 |
| Settlement | (2 021 636) | (3 245 017) |
| | **2 336 638** | **772 831** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 17. Employee benefit obligations (continued)

**Calculation of actuarial gains and losses**

| | | |
|---|---|---|
| Actuarial (gains) losses – Obligation | 2 411 562 | 2 257 067 |

**Key assumptions used**

Assumptions used at the reporting date:

| | | |
|---|---|---|
| Discount rates used | 8.97 % | 9.36 % |
| Expected increase in healthcare costs | 6.70 % | 5.97 % |
| Consumer price inflation | 5.20 % | 4.47 % |
| Net discount rate | 2.13 % | 3.20 % |

**Other assumptions**

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

| | **One percentage point increase** | **One percentage point decrease** |
|---|---|---|
| Effect on the aggregate of the service cost and interest cost | 2 244 430 | 1 866 638 |
| Effect on defined benefit obligation | 26 510 765 | 22 212 887 |

Amounts for the current and previous four years are as follows:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Defined benefit obligation | 24 219 636 | 21 882 998 | 21 110 166 | 24 229 597 | 52 549 000 |

**Defined contribution plan**

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 18. Provisions

**Reconciliation of provisions - 2021**

| | Opening Balance | Additions | Utilised during the year | Change in discount factor | Reduction due to re-measurement or settlement without cost to entity | Total |
|---|---|---|---|---|---|---|
| Environmental rehabilitation | 26 347 911 | - | - | 1 311 116 | (349 520) | 27 309 507 |
| Provision for leave pay | 17 415 137 | 10 719 999 | (4 728 510) | - | - | 23 406 626 |
| | **43 763 048** | **10 719 999** | **(4 728 510)** | **1 311 116** | **(349 520)** | **50 716 133** |

**Reconciliation of provisions - 2020**

| | Opening Balance | Additions | Utilised during the year | Change in discount factor | Reduction due to re-measurement or settlement without cost to entity | Total |
|---|---|---|---|---|---|---|
| Environmental rehabilitation | 27 071 247 | - | - | 1 010 314 | (1 733 650) | 26 347 911 |
| Provision for leave pay | 13 542 931 | 6 665 161 | (2 792 955) | - | - | 17 415 137 |
| | **40 614 178** | **6 665 161** | **(2 792 955)** | **1 010 314** | **(1 733 650)** | **43 763 048** |

| | | |
|---|---|---|
| Non-current liabilities | 25 950 540 | 25 193 873 |
| Current liabilities | 24 765 593 | 18 569 175 |
| | **50 716 133** | **43 763 048** |

**Environmental rehabilitation provision**

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year end to reflect the best estimate at reporting date. The sites under consideration are the Devon landfill site and the Devon and Poortjie dumping sites.

Key financial assumptions used in this calculation were as follows:

| | Devon landfill site | Poortjie dumping site | Devon dumping site |
|---|---|---|---|
| Discount rate | 8.4% | 8.4% | 8.4% |
| CPI | 4.6% | 4.6% | 4.6% |
| Net discount rate | 3.73% | 3.73% | 3.73% |
| Remaining useful life | 28 years | 15 years | 15 years |

## 19. Service charges

| | | |
|---|---|---|
| Sale of electricity | 329 550 150 | 338 138 897 |
| Sale of water | 141 731 129 | 139 543 713 |
| Sewerage and sanitation charges | 31 969 621 | 31 160 800 |
| Refuse removal | 35 341 272 | 33 086 051 |
| | **538 592 172** | **541 929 461** |

## 20. Rental of facilities and equipment

**Premises**

| | | |
|---|---|---|
| Premises | 4 917 132 | 4 743 556 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 20. Rental of facilities and equipment (continued)

| | | |
|---|---|---|
| **Facilities and equipment** | | |
| Rental of facilities | 1 510 853 | 1 372 768 |
| Rental of equipment | 260 310 | 163 599 |
| | **1 771 163** | **1 536 367** |
| | **6 688 295** | **6 279 923** |

## 21. Interest income

| | | |
|---|---|---|
| **Interest revenue** | | |
| Bank | 2 723 142 | 5 087 253 |
| Interest charged on trade and other receivables | 33 713 282 | 28 771 273 |
| | **36 436 424** | **33 858 526** |

## 22. Interest from non-exchange receivables

| | | |
|---|---|---|
| Interest charged on property rates | 3 720 446 | 3 289 877 |

## 23. Licences and permits (exchange)

| | | |
|---|---|---|
| Flammable goods | 14 855 | 48 406 |

## 24. Recoveries

| | | |
|---|---|---|
| Insurance recoveries | 800 011 | 1 927 587 |

Included in the balance for insurance recoveries is monies received from the insurer on assets that were either destroyed, stolen or damaged.

## 25. Other income

| | | |
|---|---|---|
| Abnormal loads | 8 096 | 33 612 |
| Admin fees | 20 810 | 5 375 |
| Cemetery fees | 1 670 480 | 1 327 134 |
| Clearance certificates | 67 832 | 217 684 |
| Fire services | 45 624 | 6 925 |
| Library fees | 816 223 | 743 985 |
| Planning fees | 4 014 941 | 962 407 |
| Swimming pool fees | 4 363 | 3 030 |
| Sundries | 382 466 | 214 176 |
| | **7 030 835** | **3 514 328** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 26. Property rates

**Rates received**

| | | |
|---|---|---|
| All categories | 171 203 297 | 150 572 022 |
| Less: Income forgone | (30 935 424) | (18 760 122) |
| | **140 267 873** | **131 811 900** |

**Valuations (R'000)**

| | | |
|---|---|---|
| Residential | 8 017 606 | 7 466 986 |
| Commercial | 2 048 905 | 2 044 679 |
| State | 870 670 | 1 599 931 |
| Municipal | 416 667 | 376 080 |
| Small holdings and farms | 2 031 556 | 2 080 119 |
| | **13 385 404** | **13 567 795** |

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 27. Government grants and subsidies

| | | |
|---|---|---|
| **Operating grants** | | |
| Equitable Share | 148 231 000 | 133 765 000 |
| Finance Management Grant | 1 550 000 | 1 547 069 |
| Expanded Public Works Program Grant | 1 367 000 | 1 460 000 |
| Municipal Disaster Relief Grant | - | 685 000 |
| Equitable Share - Covid 19 | 15 666 510 | - |
| Libraries Plan | 7 005 564 | 5 257 518 |
| Performance Management System Grant | - | 148 978 |
| District health | 5 328 292 | 4 164 727 |
| Expanded Public Works Program (Cogta) | 500 000 | 1 004 000 |
| Grap 17 Compliance Grant | - | 1 000 000 |
| LG Seta | 494 268 | 390 481 |
| | **180 142 634** | **149 422 773** |
| **Capital grants** | | |
| Municipal Infrastructure Grant | 30 264 065 | 21 395 607 |
| Integrated National Electrification Program | 33 610 618 | 12 908 119 |
| Energy Efficiency and Demand Side Management Grant | - | 6 882 700 |
| Water Services Infrastructure Grant | 12 575 034 | 9 781 649 |
| Recapitalization of Community Libraries Grant | 5 050 459 | 5 827 785 |
| Cogta Fire and Rescue Services Grant | 6 000 000 | - |
| Small Business Development Grant | - | 285 773 |
| | **87 500 176** | **57 081 633** |
| | **267 642 810** | **206 504 406** |

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

**Equitable Share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of 715 (2020: 677), which is funded from the grant.

**Finance Management Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 2 931 | - |
| Current-year receipts | 1 550 000 | 1 550 000 |
| Conditions met - transferred to revenue | (1 550 000) | (1 547 069) |
| Offset against equitable share | (2 931) | - |
| | - | **2 931** |

Conditions still to be met - remain liabilities (see note 13).

**Expanded Public Works Program Grant**

| | | |
|---|---|---|
| Current-year receipts | 1 367 000 | 1 460 000 |
| Conditions met - transferred to revenue | (1 367 000) | (1 460 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 13).

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 27. Government grants and subsidies (continued)

**Municipal Disaster Relief Grant**

| | | |
|---|---|---|
| Current-year receipts | - | 685 000 |
| Conditions met - transferred to revenue | - | (685 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 13).

**Equitable Share - Covid 19**

| | | |
|---|---|---|
| Current-year receipts | 22 409 000 | - |
| Conditions met - transferred to revenue | (15 666 510) | - |
| | **6 742 490** | **-** |

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

**Libraries plan**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 3 361 965 | 1 619 483 |
| Current-year receipts | 7 000 000 | 7 000 000 |
| Conditions met - transferred to revenue | (7 005 564) | (5 257 518) |
| Transfer to payables | (1 293 596) | - |
| | **2 062 805** | **3 361 965** |

Conditions still to be met - remain liabilities (see note 13).

**Provincial clinics**

| | | |
|---|---|---|
| Balance unspent at beginning of year | (440 684) | (440 684) |
| Current-year receipts | - | 27 816 |
| Conditions met - transferred to revenue | - | (27 816) |
| | **(440 684)** | **(440 684)** |

Conditions still to be met - remain liabilities (see note 13).

**Performance Management System Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 351 022 | 500 000 |
| Conditions met - transferred to revenue | - | (148 978) |
| | **351 022** | **351 022** |

Conditions still to be met - remain liabilities (see note 13).

**District health**

| | | |
|---|---|---|
| Balance unspent at beginning of year | (4 323 123) | (2 647 063) |
| Current-year receipts | 4 814 985 | 2 488 667 |
| Conditions met - transferred to revenue | (5 328 292) | (4 164 727) |
| | **(4 836 430)** | **(4 323 123)** |

Conditions still to be met - remain liabilities (see note 13).

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 27. Government grants and subsidies (continued)

**Expanded Public Works Program (Cogta)**

| | | |
|---|---|---|
| Current-year receipts | 500 000 | 1 004 000 |
| Conditions met - transferred to revenue | (500 000) | (1 004 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 13).

**Grap 17 Compliance Grant**

| | | |
|---|---|---|
| Current-year receipts | - | 1 000 000 |
| Conditions met - transferred to revenue | - | (1 000 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 13).

**Bontle Ke Botho Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 27 371 | 27 371 |

Conditions still to be met - remain liabilities (see note 13).

**LG Seta**

| | | |
|---|---|---|
| Current-year receipts | 494 268 | 390 481 |
| Conditions met - transferred to revenue | (494 268) | (390 481) |
| | - | - |

Conditions still to be met - remain liabilities (see note 13).

**Municipal Infrastructure Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 6 737 525 | 4 857 084 |
| Current-year receipts | 25 927 000 | 26 404 000 |
| Conditions met - transferred to revenue | (30 264 065) | (21 395 607) |
| Offset against equitable share | (2 400 460) | (3 127 952) |
| | - | **6 737 525** |

Conditions still to be met - remain liabilities (see note 13).

**Integrated National Electrification Program**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 91 881 | 2 526 048 |
| Current-year receipts | 34 949 000 | 13 000 000 |
| Conditions met - transferred to revenue | (33 610 618) | (12 908 119) |
| Offset against equitable share | (91 881) | (2 526 048) |
| | **1 338 382** | **91 881** |

Conditions still to be met - remain liabilities (see note 13).

**Energy Efficiency and Demand Side Management Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 117 300 | - |

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|
| **27. Government grants and subsidies (continued)** | | |
| Current-year receipts | - | 7 000 000 |
| Conditions met - transferred to revenue | - | (6 882 700) |
| Offset against equitable share | (117 300) | - |
| | **-** | **117 300** |

Conditions still to be met - remain liabilities (see note 13).

**Water Services Infrastructure Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 5 218 351 | - |
| Current-year receipts | 10 000 000 | 15 000 000 |
| Conditions met - transferred to revenue | (12 575 033) | (9 781 649) |
| Offset against equitable share | (814 428) | - |
| | **1 828 890** | **5 218 351** |

Conditions still to be met - remain liabilities (see note 13).

**Recapitalization of Community Libraries Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 6 803 277 | 1 631 063 |
| Current-year receipts | 8 800 000 | 8 859 665 |
| Conditions met - transferred to revenue | (5 050 459) | (5 827 785) |
| Transfer (to)/from payables | (2 503 277) | 2 140 334 |
| | **8 049 541** | **6 803 277** |

Conditions still to be met - remain liabilities (see note 13).

**Cogta Fire and Rescue Services Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 6 000 000 | - |
| Current-year receipts | - | 6 000 000 |
| Conditions met - transferred to revenue | (6 000 000) | - |
| | **-** | **6 000 000** |

Conditions still to be met - remain liabilities (see note 13).

**Small Business Development Grant**

| | | |
|---|---|---|
| Current-year receipts | - | 285 773 |
| Conditions met - transferred to revenue | - | (285 773) |
| | **-** | **-** |

Conditions still to be met - remain liabilities (see note 13).

**28. Public contributions and donations**

| | | |
|---|---|---|
| Gauteng Department of Human Settlements | 39 995 423 | 129 307 107 |

**29. Fines, Penalties and Forfeits**

| | | |
|---|---|---|
| Municipal Traffic Fines | 1 521 530 | 1 155 450 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 30. Employee related costs

| | | |
|---|---|---|
| Basic | 124 554 962 | 118 819 151 |
| Medical aid - company contributions | 12 883 947 | 10 608 671 |
| UIF | 890 608 | 913 814 |
| WCA | 931 362 | 793 497 |
| SDL | 1 680 130 | 1 366 185 |
| Other payroll levies | 53 612 | 53 599 |
| Leave pay provision charge | 9 802 648 | 6 665 161 |
| Pension costs | 24 271 034 | 22 662 551 |
| Group insurance | 2 026 866 | 1 864 496 |
| Overtime payments | 12 539 751 | 11 350 347 |
| Long-service awards | 96 944 | 73 181 |
| 13th Cheques | 10 243 872 | 9 068 412 |
| Acting allowances | 1 285 633 | 1 523 343 |
| Car allowance | 4 545 064 | 4 695 711 |
| Housing benefits and allowances | 847 066 | 762 779 |
| Cellphone allowance | 1 069 596 | 295 850 |
| Entertainment allowance | 840 | 840 |
| Standby | 1 475 250 | 1 261 141 |
| Tool allowance | 720 | 720 |
| Actuarial loss | 2 411 562 | 2 257 067 |
| | **211 611 467** | **195 036 516** |

**Remuneration of municipal manager**

| | | |
|---|---|---|
| Annual Remuneration | 1 282 333 | - |
| Car Allowance | - | - |
| Contributions to UIF, Medical and Pension Funds | - | - |
| Cellphone Allowance | 14 000 | - |
| | **1 296 333** | **-** |

The position was filled on 1 September 2020.

**Remuneration of chief finance officer**

| | | |
|---|---|---|
| Annual Remuneration | - | - |
| Car Allowance | - | - |
| Contributions to UIF, Medical and Pension Funds | - | - |
| | **-** | **-** |

The position has been vacant since 25 April 2019.

**Remuneration of executive manager: corporate services**

| | | |
|---|---|---|
| Annual Remuneration | 635 535 | 547 180 |
| Car Allowance | 229 500 | 176 500 |
| Contributions to UIF, Medical and Pension Funds | 29 669 | 103 956 |
| Housing allowance | 397 452 | 359 426 |
| Acting allowance | - | 283 823 |
| Cellphone Allowance | 10 000 | - |
| | **1 302 156** | **1 470 885** |

**Remuneration of executive manager: community services**

| | | |
|---|---|---|
| Annual Remuneration | 1 034 898 | 388 956 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|
| **30. Remuneration of councillors (continued)** | | |
| Car Allowance | 192 995 | 67 200 |
| Contributions to UIF, Medical and Pension Funds | 44 277 | 595 |
| Cellphone Allowance | 10 000 | - |
| | **1 282 170** | **456 751** |

**Remuneration of executive manager: infrastructure services**

| | | |
|---|---|---|
| Annual Remuneration | 412 014 | - |
| Car Allowance | 57 451 | - |
| Contributions to UIF, Medical and Pension Funds | 149 | - |
| Cellphone Allowance | 10 000 | - |
| | **479 614** | **-** |

The position was filled on 1 February 2021.

**Remuneration of executive manager: development and planning**

| | | |
|---|---|---|
| Annual Remuneration | 1 192 000 | 1 082 300 |
| Car Allowance | 94 000 | 87 383 |
| Contributions to UIF, Medical and Pension Funds | 446 | 37 126 |
| Acting Allowance | 50 755 | 71 912 |
| Cellphone Allowance | 10 000 | - |
| Leave Sold | - | 44 907 |
| | **1 347 201** | **1 323 628** |

**31. Remuneration of councillors**

| | | |
|---|---|---|
| Executive Major | 912 853 | 900 271 |
| Mayoral Committee Members | 3 653 510 | 3 427 016 |
| Speaker | 796 015 | 728 375 |
| Councillors | 6 474 270 | 6 020 077 |
| | **11 836 648** | **11 075 739** |

**In-kind benefits**

The Executive Mayor, Deputy 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 and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has four full-time bodyguards. The speaker has two full-time bodyguards.

**Additional information**

Councillors are remunerated in terms of the Remuneration of the Public Office Bearers Act.

**32. Depreciation and amortisation**

| | | |
|---|---|---|
| Property, plant and equipment | 31 935 403 | 28 011 174 |
| Investment property | 2 841 776 | 5 234 290 |
| Intangible assets | 224 168 | 479 962 |
| | **35 001 347** | **33 725 426** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 33. Impairment of assets

| | | |
|---|---|---|
| **Impairments** | | |
| Property, plant and equipment | 2 291 666 | 17 770 539 |
| Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.] | | |

The main classes of assets affected by impairment losses are:

| | 2020/21 | 2019/20 |
|---|---|---|
| Infrastructure assets | 37,896 | |
| Community assets | 2,253,769 | 17,770,539 |

## 34. Finance costs

| | | |
|---|---|---|
| Non-current borrowings | 4 116 076 | 4 548 969 |
| Trade and other payables | 28 081 | 4 393 |
| Bank | - | 101 |
| Interest cost on employee benefits | 1 946 712 | 1 760 781 |
| Fair value adjustments on landfill sites | 1 311 116 | 1 010 314 |
| | **7 401 985** | **7 324 558** |

## 35. Lease rentals on operating lease

| | | |
|---|---|---|
| **Motor vehicles** | | |
| Contractual amounts | 54 503 | 734 504 |
| **Equipment** | | |
| Contractual amounts | 997 851 | 1 266 950 |
| | **1 052 354** | **2 001 454** |

## 36. Debt impairment

| | | |
|---|---|---|
| Impairment on traffic fines | 1 151 598 | 902 239 |
| Contributions to debt impairment provision | 189 097 990 | 173 723 466 |
| Bad debts written off | 237 550 | 143 000 |
| | **190 487 138** | **174 768 705** |

## 37. Bulk purchases

| | | |
|---|---|---|
| Electricity - Eskom | 271 376 462 | 249 737 880 |
| Water | 84 411 263 | 81 914 107 |
| | **355 787 725** | **331 651 987** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 38. Contracted services

| | | |
|---|---|---|
| **Outsourced Services** | | |
| Animal Care | 179 059 | 20 000 |
| Burial Services | 107 902 | 39 420 |
| Business and Advisory | 7 937 927 | 5 615 524 |
| Catering Services | 445 053 | 674 821 |
| Cleaning Services | 184 167 | 532 813 |
| Fire Services | - | 19 536 |
| Hygiene Services | 146 710 | - |
| Internal Auditors | 1 419 653 | 2 211 705 |
| Meter Management | 8 873 155 | 2 432 313 |
| Connection/Dis-connection | 1 032 362 | 670 485 |
| Security Services | 5 047 405 | 417 484 |
| **Consultants and Professional Services** | | |
| Business and Advisory | 4 408 819 | 3 316 606 |
| Infrastructure and Planning | 765 000 | - |
| Legal Cost | 7 357 746 | 2 689 839 |
| **Contractors** | | |
| Artists and Performers | 24 000 | 13 241 |
| Catering Services | - | 1 900 |
| Electrical | 9 932 715 | 11 957 712 |
| Employee Wellness | 25 000 | 196 400 |
| Event Promoters | - | 6 500 |
| Gardening Services | - | 2 610 |
| Inspection Fees | 1 663 815 | 255 404 |
| Maintenance of Buildings and Facilities | 963 077 | 394 840 |
| Maintenance of Equipment | 1 500 915 | 1 375 270 |
| Maintenance of Unspecified Assets | 7 356 162 | 5 329 293 |
| Pest Control and Fumigation | - | 1 725 |
| Tracing Agents and Debt Collectors | 994 544 | 694 357 |
| Traffic and Street Lights | 582 788 | 5 984 956 |
| Safeguard and Security | 18 733 272 | 15 596 098 |
| Sewerage Services | 15 413 900 | 14 678 277 |
| | **95 095 146** | **75 129 129** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 39. General expenses

| | | |
|---|---|---|
| Advertising | 706 712 | 987 371 |
| Auditors remuneration | 3 866 998 | 4 001 730 |
| Bank charges | 2 030 436 | 1 374 461 |
| Commission paid | 6 928 760 | 7 087 545 |
| Consumables | 1 573 643 | 811 743 |
| Entertainment | 19 125 | 27 304 |
| Hire | 995 571 | 387 725 |
| Insurance | 2 681 077 | 2 116 981 |
| Fleet | 2 875 067 | 4 536 830 |
| Magazines, books and periodicals | 147 557 | 155 895 |
| Fuel and oil | 1 653 875 | 220 051 |
| Postage and courier | 1 316 694 | 986 814 |
| Protective clothing | 1 769 856 | 2 520 819 |
| Software expenses | 5 184 967 | 4 767 424 |
| Subscriptions and membership fees | 2 182 252 | 2 021 212 |
| Telephone and fax | 2 777 078 | 3 240 110 |
| Transport and freight | 2 200 | 10 100 |
| Training | 431 018 | 468 252 |
| Travel - local | 69 757 | 577 036 |
| Refuse | 10 022 637 | 9 203 870 |
| Assets expensed | 238 165 | 445 135 |
| Management fees | 2 742 789 | 1 954 448 |
| Materials | 19 728 128 | 12 161 652 |
| Other expenses | 1 622 282 | 4 235 213 |
| | **71 566 644** | **64 299 721** |

### 40. Operating surplus

Operating surplus for the year is stated after accounting for the following:

| | | |
|---|---|---|
| **Operating lease charges** | | |
| Motor vehicles | | |
| • Contractual amounts | 54 503 | 734 504 |
| Equipment | | |
| • Contractual amounts | 997 851 | 1 266 950 |
| | **1 052 354** | **2 001 454** |

| | | |
|---|---|---|
| Loss on sale of property, plant and equipment | (4 494 603) | (3 591 696) |
| Impairment on property, plant and equipment | 2 291 666 | 17 770 539 |
| Amortisation on intangible assets | 224 168 | 479 962 |
| Depreciation on property, plant and equipment | 31 935 403 | 28 011 174 |
| Depreciation on investment property | 2 841 776 | 5 234 290 |
| Employee costs | 229 155 589 | 209 363 519 |

### 41. Taxation

The municipality is exempt from income tax in terms of the Income Tax Act (Act No 58 of 1962) Section 10(1)(a).

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 42. Cash generated from operations

| | | |
|---|---|---|
| Surplus | 50 376 477 | 139 999 016 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 35 001 347 | 33 725 426 |
| Loss on disposal of assets and liabilities | 4 494 603 | 3 591 696 |
| Impairment deficit | 2 291 666 | 17 770 539 |
| Debt impairment | 190 487 138 | 174 768 705 |
| Movements in retirement benefit assets and liabilities | 2 336 638 | 772 832 |
| Movements in provisions | 6 953 085 | 3 148 870 |
| Public contributions and donations | (39 995 423) | (129 307 117) |
| Other movements/changes in assets | 349 520 | 1 733 650 |
| **Changes in working capital:** | | |
| Inventories | (287 723) | (668 705) |
| Receivables from exchange transactions | (19 979 282) | (25 894 487) |
| Consumer debtors | (190 487 138) | (174 768 705) |
| Other receivables from non-exchange transactions | (1 819 766) | (12 842 825) |
| Payables from exchange transactions | 26 669 695 | 9 394 004 |
| VAT | 23 054 019 | 19 493 619 |
| Unspent conditional grants and receipts | (8 311 122) | 17 550 574 |
| Consumer deposits | 1 902 590 | 2 438 075 |
| | **83 036 324** | **80 905 167** |

## 43. 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

**2020**

| | Note | As previously reported | Correction of error | Re-classification | Restated |
|---|---|---|---|---|---|
| Investment property | 8 | 169 138 507 | (33 269 851) | (405 532) | 135 463 124 |
| Property, plant and equipment | 9 | 852 474 984 | 4 068 604 | 405 532 | 856 949 120 |
| | | **1 021 613 491** | **(29 201 247)** | **-** | **992 412 244** |

### Statement of financial performance

**2020**

| | Note | As previously reported | Correction of error | Re-classification | Restated |
|---|---|---|---|---|---|
| Revenue from exchange transactions - interest income | 21 | 37 148 403 | - | (3 289 877) | 33 858 526 |
| Revenue from non-exchange transactions - interest income | 22 | - | - | 3 289 877 | 3 289 877 |
| Depreciation | 32 | 37 493 910 | (3 768 484) | - | 33 725 426 |
| Loss on derecognition of assets and liabilities | | 3 598 996 | (7 300) | - | 3 591 696 |
| **Surplus for the year** | | **78 241 309** | **(3 775 784)** | **-** | **74 465 525** |

### Errors

The following prior period errors adjustments occurred:

### 43. Prior-year adjustments (continued)

**Investment property**

Privately owned property included in the investment property was removed. Investment property ommitted from the register was added. Land incorrectly included under investment property was transferred to property, plant and equipment. The depreciation for the year was adjusted accordingly.

**Property, plant and equipment**

Overstatement due to an error in the value of library books was corrected. Non-municipal assets were removed. Assets ommitted were recognised. Transport assets incorrectly derecognised were reinstated.The depreciation and the loss on derecognition of assets and liabilities for the year was adjusted accordingly.

**Reclassifications**

The following reclassifications adjustment occurred:

**Interest income**

Interest received was reclassified between interest from exchange and interest from non-exchange revenue. This was to ensure fair presentation of amounts in the financial statements in terms of GRAP 1.

**Discontinued Notes**

During the financial year under review management decided to discontinue **Note 19 Revenue** as presented in the 2019/20 financial statements, as it was a duplication of information presented on the face of the statement of financial performance and all these revenue line items are referenced to a specific note with a detailed explanation of the amounts. Management is of the view that this does not have a negative effect on fair presentation.

During the financial year under review management decided to discontinue **Note 39 Auditor's Remuneration** as presented in the 2019/20 financial statements. This was due to it being a duplication of information already presented under **Note 38 General expenses** and **Note 54 Additional disclosure in terms of the Municipal Financial Management Act** as presented in the 2019/20 financial statements. Management is of the view that this does not have a negative effect on fair presentation.

### 44. Financial instruments disclosure

**Categories of financial instruments**

**2021**

**Financial assets**

| | At amortised cost | Total |
|---|---|---|
| Other receivables from exchange transactions | 4 092 598 | 4 092 598 |
| Other receivables from non-exchange transactions | 14 155 548 | 14 155 548 |
| Consumer debtors | 208 543 084 | 208 543 084 |
| Cash and cash equivalents | 55 027 571 | 55 027 571 |
| | **281 818 801** | **281 818 801** |

**Financial liabilities**

| | At amortised cost | Total |
|---|---|---|
| Payables from exchange transactions | 139 223 145 | 139 223 145 |
| Unspent conditional grants and receipts | 20 400 501 | 20 400 501 |
| Consumer deposits | 19 995 450 | 19 995 450 |
| VAT payable | 109 339 713 | 109 339 713 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 44. Financial instruments disclosure (continued)

| | | |
|---|---|---|
| | **288 958 809** | **288 958 809** |

**2020**

**Financial assets**

| | At amortised cost | Total |
|---|---|---|
| Other receivables from exchange transactions | 3 926 866 | 3 926 866 |
| Other receivables from non-exchange transactions | 13 627 419 | 13 627 419 |
| Consumer debtors | 187 437 897 | 187 437 897 |
| Cash and cash equivalents | 70 866 072 | 70 866 072 |
| | **275 858 254** | **275 858 254** |

**Financial liabilities**

| | At amortised cost | Total |
|---|---|---|
| Long term loans | 46 596 877 | 46 596 877 |
| Payables from exchange transactions | 112 553 438 | 112 553 438 |
| Unspent conditional grants and receipts | 28 711 623 | 28 711 623 |
| Consumer deposits | 18 092 860 | 18 092 860 |
| VAT payable | 86 285 694 | 86 285 694 |
| | **292 240 492** | **292 240 492** |

## 45. Risk management

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2021 | 2020 |
|---|---|---|
| Current account (Absa) | 2 584 329 | 4 286 817 |
| Current account (Absa) | 80 541 | 50 345 |
| Current account (FNB) | 755 141 | 656 650 |
| Call account (Absa) | 29 581 515 | 39 660 153 |
| Call account (Investec) | 21 545 491 | 23 759 547 |
| Trade and other receivables from exchange transactions | 4 092 598 | 3 926 866 |
| Receivables from non exchange transactions | 14 155 548 | 13 627 419 |
| Consumer debtors | 208 543 084 | 187 437 897 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 45. Risk management (continued)

**Market risk**

**Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 46. Commitments

**Authorised capital expenditure**

| | | |
|---|---|---|
| **Already contracted for but not provided for** | | |
| • Property, plant and equipment | 38 532 061 | 26 013 580 |
| **Total capital commitments** | | |
| Already contracted for but not provided for | 38 532 061 | 26 013 580 |

**Authorised operational expenditure**

| | | |
|---|---|---|
| **Already contracted for but not provided for** | | |
| • Expenditure | 18 437 666 | 45 996 897 |
| **Total operational commitments** | | |
| Already contracted for but not provided for | 18 437 666 | 45 996 897 |

**Total commitments**

| | | |
|---|---|---|
| **Total commitments** | | |
| Authorised capital expenditure | 38 532 061 | 26 013 580 |
| Authorised operational expenditure | 18 437 666 | 45 996 897 |
| | **56 969 727** | **72 010 477** |

| | | |
|---|---|---|
| **Committed capital expenditure consists of:** | | |
| 984 Infinite Enterprise (Pty) Ltd | 5 124 073 | - |
| Absolute Business Consultants | 85 278 | - |
| BICS Engineering and Supply (Pty) Ltd | 1 454 302 | - |
| Dwellers Trading & Projects | 5 509 281 | - |
| ECE Engineers | 1 349 386 | 1 551 019 |
| Khoza Trading | 7 402 733 | - |
| MK Cassidy Construction | - | 937 183 |
| MTP Aviations Solutions | 7 349 392 | - |
| Malindo Civil and Construction | 1 028 880 | - |
| Marce Projects (Pty) Ltd | - | 5 319 216 |
| Mbusokhumo Investments (Pty) Ltd | 1 889 821 | - |
| Mihandzu Consulting and Project Management | - | 3 431 492 |
| Mogatladi Trading Enterprise (Pty) Ltd | - | 3 897 308 |
| Mthembu Mvelase Civil Projects | - | 7 761 994 |
| NBN Construction (Pty) Ltd | - | 2 269 070 |
| NEP Consulting Engineers | - | 740 176 |
| Neckmay Trading Enterprises (Pty) Ltd | 2 254 688 | - |
| Nevhutalu Consulting | - | 106 122 |
| Nissan SA | 178 257 | - |
| Phambili Services | 2 640 000 | - |
| Toyota SA | 199 848 | - |
| Toyota SA | 467 337 | - |
| Toyota SA | 1 598 785 | - |
| | **38 532 061** | **26 013 580** |

This committed capital expenditure relates to plant and equipment and will be financed by existing cash resources, funds internally generated and grant funding.

| | | |
|---|---|---|
| **Committed operational expenditure consists of:** | | |
| Bravo Span 90 CC | 7 197 472 | 28 849 610 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|
| **46. Commitments (continued)** | | |
| EWC Vehicle Communication (Pty) Ltd | 700 442 | 1 019 365 |
| Fidelity Cash Solutions | - | 429 686 |
| GSM Neighbourhood Protection Services | 51 325 | 165 889 |
| I@ Consulting | - | 2 807 602 |
| Infratec Consulting (Pty) Ltd | 8 651 218 | - |
| Jenec Construction and Electrical | - | 444 405 |
| Khabokedi Waste Management (Pty) Ltd | 1 837 209 | 4 932 074 |
| Lateral Unison Insurance Brokers (Pty) Ltd | - | 1 235 988 |
| Legal Service Providers | - | 1 579 456 |
| Pambili Documents Solutions | - | 926 967 |
| Thembridge Support Services | - | 3 570 305 |
| Vukayimbe Trading Enterprise | - | 35 550 |
| | **18 437 666** | **45 996 897** |

This committed operational expenditure relates to general expenditure and will be financed by funds internally generated.

## 47. Contingencies

**Contingent liabilities**

| | | |
|---|---|---|
| Claim by P Mpele against the municipality for reinstatement to position of CFO | 428 000 | 2 606 360 |
| Claim by P Mpele against the municipality for reinstatement to position of MM | 2 932 596 | 2 932 596 |
| Claim by former EPWP workers against the municipality for permanent employment | - | 299 520 |
| Litigation is in process against the municipality by a supplier for claim of payment in respect services rendered for Debt collection, electricity vending and automated meter reading | 16 576 664 | 16 000 000 |
| Disbursement on Mtimandze vs Lesedi | 600 000 | - |
| Litigation against the municipality by a supplier for payment of services rendered for security services | 6 100 000 | - |
| Litigation against the municipality for the provision of municipal services | 300 000 | - |
| Litigation against the municipality regarding a dispute over the closing of a street | 200 000 | - |
| Litigation against the municipality by IMATU relating to unfair labour practice | 576 000 | - |
| Contractual dispute with regards to the leasing of a property | 100 000 | - |
| | **27 813 260** | **21 838 476** |

**Contingent assets**

| | | |
|---|---|---|
| Claim by the municipality against a supplier regarding a contractual dispute | 25 382 304 | 2 500 000 |
| Claim by the municipality against a former employee for the unlawful and fraudulent transfer of municipal property | 12 435 818 | 12 435 818 |
| | **37 818 122** | **14 935 818** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

## 48. Related parties

| | |
|---|---|
| Relationships | |
| Accounting Officer | S Dlamini (Acting) |
| Members of key management | G Mncube(Acting CFO)<br>G Thimane (Executive Manager: Corporate Services)<br>N Khawula (Executive Manager: Community Services)<br>T Zondi (Executive Manager: Infrastructure Services) |

**Related party transactions**

There were no transactions with related parties during the year.

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

**48. Related parties (continued)**

**Remuneration of management**

**Councillors/Mayoral committee members**

**2021**

| Name | Basic salary | Pension | Medical Aid | Travelling Allowance | Cellphone Allowance | Total |
|---|---|---|---|---|---|---|
| Cllr LF Maloka (Executive Mayor) - resigned 19 March 2021 | 390 133 | 23 365 | 14 319 | 223 194 | 28 179 | 679 190 |
| Cllr MNR Nkosi (Executive Mayor) - appointed 19 March 2021 | 137 092 | - | - | 86 371 | 10 200 | 233 663 |
| Cllr MNR Nkosi (Speaker) - resigned 19 March 2021 | 355 751 | 19 809 | 14 319 | 186 565 | 30 600 | 607 044 |
| Cllr MV Motsepe (Speaker) - appointed 19 March 2021 | 118 093 | - | - | 60 676 | 10 200 | 188 969 |
| Cllr MV Motsepe | 327 472 | 18 465 | 11 251 | 166 405 | 30 600 | 554 193 |
| Cllr T Motsepe | 448 694 | 18 912 | - | 221 974 | 40 800 | 730 380 |
| Cllr TS Moremi | 411 418 | 17 476 | 11 102 | 249 584 | 40 800 | 730 380 |
| Cllr MK Rakitla | 411 418 | 17 476 | 11 102 | 249 584 | 40 800 | 730 380 |
| Cllr TE Ramothibe | 449 116 | 18 924 | - | 221 540 | 40 800 | 730 380 |
| Cllr ZS Twala | 254 558 | 7 985 | - | 144 488 | 40 800 | 447 831 |
| Cllr SJ Mnyakeni | 214 046 | 9 050 | 9 184 | 144 699 | 40 800 | 417 779 |
| Cllr MS Lukhele | 171 637 | 13 773 | 5 764 | 109 115 | 40 800 | 341 089 |
| Cllr TJ Gama | 193 173 | 8 201 | 10 575 | 81 801 | 40 800 | 334 550 |
| Cllr Malafela | 278 095 | 9 891 | 5 764 | - | 40 800 | 334 550 |
| Cllr HACS Paul | 152 348 | 6 510 | 11 308 | 123 584 | 40 800 | 334 550 |
| Cllr RS Hlatshwayo | 191 679 | 7 985 | - | 94 086 | 40 800 | 334 550 |
| Cllr MP Mtshonyane | 150 057 | 6 424 | 11 966 | 125 303 | 40 800 | 334 550 |
| Cllr TP Nyembe | 283 107 | 10 643 | - | - | 40 800 | 334 550 |
| Cllr BV Mogorosi | 279 305 | 10 073 | 4 372 | - | 40 800 | 334 550 |
| Cllr MI Abdullah | 279 305 | 10 073 | 4 372 | - | 40 800 | 334 550 |
| Cllr MA Mulder | 169 861 | 7 168 | 6 275 | 110 446 | 40 800 | 334 550 |
| Cllr JM Sabasaba | 283 107 | 10 643 | - | - | 40 800 | 334 550 |
| Cllr M Boshoff | 165 772 | 7 014 | 7 448 | 113 516 | 40 800 | 334 550 |
| Cllr PR Mchunu | 176 472 | 7 415 | 4 372 | 105 491 | 40 800 | 334 550 |
| Cllr LS Gamede | 206 887 | - | - | 86 863 | 40 800 | 334 550 |
| Cllr GC Holtzhausen | 191 679 | 7 985 | - | 94 086 | 40 800 | 334 550 |
| Cllr TN Mofokeng | 153 778 | 6 565 | 10 899 | 122 508 | 40 800 | 334 550 |
| Cllr EM Magazi | 171 637 | 7 234 | 5 764 | 109 115 | 40 800 | 334 550 |
| Cllr NE Cindi - appointed 19 March 2021 | 61 401 | - | - | 19 500 | 11 669 | 92 570 |
| | **7 077 091** | **289 059** | **160 156** | **3 250 494** | **1 059 848** | **11 836 648** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

**48. Related parties (continued)**

**2020**

| Name | Basic salary | Pension | Medical Aid | Travelling Allowance | Cellphone Allowance | Total |
|---|---|---|---|---|---|---|
| Cllr LF Maloka (Executive Mayor) | 513 649 | 77 047 | 53 908 | 214 868 | 40 800 | 900 272 |
| Cllr MNR Nkosi (Speaker) | 411 500 | 61 725 | 53 908 | 160 443 | 40 800 | 728 376 |
| Cllr T Motsepe | 420 393 | 63 059 | - | 161 151 | 40 800 | 685 403 |
| Cllr MV Motsepe | 414 243 | 62 137 | 32 857 | 135 366 | 40 800 | 685 403 |
| Cllr TS Moremi | 383 423 | 57 513 | 42 516 | 161 151 | 40 800 | 685 403 |
| Cllr MK Rakitla | 383 423 | 57 513 | 42 516 | 161 151 | 40 800 | 685 403 |
| Cllr TE Ramothibe | 420 393 | 63 059 | - | 161 151 | 40 800 | 685 403 |
| Cllr SJ Mnyakeni | 196 945 | 29 542 | 35 305 | 87 264 | 40 800 | 389 856 |
| Cllr MS Lukhele | 158 111 | 23 717 | 22 158 | 68 004 | 40 800 | 312 790 |
| Cllr TJ Gama | 177 510 | 26 626 | 40 655 | 27 199 | 40 800 | 312 790 |
| Cllr M Malafela | 217 245 | 32 587 | 22 158 | - | 40 800 | 312 790 |
| Cllr HACS Paul | 139 735 | 20 960 | 43 297 | 67 998 | 40 800 | 312 790 |
| Cllr RS Hlatshwayo | 177 384 | 26 608 | - | 67 998 | 40 800 | 312 790 |
| Cllr MP Mtshonyane | 137 381 | 20 607 | 46 004 | 67 998 | 40 800 | 312 790 |
| Cllr TP Nyembe | 236 513 | 35 477 | - | - | 40 800 | 312 790 |
| Cllr BV Mgorosi | 221 897 | 33 285 | 16 808 | - | 40 800 | 312 790 |
| Cllr MI Abdullah | 236 513 | 35 477 | - | - | 40 800 | 312 790 |
| Cllr MA Mulder | 156 170 | 23 426 | 24 386 | 68 008 | 40 800 | 312 790 |
| Cllr JM Sabasaba | 236 513 | 35 477 | - | - | 40 800 | 312 790 |
| Cllr ZS Twala | 163 834 | 24 575 | 15 583 | 67 998 | 40 800 | 312 790 |
| Cllr M Boshoff | 152 216 | 22 832 | 28 944 | 67 998 | 40 800 | 312 790 |
| Cllr PR Mchunu | 162 768 | 24 415 | 16 808 | 67 999 | 40 800 | 312 790 |
| Cllr LS Gamede | 203 992 | - | - | 67 998 | 40 800 | 312 790 |
| Cllr GC Holtzhausen | 177 384 | 26 608 | - | 67 998 | 40 800 | 312 790 |
| Cllr TN Mofokeng | 141 131 | 21 170 | 41 681 | 68 008 | 40 800 | 312 790 |
| Cllr EM Magazi | 158 111 | 23 717 | 22 158 | 68 004 | 40 800 | 312 790 |
| | **6 398 377** | **929 159** | **601 650** | **2 085 753** | **1 060 800** | **11 075 739** |

**Management class: Executive management**

*Refer to note 30 "Employee related costs"

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 49. 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.

### 50. Events after the reporting date

Interest charged by Eskom during the 2020/21 financial year amounting to R39,939 was reversed during July 2021. The financial statements have been adjusted accordingly.

### 51. Unauthorised expenditure

| | | |
|---|---|---|
| Opening balance as previously reported | 212 338 703 | 166 177 454 |
| **Opening balance as restated** | **212 338 703** | **166 177 454** |
| Add: Expenditure identified - current | 22 369 422 | 46 161 249 |
| **Closing balance** | **234 708 125** | **212 338 703** |

Unauthorised expenditure identified in the current year consists of expenditure incurred in the following departments: Infrastructure (R19,221,268), Executive and Council (R3,121,241) and Management and Support Services (R26,913).

### 52. Fruitless and wasteful expenditure

| | | |
|---|---|---|
| Opening balance as previously reported | 14 817 310 | 12 945 384 |
| **Opening balance as restated** | **14 817 310** | **12 945 384** |
| Add: Expenditure identified - current | 39 564 | 4 394 |
| Add: Expenditure identified - prior period | - | 1 867 532 |
| **Closing balance** | **14 856 874** | **14 817 310** |

| | | |
|---|---|---|
| **Fruitless and wasteful expenditure identified include those listed below:** | | |
| Eskom | 24 761 | 1 669 |
| City of Ekurhuleni | 3 958 | 2 724 |
| Balju Sheriff | 10 845 | - |
| Makgotamishe Building Construction | - | 1 867 532 |
| | **39 564** | **1 871 925** |

Fruitless and wasteful expenditure identified in the current period consists of interest and penalties on late allocation of payments made. Fruitless and wasteful expenditure identified in the prior period consists of interest and penalties on late payments and costs incurred on the mayoral house.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 53. Irregular expenditure

| | | |
|---|---|---|
| Opening balance as previously reported | 279 226 002 | 269 316 478 |
| **Opening balance as restated** | **279 226 002** | **269 316 478** |
| Add: Irregular Expenditure - current | 14 481 206 | 9 909 524 |
| **Closing balance** | **293 707 208** | **279 226 002** |

**Irregular expenditure identified include those listed below:**

| | | |
|---|---|---|
| Actophambili Roads (Pty) Ltd | - | 275 830 |
| Asatico Civil and Construction | - | 1 059 897 |
| Batho Bantso Trading | - | 88 750 |
| Bidvest Steiner | 123 434 | 20 295 |
| BMG Industries | 1 086 750 | - |
| Cochrane Projects (Pty) Ltd | - | 55 522 |
| Combined Private Investigations | - | 4 074 844 |
| Emanteni Engineering | 198 860 | - |
| Endiphase | - | 332 240 |
| Focus Forms | 791 679 | 404 968 |
| Gaborena Construction and Project Services | - | 16 359 |
| Heios Investment (Pty) Ltd | 1 632 575 | - |
| Jenec Construction and Electrical | 4 857 114 | - |
| Khasonto Holdings | 115 000 | - |
| Khoza Trading | 941 474 | - |
| Magic Labour Hire and Security Services | - | 966 643 |
| Makgopeng Construction | - | 395 225 |
| Malaka Supplies | 129 950 | - |
| Maximum Profit | - | 534 817 |
| Mayehlome Communications | 303 830 | - |
| Mega Roads and Civils | - | 109 883 |
| Mendi Trading and Investments | 231 769 | - |
| Micro Alert CC | 46 373 | 25 287 |
| Mukulu Library Furniture Manufacturers | 122 376 | - |
| Nkinane Training Institue and Consulting (Pty) Ltd | - | 186 458 |
| Pambili Documents Solutions | 312 031 | - |
| Phileza Tyres | 371 944 | - |
| Quidity CC | - | 149 090 |
| Shandukani Technologies | 42 000 | - |
| Singa Tel (Pty) Ltd | 366 538 | 318 947 |
| Suikerbos Motors | 1 712 800 | - |
| Supplycor CC | - | 70 639 |
| Thembridge Support Services | 831 410 | - |
| Tyre Mart Heidelberg | - | 133 447 |
| Vox Telecommunications | - | 636 428 |
| Vukayibambe Trading Enterprise | 39 968 | - |
| Webb Industries | 55 753 | 53 955 |
| Xihlarmariso Logistics | 167 578 | - |
| | **14 481 206** | **9 909 524** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 54. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management 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.

Twenty procurements (spread over 12 companies), noted below, were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The procurements noted above are:

| Reason | Number | Value |
|---|---|---|
| Emergency [S36(1)(a)(i)] | 5 Companies | R1,539,365 |
| Sole Supplier [S36(1)(a)(ii)] | 2 Companies | R 192,246 |
| Impractical to follow SCM [S36(1)(a)(v)] | 5 Companies | R1,157,905 |

### 55. Additional disclosure in terms of Municipal Finance Management Act

**Audit fees**

| | | |
|---|---|---|
| Current year subscription / fee | 3 866 998 | 4 001 730 |
| Amount paid - current year | (3 866 998) | (4 001 730) |
| | - | - |

**PAYE and UIF**

| | | |
|---|---|---|
| Current year subscription / fee | 33 675 597 | 28 518 113 |
| Amount paid - current year | (33 675 597) | (28 518 113) |
| | - | - |

**Pension and Medical Aid Deductions**

| | | |
|---|---|---|
| Current year subscription / fee | 57 079 481 | 52 773 302 |
| Amount paid - current year | (57 079 481) | (52 773 302) |
| | - | - |

**VAT**

| | | |
|---|---|---|
| VAT receivable | (109 339 713) | (86 285 694) |

All VAT returns have been submitted by the due date throughout the year.

# Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 55. Additional disclosure in terms of Municipal Finance Management Act (continued)

**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

| 30 June 2021 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| SJ Sibaya | 2 491 | 54 819 | 57 310 |
| TP Nyembe | 1 672 | 406 | 2 078 |
| MM Skosana | 1 717 | 5 040 | 6 757 |
| | **5 880** | **60 265** | **66 145** |

| 30 June 2020 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| M Boshoff | 1 808 | - | 1 808 |
| MM Skosana | 1 645 | 12 064 | 13 709 |
| | **3 453** | **12 064** | **15 517** |

### 56. Budget differences

**Material differences between budget and actual amounts**

Explanation for the variances between the budget and actual amounts:

**Statement of Financial Performance**
1. Service charges - Variance is due to lower consumption of services which is often infuenced by weather conditions, more rain less water demand, higher temperatures less electricity consumption.
2. Interest received - Higher cash and debtor balances.
3. Recoveries - Claims higher than anticipated.
4. Other income - Minor revenue sources, budget conservative.
5. Government grants and subsidies - Delay in implementation, leading to unspent at year end.
6. Public contributions and donations - Donations of bulk infrastructure not budgeted for.
7. Fines, penalties and forfeits - No service provider for traffic fines.
8. Lease rentals on operating lease - Service provider for copy machines not appointed.
9. Debt impairment - Debtors collection rate lower than anticipated.
10. Bulk purchases - Consumption lower than anticipated.
11. Contracted services - Cost containment measures.
12. General expenses - Cost containment measures.
13. Loss on derecognition of assets and liabilities - Assets derecognised as a result of asset verification.

**Statement of Financial Position**
14. Cash and cash equivalents - Unspent grants and cash management.
15. Receivables from exchange transactions - Receivables lower than budgeted.
16. Receivables from non-exchange transactions - Receivables higher that budgeted.
17. Payables from exchange transactions - Payables higher than anticipated due to increased costs.
18. VAT payable - VAT accrued higher than anticipated.
19. Unspent conditional grants and receipts - Unspent WSIG, Covid-19 and libraries grants.
20. Long term loans - Long term portion lower than budgeted.

## Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|---|

### 57. Distribution losses

| Electricity | Units (2020/21) | Amount (2020/21) | Percentage (2020/21) | Units (2019/20) | Amount (2019/20) | Percentage (2019/20) |
|---|---|---|---|---|---|---|
| Technical losses | 11 428 341 | 10 817 482 | 5.20 | 11 368 293 | 9 946 008 | 5.20 |
| Non-technical losses | 54 473 142 | 51 561 485 | 24.79 | 29 618 143 | 25 912 624 | 13.55 |
| | **65 901 483** | **62 378 967** | **29.99** | **40 986 436** | **35 858 632** | **18.75** |

| Water | Units (2020/21) | Amount (2020/21) | Percentage (2020/21) | Units (2019/20) | Amount (2019/20) | Percentage (2019/20) |
|---|---|---|---|---|---|---|
| Technical losses | 447 752 | 4 521 477 | 5.54 | 434 270 | 4 362 809 | 5.54 |
| Non-technical losses | 2 820 431 | 28 481 175 | 33.88 | 2 075 576 | 20 851 895 | 25.67 |
| | **3 268 183** | **33 002 652** | **39.42** | **2 509 846** | **25 214 704** | **31.21** |

Non technical losses for electricity includes own use of 1.46% (R3,032,889) and loss due to illegal connections of 23.33% (R48,528,596).

Non technical losses for water includes own use of 0.50% (R418,891).

### 58. Segment information

**General information**

**Identification of segments**

The management of the municipality, having taken into account the information available, have concluded that the municipality does not have seperately identifiable segments.

# 2020/2021 ANNUAL PERFORMANCE MANAGEMENT REPORT

# 2020/2021 ANNUAL PERFORMANCE MANAGEMENT REPORT

# Annual Performance Report (Final)

# 2020 2021

LESEDI
Local Municipality

## 1. INTRODUCTION

The Annual Performance Report is hereby submitted to the Lesedi Local Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2020 to 30 June 2021 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review.

This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2020/2021.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) in line with the approved Key Performance Areas. Each Key Performance Area (KPA) has strategic objectives from which the Key Performance Indicators are derived. The Lesedi Local Municipality is guided by the following KPAs and Strategic Objectives derived from the IDP;

| IDP Ref. | KPA | IDP Ref. | Strategic Objectives |
|---|---|---|---|
| A | **Municipal Transformation and Organizational Development** | A1 | Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate. |
| | | A2 | Empowering employees through focused and continuous professional/ skills development. |
| | | A3 | To ensure effective implementation of performance management. |
| B | **Basic Service Delivery** | B1 | To improve access to sustainable basic services through proactive maintenance of infrastructure. |
| | | B2 | To ensure that basic services are progressively expanded in all communities through proper planning. |
| C | **Local Economic Development** | C1 | To facilitate growth and development of the local economy, through partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities. |
| D | **Financial Viability and Management** | D1 | To manage municipal resources by generating sufficient income to meet operating payments and debt commitments to allow growth while maintaining service levels. |
| | | D2 | Sound financial management systems. |
| E | **Good governance and Public participation** | E1 | To instil good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability. |
| | | E2 | To ensure maximum participation of the community in their own development through organized structures. |

## 2. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46(1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

*(1) A municipality must prepare for each financial year a performance report reflecting—*

*(a) the performance of the municipality and each external service provider during that financial year;*

*(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and*

*(c) measures taken to improve performance.*

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." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the municipal entities.

## 3. Service Delivery and Budget Implementation Plan (SDBIP) 2020/2021

The SDBIP 2020/21 has formed the basis of developing the Annual Performance Report 2020/21. The SDBIP 2020/21 was approved by the Mayor on the 26 June 2020 (Resolution Reference: LC.MC.-93/2020), which was subsequently adjusted on the 27 February 2021 to align with changes resulted from Budget adjustment process and the findings from both Internal and external Auditors.

The following adjustments have been effected with regard to certain Key Performance Indicator (KPI) to ensure that such are fully complaint with the SMART principles;

| Department | Original KPI | Revised KPI | Portfolio of Evidence | Reasons for Adjustment |
|---|---|---|---|---|
| Finance | Number of sections 52d reports submitted to MM within 30 working days after the end of a quarter | Remain the same | Section 52d report and Acknowledgement of Receipt from MMs office | The changes were effected on the POE to align it with the KPI. |
| Finance | Submission of financial statements to the AG on or before 31 August 2020 | Submission of financial statements to the AG on or before 31 October 2020 | Remain the same | The KPI is aligned with the new submission date as per the National Treasury guidelines. |
| Finance | Number of procurement plan progress reports submitted to MM | Remain the same | Procurement Plan Reports and Acknowledgement of Receipt from MMs office | The changes were effected on the POE to align it with the KPI |
| Finance | Number of SCM quarterly reports submitted to MM | Remain the same | SCM Quarterly and Acknowledgement of Receipt from MMs Office | The changes were effected on the POE to align it with the KPI |
| Finance | Number of Draft Budget engagements conducted with the public | Number of Draft Budget consultations conducted with the public | Public Notice and Draft Budget posted on the municipal website | It is practically impossible to meet physically with the public because of the lockdown regulations. |
| CORSER | **No KPIs were adjusted.** | | | |
| Community | % of basic services complaints attended to within 30 days | % of basic services complaints attended to within 30 days related to Community Services | Complaints Register & Notices issued | Reviewed to address the SMART principle. |
| Community | Number of heritage arts and culture programmes conducted | The indicator is discontinued | n/a | Budgetary constraints |
| Community | Number of elderly and disabled social support | The indicator is discontinued. | n/a | Due to lockdown regulations the centres of these vulnerable groups are still not accessible. The KPI will be |

| Department | Original KPI | Revised KPI | Portfolio of Evidence | Reasons for Adjustment |
|---|---|---|---|---|
| | | | | revised in the next financial year to include all other vulnerable groups. |
| Community | Number of environmental health support programmes implemented. | Number of developmental support programs conducted in line with environment and health status of the community | Reports and Attendance Registers | Reviewed to address the SMART principle. |
| Community | Number of sports and recreation events coordinated | Number of Sports and Recreation support programs coordinated | Reports & Attendance Registers | Reviewed to address the SMART principle. |
| Community | Number of work opportunities created through social programs and projects | Number of jobs created through EPWP programmes | Work Opportunities Reports | Reviewed to address the SMART principle. |
| Infrastructure | Number of new houses with minimum access to refuse removal services | Remain the same | Acknowledgement Forms | Aligning the POE with the KPI in addressing the IA findings. |
| Infrastructure | %Replacement of 4.4 km Water pipe mains in Lesedi | %Replacement of 6490m Water pipe mains in Lesedi | Project Progress Reports/Completion Certificate | The work plan was changed to address imminent interruptions. |
| Infrastructure | % completion of the installation of the 750m sewer pipeline and pump station at Ratanda X2 (Cumulative | % completion of the installation of the 414m sewer pipeline Ratanda X2 (Cumulative) | | The scope of the project had to be changed in line with the way-leave application. |
| LEDP | Number of Municipal Planning Tribunal reports submitted to Council | Number of Municipal Planning Tribunal reports submitted to Section 80 committee | Section 80 Recommendations | The core responsibility of the department is to submit reports to Section 80. |

Following changes were made to annual Targets mainly due to budgetary constraints;

| Department | KPI | Original Annual Target | Revised Annual Target | Revised Targets for the last term | | Reasons for adjustment |
|---|---|---|---|---|---|---|
| | | | | Quarter 3 | Quarter 4 | |
| MM | % implementation of the Auditor General's Action plan. (cumulative) | 30% | 90% | 10% | 90% | The target has been reviewed based on the monitoring of the implementation of the AG action plans. |
| Finance | % Collection of debtors in respect to billings | 85% | 75% | 75% | 75% | The municipality is unable to implement full credit control in certain areas due to resistance. COVID 19 has also caused a general decline in payments of municipal bills. |
| Finance | % monthly meter reading rate achieved | 95% | 90% | 90% | 90% | Budgetary and cash constraints |
| Finance | % of pre-paid electricity meters audited against total number of lows and non-purchases for 90 days | 100% | 80% | 80% | 80% | The municipality is experiencing a lot of resistance from consumers by not allowing the contractors to perform meter audits. |
| Finance | Number of Draft Budget consultations conducted with the public | 6 | 1 | n/a | 1 | It is practically impossible to meet physically with the public because of the lockdown regulations |
| CORSER | Number of Learnerships and Internship created internally | 10 | 10 | n/a | 5 | The target moved to Q4 in order to finalise funding with other sector departments. |

| Department | KPI | Original Annual Target | Revised Annual Target | Revised Targets for the last term | | Reasons for adjustment |
|---|---|---|---|---|---|---|
| | | | | Quarter 3 | Quarter 4 | |
| Community | Targets remain the same | | | | | |
| Infrastructure | % completion of 1.1km roads and storm water upgrades at Ratanda X6 (Cumulative) | 100% | 70% | 40% | 70% | Funds were re-allocated to other water and sanitation project in line with COVID 19 mitigation strategy. |
| Infrastructure | % completion of 0.98km of roads and storm water upgrades at Kwazenzele Phase 1 (Cumulative | 100% | 70% | 40% | 70% | Funds were re-allocated to other water and sanitation project in line with COVID 19 mitigation strategy. |
| Infrastructure | Number of jobs opportunities created through EPWP initiative (Cumulative) | 200 | 200 | 20 | 63 | Most of the jobs creation projects were finalised towards the end of the second quarter. |
| LEDP | Number of SMMEs trained in business management | 90 | 50 | n/a | 50 | Trainings were postponed due to COVID 19. |
| LEDP | Number of cooperatives trained in business management | 10 | 10 | n/a | 10 | Trainings were postponed due to COVID 19. |
| LEDP | Number of occupational certificates issued | 1000 | 861 | 400 | 400 | Slow delivery of houses due to the lockdown regulations. |
| LEDP | Number of Urban Design precinct plans completed. | 2 | 3 | 1 | 1 | The adjustment is effected to align with the inception report. |

NB. Quarter 1 and 2 remains unchanged, except where the regulations allowed. The Revised SDBIP was further subjected to a review to test the SMARTness of the current KPIs.

## 4. 2020/21 Annual Organisational Performance Results Per Department

| DEPARTMENT | Total No of KPIs on Scorecards | KPIs Not Reportable | Total KPIs reported | No of KPIs Met | No of KPIs Not Met | No of KPIs Achieved % | No of KPIs Not Achieved % |
|---|---|---|---|---|---|---|---|
| Municipal Manager | 12 | 0 | 12 | 10 | 2 | 83% | 17% |
| Corporate Services | 17 | 0 | 17 | 13 | 4 | 76% | 24% |
| Infrastructure Services | 23 | 0 | 23 | 17 | 6 | 74% | 26% |
| LED and Panning | 18 | 0 | 18 | 17 | 1 | 94% | 6% |
| Community Services | 16 | 0 | 16 | 8 | 8 | 50% | 50% |
| Finance | 19 | 0 | 19 | 12 | 7 | 63% | 37% |
| **TOTAL** | **105** | **0** | **105** | **77** | **28** | **73%** | **27%** |

| | |
|---|---|
| Performanance Achieved | This is when the verified annual performance equal/exceed the annual target. |
| Performance Not achieved | This is when the verified annual performance is less than the annual target. |

## 5. 2020/21 Quarterly Performance schedules.

**Attached as Annexure.**

# 6. Lesedi Local Municipality Annual Performance Report (APR) 2020/2021.

## 6.1 The Office of the Municipal Manager

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **MM** | Number of Fraud and Corruption Workshops conducted | The indicator measures the number of workshops conducted in relation to Fraud and Corruption | A1 | 2 | 0 | 1 | 2 | 2 | 0 | n/a | n/a | Attendance Registers | Performance Achieved |
| **MM** | Development and approval of Fraud and Corruption policy | The indicator measures the number of Fraud and Corruption policies developed | A1 | n/a | n/a | New | 1 | 1 | 0 | n/a | n/a | Council Resolution | Performance Achieved |

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A3** | **To ensure effective implementation of performance management** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| MM | % Achieved on the overall Municipal performance in line with the approved SDBIP. | The indicator measures the overall achievement of the municipal performance in line with the approved SDBIP. Calculation | A3 | n/a | n/a | New | 60% | 70% | 10% | Stringent implementation of both internal and external audit recommendations and strengthening internal controls | n/a | Performance Information Summary Report | Performance Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | will be based on the following formula; Number of KPIs achieved/ number of KPIs reported x 100. Excluding the this KPI. | | | | | | | | | | | |
| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
| Strategic Objective: B1 | To improve access to sustainable basic services through proactive maintenance of infrastructure. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| MM | Number of quarterly reports regarding indigent households receiving free basic services submitted to Council | The indicator measures the number of quarterly reports submitted to council with regards to households supplied with free basic services | B1 | n/a | n/a | New | 4 | 4 | 0 | n/a | n/a | Council Resolution | Performance Achieved |
| Key Performance Area: C | Local Economic Development and Planning | | | | | | | | | | | | |
| Strategic Objective: C1 | To facilitate growth and development of the local economy, through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| MM | Number of job opportunities created in line with GEYODI. | The indicator measures the number of job opportunities created for women, men, youth and people with disabilities within the municipality | C1 | n/a | n/a | New | 1355 | 1368 | 13 | Due to the increased in unemployment amid Covid 19 the CWP intake was slightly increased. | n/a | GEYODI Job Opportunities Report. | Performance is Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective: D1 | To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| MM | % spent of Conditional Grants as budgeted. (Cumulative) | The indicator measures the expenditure on conditional Grants expressed in a percentage. The total Expenditure incurred on CG/ Total Budget of CG x 100. The indicator is cumulative. | D1 | 100% | 86% | 86% | 100% | 87% | -13% | The delays in the procurement value chain | Monitoring of the implementation of the procurement plans will be strengthen. | Conditional Grant Expenditure Report | Performance is not Achieved |

| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective: E1 | To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| MM | Number of Strategic Risk quarterly reviews conducted. | The indicator measures the number strategic risk reviews conducted. | E1.4 | 4 | 4 | 3 | 4 | 4 | 0 | n/a | n/a | Quarterly Strategic Risk Review Report | Performance is Achieved |
| MM | Number of strategic risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the next FY. | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Strategic Risk Assessment Report for 2021/22 | Performance is Achieved |
| MM | Submission of mid-year finance and non- financial performance report to council by 25 January 2019 | This indicator measures compliance with MFMA with regard | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Council resolution | Performance is Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | to the preparation and submission of Mid-year report to Council 25 January 2019. | | | | | | | | | | | |
| **MM** | Submission of AFS, annual performance report and draft annual report to AGSA for audit by 31 October 2020 | This indicator measures the number of submissions of AFS, APR and draft AR to AGSA by 31 October 2020 in compliance with MFMA | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Acknowledgement of receipt from AGSA | Performance is Achieved |
| **MM** | Submission of final Annual Report to Council by 31 March 2021 | This indicator measures the number of AR submissions and approval in compliance with MFMA to Council by 31 March 2021 | E.1 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Council Resolution | Performance is Achieved |
| **MM** | % Implementation of the Auditor General's Action plan. (cumulative) | The indicator measures the progress made in implementing the AG Action Plan expressed in a percentage. Formula: Number of findings resolved / total Number of findings on the action plan x 100 (Cumulative) | E1 | n/a | n/a | New | 90% | 48% | -42% | The postponement of the External Audit to a later date (November 2020), has provided little time for the management to clear most of the findings raised. | Most of the findings are related to the AFS and APR, and upon completion of these documents an updated OPCA plan will reflect a much-improved results. | OPCA 2019/20 progress report | Performance is not Achieved |

## 6.2 Finance Department

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Finance** | % of customer billing queries resolved within 7 days against customer queries received | The indicator measures the number of queries resolved against the number of queries received. (Queries resolved ÷ queries received x 100) | A1.1 | 100% | 69% | 69% | 100% | 100% | 0% | n/a | n/a | Complaints Register | Performance is Achieved |

| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: B1** | **To improve access to sustainable basic services through proactive maintenance of infrastructure.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Finance | Number of indigent households receiving free basic services. (incremental) | Registered indigent supplied with free basic services | B1 | 5000 | 3542 | 3500 | 5000 | 3895 | -1105 | Less applicants were approved by the system | Qualifying measures have been relaxed to allow for more applicants to receive FBS | Indigent Register | Performance is not Achieved |

| Key Performance Area: C | Local Economic Development and Planning | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: C1** | **To facilitate growth and development of the local economy through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Finance | Number of SCM compliance workshops held for service providers who are based within Lesedi. | This indicator ensures that the municipality contributes to local economic development by educating local SMME's on SCM compliance when completing tender documents. | C1 | 2 | 0 | 0 | 1 | 0 | -1 | Reasons update Covid19 restrictions resulted in no workshops. | Re align and integrated complementary workshops. Finance and LEDP will coordinate workshops together. | Workshop Agenda, Report, Attendance register. | Performance is not Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: D1** | **To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Finance** | % collection of debtors in respect to billings | This indicator measures the percentage of monthly average collection rate planned to be attained. It is non-cumulative and measured in percentage (Actual billed revenue vs actual collected cash) | D1.2 | 85% | 85% | 85% | 75% | 84% | 9% | Reviewed downwards due to poor performance in the first and the second quarters as a result of the Covid 19 impact, and there was some improvement in last quarters due to the work done by the debt collector. | n/a | Collection rates schedule | Performance is Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Finance** | Number of Section 52d reports submitted to MM within 30 working days after the end of a quarter | Number of Section 52d report submitted to MM. | D1 | 4 | 4 | 4 | 4 | 4 | 0 | n/a | n/a | Section 52d report and Acknowledgement of Receipt | Performance is Achieved |
| **Finance** | Submission of financial statements to the AG on or before 31 October 2020 | This indicator measures the number of submissions of AFS to AGSA by 31 October 2020 in compliance with MFMA | D1 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Receipt of AFS Acknowledgement letter signed by AG | Performance is Achieved |
| **Finance** | Number of procurement plan progress reports submitted to MM | Monitoring of procurement plan implementation. | D1 | 4 | 1 | 4 | 4 | 3 | -1 | Procurement plan was not submitted on time to the MMs office. | The controls will be strengthened to ensure that the plans are submitted on time for MMs approval. | Procurement Plan Reports Acknowledgement of Receipt | Performance is Not Achieved |
| Finance | % monthly meter reading rate achieved | This indicator measures the number of meters read against the total number of meters. (meters read / total meters X100) It is non-cumulative and measured in percentage. | D1.3 | 95% | 86% | 95% | 90% | 92% | 2% | There was an awareness drive organized for the customers to assist by providing household readings. | n/a | Meter reading report | Performance is Achieved |
| Finance | % services charge revenue projections achieved in line with approved budget. (cumulative) | This indicator measures the percentage of services charge revenue projections planned to be achieved in line with the approved budget. It is cumulative and measured in percentage. | D1 | 100% | 101% | 100% | 100% | 93% | -7% | The budget was over estimated on service charge | A baseline from the year under review will be used in future | Quarterly budget performance reports | Performance is Not Achieved |
| Finance | Percentage of pre-paid electricity meters audited against total number of lows and non-purchases for 90 days | This indicator measures the number meter audits conducted of electricity pre-paid meters audited against lows and non-purchases for 90 days. It is non- | D1.3 | 100% | 50% | 100% | 80% | 70% | -10% | There was poor performance in the 1st quarter as there was resistance from the community who didn't want to allow meter auditors to check their meters | Public awareness drive | 90 days' lows and non-purchase report and meter audit report | Performance is Not Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | cumulative and measured in percentage (number of electricity pre-paid meters / total number of lows and non-purchases of 90 days X 100) | | | | | | | | | | | |
| Finance | Draft and Final Budget approved within the stipulated timeframe, by 31 March and 31 May 2019 respectively. | This indicator measures the approval of the 2019/20 budget draft and final by the 31 March and 31 May 2019. It is non-cumulative and measured in number | D1.1 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | Council Resolutions | Performance is Achieved |
| **Finance** | Number of SCM quarterly reports submitted to MM | This indicator measures the number SCM quarterly reports submitted to MM. It is non-cumulative and measured in number | D1 | 4 | 4 | 4 | 4 | 2 | -2 | Reports not signed by MM | The POE was reviewed to include the acknowledgement of receipt. | SCM Quarterly report and Acknowledgement of Receipt from MMs Office | Performance is not Achieved |
| Finance | Number of SCM quarterly deviation reports from normal processes submitted to MM | This indicator measures the number SCM quarterly deviation from normal processes reports to be submitted to MM. It is non-cumulative and measured in number | D1 | 4 | 4 | 4 | 4 | 4 | 0 | n/a | n/a | SCM Quarterly Deviation Report and Acknowledgement of Receipt from MMs Office . | Performance is Achieved |
| **Finance** | % of invoices paid within 30 days of receipt | Measures payment of invoices paid within 30 days of receipt as per MFMA requirements | D1 | 100% | 100% | 100% | 100% | 99% | -1% | Invoices received late from user departments | Stricter controls on submitted invoices from departments | Quarterly Age analysis report | Performance is not Achieved |

| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: E1** | **To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Finance | Number of Operational Risk quarterly reviews conducted. | The indicator measures the number of operational risk reviews conducted. | E1.4 | 4 | 3 | 4 | 4 | 4 | 0 | n/a | n/a | Operational Risk Review Report | Performance is Achieved |
| Finance | Number of operational risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the next FY. | E.1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Operational Risk Register for 2020/21 | Performance is Achieved |
| Finance | Number of quarterly progress reports for audit findings remedial action plan submitted to MM | This indicator measures audit findings remedial action plan progress reports to be submitted. It is non-cumulative and measured in number | E1 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | OPCA plan and Acknowledgement of Receipt from MMs Office | Performance is Achieved |
| **Finance** | Number of UIFW quarterly reports submitted to Council | The indicator measures the number Unauthorised, Irregular, fruitless and Wasteful (UIFW) quarterly Expenditure reports submitted to Council | E1 | n/a | n/a | New | 4 | 4 | 0 | n/a | n/a | Council Resolution, | Performance is Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: E2** | **To ensure maximum participation of the community in their own development through organized structures** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Finance** | Number of Draft Budget consultations conducted with the public | The indicator measures the number of budget consultations, as per the MFMA requirements | D1.1 | 6 | 0 | 0 | 1 | 1 | 0 | n/a | n/a | Public Notice and Draft Budget posted on the municipal website and attendance registers | Performance is Achieved |

## 6.3 Corporate Services Department

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| CORSER | % of calls for services complaints received at the Customer Care Service Centre and dispatched within 20min to relevant departments for solution. | The indicator measures the number of complaints dispatched against the number of complaints received. (complaints resolved ÷ complaints received x 100) | A1.1 | 100% | 57% | 100% | 100% | 100% | 0% | n/a | n/a | Complaint registers from the Call Centre. | Performance is Achieved |

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A2** | **Empowering employees through focused and continuous professional/ skills development.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **CORSER** | Number of HR strategies reviewed | The indicator measures the number of HR Strategies to be reviewed. It is non-cumulative and measured in number | A2 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | HR strategy document | Performance is Achieved |
| CORSER | Number of Work Skills Plans (WSP) developed. | The indicator measures the number of WSP developed. It is non-cumulative and measured in number | A2 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Approved WSP document | Performance is Achieved |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CORSER | Number of employees trained according to Work Skills Plan (WSP). | The indicator measures the number of employees trained in line with the approved WSP. | A2.1 | 12 | 10 | 10 | 12 | 36 | 24 | The municipality had to train more employees on Health & Safety issues to be able to deal with the management of COVID-19 in the workplace. | n/a | Attendance registers. | Performance is Achieved |
| CORSER | Number of wellness Programs conducted | The indicator measures the number of wellness Programs to be conducted for the employees. It is non-cumulative and measured in number | A2 | 4 | 5 | 4 | 4 | 5 | 1 | The EAP had to include an additional programme for testing of employees and Councilors for COVID – 19. | n/a | Report and Attendance registers | Performance is Achieved |
| CORSER | Number of the prioritized vacant posts filled | The indicator tracks the total number of prioritized and funded vacant posts filled. Prioritized means: vacant funded position(s) that will identified from the lists of vacant position as per the approved budget. For a post to be deemed "filled", an appointment must have been made and accepted by the candidate | A2 | 12 | 12 | 12 | 12 | 15 | 3 | Additional positions for Cashiers and Labourers had to be filled in order to implement the Settlement Agreement. | n/a | Letters of appointment. | Performance is Achieved |

| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: B1** | **To improve access to sustainable basic services through proactive maintenance of infrastructure.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| CORSER | % budget spent on maintenance of fleet (Cumulative) | Maintenance budget spent within Corporate Services | B1 | 100% | 85% | 94% | 100% | 75% | -25% | There were delays with getting the spares on time, which has affected our performance of the maintenance of fleet. There was a delay in the appointment of the service providers for spares and tyres. | The tenders for spares and tyres are now in place on as and when required for 3 years. | Expenditure Report on Fleet maintenance | Performance Not Achieved |
| CORSER | % budget spent on maintenance of buildings (cumulative) | Maintenance budget spent within Corporate Services | B3.2 | 100% | 77% | 100% | 100% | 95.86% | -4,14% | There were delays in the processing of orders for maintenance of buildings | The department will do forward planning to mitigate the delays in future. | Expenditure Report on Buildings maintenance | Performance Not Achieved |

| Key Performance Area: C | Local Economic Development and Planning | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: C1** | **To facilitate growth and development of the local economy through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **CORSER** | Number of Learnerships and Internship created internally | The indicator measures the number of learnership and internships created. | C1 | n/a | n/a | New | 10 | 16 | 6 | The Municipality had to accommodate for learnerships from other educational institutions who needed experiential learning | n/a | Learnership/Internship Contracts | Performance is Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective: D1 | To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| CORSER | % of Capex spent within allocated budget (Cumulative) | The indicator measures the CAPEX budget spent within CORSER expressed in percentage. Formula: CAPEX spent/ CAPEX allocated x 100 | D1 | 100% | 72% | 72% | 100% | 48.06% | -55,02% | There's a contradiction between the Service provider proposal on Citizen engagement application and the invoices submitted by the Service provider. | The department is still engaging with the Service provider to ensure consistency between the proposal and the invoice. | Expenditure report | Performance is not Achieved |

| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective: E1 | To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| CORSER | Number of Council committee meetings coordinated according to MSA | Number of Council meetings coordinated | E1.3 | 4 | 12 | 4 | 4 | 13 | 9 | Special Council meetings had to be called to deal with pressing matters within the Municipality | n/a | Attendance Registers | Performance is Achieved |
| CORSER | Number of MPAC meetings coordinated according to MSA | Number of MPAC meetings coordinated | E1.4 | 3 | 7 | 3 | 3 | 3 | 0 | n/a | n/a | Attendance Registers. | Performance is Achieved |
| CORSER | Number of Operational Risk quarterly reviews conducted. | The indicator measures the number of operational risk reviews conducted. | E1.4 | 4 | 4 | 4 | 4 | 4 | 0 | n/a | n/a | Operational Risk Review Reports. | Performance is Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CORSER** | Number of operational risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the next FY. | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Operational Risk register for 2020/21 | Performance is Achieved |
| **CORSER** | Business continuity and Disaster Recovery Plan Developed | BCP and DRP developed | A1 | 1 | 0 | 1 | 1 | 1 | 0 | n/a | n/a | Signed BCP & DRP | Performance is Achieved |
| CORSER | Number of progress reports for audit findings remedial action plan submitted to MM | This indicator measures audit findings remedial action plan progress reports to be submitted. It is non-cumulative and measured in number | E1 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | Audit finding remedial Progress Report submitted to MM | Performance is Achieved |
| **CORSER** | Number of Case Management reports submitted to Council | The indicator measures the number of legal reports submitted to Council | E1 | n/a | n/a | New | 4 | 2 | -2 | The MM needed to provide a guidance on how the Legal Case Management Reports must be written. The management submitted the Q3 and Q4 Case Management Report and were approved by Council. | Corporate Services will ensure that Legal Reports, as per the guidance provided by the MM, will serve in Council once per quarter. | Council Resolution | Performance is Not Achieved |

## 6.4 Community Services Department

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Community** | % of basic services complaints attended to within 30 days related to Community Services. | The indicator measures the number of complaints attended to, against received (complaints resolved ÷ complaints received x 100) | A1.1 | 100% | 97% | 97% | 100% | 100% | 0% | n/a | n/a | Complaints Register & Notices issued | Performance is Achieved |

| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: B1** | **To improve access to sustainable basic services through proactive maintenance of infrastructure.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Community | Number of library outreach programs conducted. | Indicator measures the number of Programs implemented with regard to the Libraries. | B1.9 | 12 | 5 | 5 | 12 | 6 | -6 | The library closure due to COVID19 Regulation; and an application to re-open had to be submitted, for the Libraries to re-open in November. | Library programs will done quarterly, monthly and weekly; and this in essence should give us an 'over- achievement | Report and Attendance Register | Performance is not Achieved |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Community** | Number of developmental support programs conducted in line with environment and health status of the community | Indicator measures the number of support programmes implemented with the aimed of improving the environment and health status of the community. | B1 | 4 | 4 | 4 | 4 | 4 | 0 | n/a | n/a | Report and Attendance Register | Performance is Achieved |
| Community | % of logged fire and rescue incidences responded to. | The indicator measures the number of fire & rescue incidences responded to against the number of incidences logged. (incidences responded to ÷ incidences logged x 100) | B1.15 | 100% | 100% | 100% | 100% | 100% | 0% | n/a | n/a | Occurrence Book and incidence reports. | Performance is Achieved |
| Community | Number of Local AIDS Council programmes coordinated. | The indicator measures number of activities undertaken by all relevant stakeholders, and this is facilitated through meetings | B1.6 | 2 | 1 | 1 | 2 | 1 | -1 | Budgetary constraints. | The function was moved to the Executive Mayor's Office. | Report and Attendance Register. | Performance is not Achieved |
| Community | Number of community safety campaign conducted | Indicator measures the number of community safety Programs implemented through the Community Safety Forum | B1 | 8 | 18 | 18 | 8 | 8 | 0 | n/a | n/a | Report and Attendance Register | Performance is Achieved |
| Community | Number of environmental health inspections conducted in line with National Norms and Standards | Indicator measures the number of Environmental health inspections conducted | B1 | 6000 | 5533 | 5533 | 6000 | 6301 | 301 | The increase was due to re-inspections that were done conducted in certain premises. | n/a | Inspection Reports | Performance is Achieved |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Community | Number of Sports and Recreation support programs coordinated | Indicator measures the number of Sporting programs conducted. | B2.34 B2.42 B2.45 | 4 | 2 | 2 | 4 | 2 | -2 | Under-achievement was due to the following: There was no SRACH coordinator to facilitate programs on the reason that he was seconded to assist in communication COVID19 related matter | The SRACH coordinator to be appointed | Report and Attendance Register | Performance is not Achieved |
| Community | Percentage of potable Water Samples complaint with SANS 241 | Indicator measures the number of water sample taken per SANS 241. (1 sample point per 15 000 population) | B1 | 100% | 100% | 100% | 100% | 100% | 0% | n/a | n/a | NHLS report | Performance is Achieved |

| Key Performance Area: C | Local Economic Development and Planning | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: C1** | **To facilitate growth and development of the local economy through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Community | Number of work opportunities created through social programs and projects | The indicator measures the number of jobs created through social programmes and projects | C1 | 45 | 47 | 47 | 45 | 49 | -4 | Additional funds were granted to the municipality to create additional jobs due to COVID 19 pandemic. | n/a | Job Creation Reports | Performance is Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective: D1 | To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP. | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Community** | % of OPEX spent on maintenance within allocated budget (Cumulative) | The indicator measures the maintenance budget expenditure on within the allocated budget expressed as a percentage within community services. Formula: maintenance expenditure/ maintenance budget allocated x 100% the indicator is cumulative | D1 | 100% | 90% | 90% | 100% | 83% | -17% | The delays in the procurement value chain | A war room will be established to monitor the implementation of project. | Expenditure report | Performance is not Achieved |
| **Community** | % of Capex spent within allocated budget (Cumulative) | The indicator measures the CAPEX budget spent within Community Services as expressed in percentage. Formula: CAPEX spent/ CAPEX allocated x 100 | D1 | 100% | 42% | 42% | 100% | 56.6% | -43.4% | The delays in the procurement value chain | A war room will be established to monitor the implementation of project. | Expenditure report | Performance is not Achieved |
| **Community** | % of amenities services requested and approved | Indicator measures the number of applications for the usage of community halls and cemeteries against approved applications (Number of applications approved ÷ Number of applications received x 100) | B2.30 | 100% | 100% | 100% | 100% | 100% | 0% | n/a | n/a | Application Forms/Bookings Register & Receipts issued | Performance is Achieved |
| Community | Number of traffic fines issued per quarter | Indicator measures the number of traffic fines issued to enhance the traffic law enforcement | E1 | 4000 | 1935 | 1935 | 4000 | 2526 | -1474 | Secondment of Traffic Officers to perform VIP duties in the Political Offices. Training of personnel as VIP<br><br>Change of deployment to focus on COVID19 compliance monitoring and | Continuous monitoring of daily target; utilizing available resources | Reports & Sections 56 notices issued | Performance is not Achieved |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | enforcement of Disaster Management Regulations | | | |

| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: E1** | **To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Community** | Number of Operational Risk quarterly reviews conducted. | The indicator measures the number of operational risk reviews conducted. | E1.4 | 4 | 4 | 4 | 4 | 3 | -1 | Management accepts the finding and acknowledges the omission. | The department will continue with the reviewing of the risks; during quarterly meetings; this will assist with the gauging of progress on the operational risks | Operational Risk quarterly Review Report | Performance is not Achieved |
| **Community** | Number of operational risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the next FY. | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Operational Risk Register for 2020/21 | Performance is Achieved |

## 6.5 Infrastructure Services Department

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Infrastructure** | % of calls for services complaints responded to within 14 days | The indicator measures the number of complaints resolved against received (complaints resolved ÷ complaints received x 100) | A1.1 | 90% | 95% | 95% | 90% | 96,75% | 6.75% | Increased in performance from the appointed service provider in Devon and Vischkhuil | n/a | Complaints Register | [illegible] |

| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: B1** | **To improve access to sustainable basic services through proactive maintenance of infrastructure.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Infrastructure | % of new houses electrified | The Indicator measures number of houses electrified against the number of applications received. (Number of houses electrified ÷ Number of applications received x 100) | B2.25<br>B2.26<br>B2.27<br>B2.28 | 100% | 100% | 100% | 100% | 100% | 0% | n/a | n/a | Completion certificates/ notices of electrical connection. | [illegible] |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Infrastructure | Number of new stands with access to sanitation connections | The indicator measures the number of new stands with sewer connections | B2.25<br>B2.26<br>B2.27<br>B2.28 | 650 | 1215 | 1215 | 650 | 1200 | 550 | Improved performance from the Developers coupled with reduced project site closures in Impumelelo and Obed Nkosi Townships. | n/a | Services certificates | Performance is Achieved |
| Infrastructure | Number of new houses with minimum access to refuse removal services | The indicator measures the number of new houses with access to refuse removal services. Minimum access includes communal collection points | B2.25<br>B2.26<br>B2.27<br>B2.28 | 320 | 426 | 426 | 320 | 323 | 3 | Increased number of allocated houses in Impumelelo Extension 3&4. | n/a | Acknowledgement Forms | Performance is Achieved |
| Infrastructure | % of new houses with access to water | The indicator measures the number of houses with access to water against the number of applications received. (Number of houses with access to water ÷ Number of applications received x 100) | B2.25<br>B2.26<br>B2.27<br>B2.28 | 100% | 100% | 100% | 100% | 100% | 0% | n/a | n/a | Water meter application forms | Performance is Achieved |
| Infrastructure | %Replacement of 6490m Water pipe mains in Lesedi (cumulative) | The indicator measures the replacement of new water pipelines installed expressed as a percentage. Indicator is cumulative. | B3.3 | n/a | n/a | New | 100% | 100% | 0% | n/a | n/a | Progress Reports/ Completion Certificates | Performance is Achieved |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
| Strategic Objective: B2 | To ensure that basic services are progressively expanded in all communities through proper planning. | | | | | | | | | | | | |
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| Infrastructure | % completion of 1.1km roads and storm water upgrades at Ratanda X6 (Cumulative) | The indicator measures the percentage of road completed against the program. The indicator is cumulative. | B2.32 | n/a | n/a | New | 70% | 96% | 26% | The service provider was dedicated, and performed well despite the few public interruptions than took place | n/a | Progress report and completion certificate | Performance Achieved |
| Infrastructure | % completion of 0.6 Km roads and storm water upgrades at Heidelberg X23/26 (Cumulative) | The indicator measures the percentage completion against the program. The indicator is cumulative. | B2.19 | n/a | n/a | New | 100% | 100% | 0% | n/a | n/a | Progress report and completion certificate | Performance Achieved |
| Infrastructure | % completion of 1.67 km roads and stormwater at Jameson Park | The indicator measures the percentage completion against the program. The indicator is cumulative. | B2.18 | 100% | 42% | 30% | 100% | 100% | 0% | n/a | n/a | Progress report and completion certificate | Performance Achieved |
| Infrastructure | % completion of 1.03km roads and stormwater at Ratanda Extension 7 (cumulative) | The indicator measures the percentage completion against the program. The indicator is cumulative. | B2 | n/a | n/a | New | !00% | 100% | 0% | n/a | n/a | Project Progress Reports/Completion Certificate | Performance Achieved |
| Infrastructure | % completion on electrification of Impumelelo Ext 3 | The indicator measures the percentage | B2.52 | 100% | 100% | 100% | !00% | 100% | 0% | n/a | n/a | Progress Report & Completion Certificate | Performance Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | completion against the program | | | | | | | | | | | |
| **Infrastructure** | % completion on electrification of Obed Nkosi | The indicator measures the percentage completion against the program | B2. | n/a | n/a | New | 100% | 100% | 0% | n/a | n/a | Progress Report & Completion Certificate | Performance is Achieved |
| **Infrastructure** | % completion of the installation of the 414m sewer pipeline Ratanda X2 (Cumulative) | The indicator measures the percentage completion against the program. The indicator is cumulative. | B2.1 | n/a | n/a | New | 100% | 0% | -100% | Delays in procurement resulted in the Municipality's Water Services Infrastructure Grant being Reduced and as such the project was deferred to the 2021/22 financial year. | The project was advertised, evaluated, as at the 30 June 2021 BAC recommendations were still awaited prior appointment and implementation. | Progress Report & Completion Certificate | Performance is not Achieved |
| **Infrastructure** | % completion of 0.98km of roads and storm water upgrades at Kwazenzele Phase 1 (Cumulative) | The indicator measures the percentage completion against the program. The indicator is cumulative | B2.18 | n/a | n/a | New | 70% | 89% | 19% | The service provider was dedicated, and performed well despite the few public interruptions than took place | n/a | Progress Report and Completion Certificate | Performance is Achieved |
| **Key Performance Area: C** | **Local Economic Development and Planning** | | | | | | | | | | | | |
| **Strategic Objective: C1** | **To facilitate growth and development of the local economy through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **Infrastructure** | Number of jobs opportunities created through EPWP Initiative | The indicator measures the number of jobs created through EPWP initiatives | C1 | 200 | 415 | 415 | 200 | 194 | -6 | Due to COVID 19 regulations the contractors were unable to appoint the number of beneficiaries based on initial plan. The number decreased in line with the regulations. | As and when the regulations are relaxed and the COVID 19 situation has improved the numbers will improve. | EPWP reports | Performance is not Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: D1** | **To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Infrastructure | % of Opex spent on maintenance of Water and Sanitation infrastructure within allocated budget (Cumulative) | The indicator measures the OPEX budget spent on maintenance of Water and Sanitation infrastructure within allocated budget expressed as a percentage. The indicator is cumulative. | D1 | 100% | 98% | 98% | 100% | 94.2% | -5.8% | Reduced operational capacity amid CoVID-19 regulations affects planned maintenance and expenditure. | Adherence to Lockdown regulations, since the Municipality does not have control over the regulations as they are informed by decisions at National Level. | Expenditure Reports | |
| Infrastructure | % of Opex spent on maintenance of electricity infrastructure within allocated budget (Cumulative) | The indicator measures the OPEX budget spent on maintenance of electricity infrastructure expressed as a percentage. The indicator is cumulative. | D1 | 100% | 98% | 98% | 100% | 90.0% | -10% | Reduced operational capacity amid CoVID-19 regulations affects planned maintenance and expenditure. | Adherence to Lockdown regulations, since the Municipality does not have control over the regulations as they are informed by decisions at National Level. | Expenditure Reports | |
| Infrastructure | % of Opex spent on maintenance of Road and Storm water infrastructure within allocated budget (Cumulative) | The indicator measures the OPEX budget spent on maintenance road and stormwater infrastructure within allocated budget expressed as a percentage. The indicator is cumulative. | D1 | 100% | 63% | 63% | 100% | 113.6% | 13.6% | The contractor for maintenance of roads and stormwater performed well. Ensure budget virements are concluded before payments made. | n/a | Expenditure Reports | Performance is Achieved |
| Infrastructure | % of water distribution losses -annual average. | The indicator measures the % percentage of Water lost in kiloliters using the water balance | D1 | 19.5% | 25% | 25% | 28% | 33% | -5% | Increased number of pipe bursts on the aging infrastructure were experienced. Major loss were | Continuous replacement of the aging water supply infrastructure and | Quarterly water distribution losses schedule | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | formula. | | | | | | | | experienced on the reservoir which had a faulty level sensor valve | full implementation of the comprehensive, water conservation and water demand management plan. | | |
| Infrastructure | % of electricity distribution losses annual average | The indicator measures the number of electricity units (kwh) sold against the Number of electricity units (Kwh) purchased expressed as a percentage. | D1 | 21.5% | 22% | 22% | 21.5% | 23.3% | -1.8% | Illegal occupation of Shalimar Ridge and Protea Rd CRUs increases the electrical loses due to theft. | The municipality will action the court judgement against the illegal occupants of the municipal properties. | Electricity distribution losses report | Performance is Not Achieved |

| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: E1** | **To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| Infrastructure | Number of Operational Risk quarterly reviews conducted. | The indicator measures the number of operational risk reviews conducted. | E1.4 | 4 | 3 | 4 | 4 | 4 | 0 | n/a | n/a | Operational Risk quarterly Review Report. | Performance is Achieved |
| Infrastructure | Number of operational risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the next FY. | E1.4 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Operational Risk register for 2019/20 | Performance is Achieved |
| Infrastructure | Number of quarterly progress reports for audit findings remedial action plan submitted to MM | This indicator measures audit findings remedial action plan progress reports to be submitted. It is non-cumulative and measured in number | E1.4 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | Audit finding remedial Progress Report submitted to MM | Performance is Achieved |

## 6.6 Local Economic Development and Planning Department.

| Key Performance Area: A | Municipal Transformation and Organizational Development | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: A1** | **Continuously create a conducive environment through the implementation of organizational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **LEDP** | % of basic services complaints resolved against complaints received | The indicator measures the number of complaints resolved against received (complaints resolved ÷ complaints received x 100) | A1.1 | 100% | 79,81% | 80% | 100% | 100% | 0% | n/a | n/a | Complaints Register | Performance is Achieved |

| Key Performance Area: B | Basic Service Delivery | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: B1** | **To improve access to sustainable basic services through proactive maintenance of infrastructure.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| LEDP | Number of notices issued to discourage illegal land use | Notices issued to illegal land use transgressors | B1 | 100 | 83 | 83 | 100 | 99 | -1 | There was slight increase of land use transgressors in the last quarter, however relying on internal controls the department was able to act swiftly. | n/a | Illegal land use notices | Performance is Achieved |

| Key Performance Area: C | Local Economic Development and Planning | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: C1** | **To facilitate growth and development of the local economy through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **LEDP** | Number of investors attracted within the municipality. | The indicator measures the number of investors that have been attracted within the municipality | C1 | n/a | n/a | New | 3 | 3 | 0 | n/a | n/a | Minutes of the Engagement meetings and attendance registers. | Performance is Achieved |
| LEDP | Number of SMMEs trained in business management | The indicator measures the number of SMMEs trained in business management | C1.13d | 90 | 45 | 20 | 50 | 60 | 10 | The Gauteng Department of Economic Development in partnership with Microsoft increased training due to availability of funds. | n/a | Training reports/Attendance register. | Performance is Achieved |
| LEDP | Number of cooperatives trained in business management | The indicator measures the number of cooperative trained in business management. | C1.3 | 10 | 5 | 20 | 10 | 17 | 7 | The Gauteng Department of Economic Development in partnership with Microsoft increased training due to availability of funds. | n/a | Training reports/attendance register management skills. | Performance is Achieved |
| **LEDP** | Number of Urban Design precinct plans completed. | The indicator measures the number Urban Design Precinct Plans developed to ensures that the municipality contributes to spatial transformation | C1 | n/a | n/a | New | 3 | 3 | 0 | n/a | n/a | Urban Design Precinct Plan Document OR Progress Report | Performance is Achieved |
| LEDP | LED and Tourism Summit conducted | The indicator measures the number of LED and Tourism Summit held | C1 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Report of the LED summit/attendance register | Performance is Achieved |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LEDP | Number of job opportunities created through community Work Programme | The indicator measures the number of jobs created through CWP | C1 | 1100 | 1131 | 1219 | 1100 | 1155 | 55 | Due to the increased in unemployment amid Covid 19 the CWP intake was slightly increased. | n/a | CWP reports | Performance is Achieved |
| LEDP | Number of Municipal Planning Tribunal reports submitted to Section 80 committee | The indicator measures the number of MPT reports submitted to Section 80 Committee | C1 | n/a | n/a | New | 1 | 1 | 0 | n/a | n/a | Section 80 Recommendations | Performance is Achieved |

| Key Performance Area: D | Financial Viability and Management | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Objective: D1** | **To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP.** | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| **LEDP** | Number of properties transferred | The indicator measures the number of municipal properties transferred to beneficiaries | D1 | 1000 | 760 | 1500 | 1000 | 1352 | 352 | Due to a backlog caused by Covid 19 Level 5 lockdown Gauteng Human Settlement was able to recover during the lower Covid 19 Lockdown levels. | n/a | Property Transfer Report. | Performance is Achieved |
| **LEDP** | Number of occupational certificates issued | The indicator measures the number of houses completed and allocated to beneficiaries | D1 | 1000 | 834 | 1500 | 861 | 474 | -387 | The Department of Gauteng Human Settlement amended their target without informing the municipality, consequently Gauteng targets and LLM targets were longer aligned. | A new method of reporting has been proposed by both Gauteng Human Settlement Dept and LLM. The method will be implemented in the new financial year 2021/2022. | Happy Letters/Occupational certificates | [illegible] |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LEDP | % of procurement spent and allocated to EMEs | The indicator measures the percentage budget spent on EMEs (Small companies with a turnover that is less than R10 million) | C1 | 30% | 45% | 20% | 30% | 70.8% | 40.8% | Sourcing of Covid 19 related goods continue to increase spending on EMEs | n/a | Expenditure Report | Performance is Achieved |
| Key Performance Area: E | Good governance and Public participation | | | | | | | | | | | | |
| Strategic Objective: E1 | To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability. | | | | | | | | | | | | |
| **Responsible Department** | **Key Indicator** | **Indicator Description or Measure** | **IDP link** | **Annual Target for 2019/20FY** | **Actual results for 2019/20FY** | **Baseline 2020/21** | **Annual Target: By June 2021** | **Actual Results Obtained** | **Variance** | **Reasons for Non-Achievement/ Over Achievement** | **Corrective measures** | **Portfolio of Evidence** | **PMS Comments** |
| LEDP | Submission of the draft IDP by the 31 March 2021 and final IDP by 31 May 2021 for approval by Council as legislated | The indicator measures the submissions and approval of Draft and final IDP by Council | E1/D1.1 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | Council resolutions | Performance is Achieved |
| LEDP | Number of Operational Risk quarterly reviews conducted. | The indicator measures the number of operational risk reviews conducted. | E1.4 | 4 | 4 | 4 | 4 | 4 | 0 | n/a | n/a | Operation Risk quarterly Review Report | Performance is Achieved |
| LEDP | Number of Operational Risk assessments conducted | This indicator measures the assessment of the current risk to develop new register that will be reviewed in the current FY | E1.4 | 1 | 0 | 1 | 1 | 1 | 0 | n/a | n/a | Operational Risk Register for 2020/21 | Performance is Achieved |
| LEDP | Submission of IDP process plan to Council on/before 31 August 2020 | The indicator measures the number of submissions of the IDP process plan to be approved by Council | E1/D1.1 | 1 | 1 | 1 | 1 | 1 | 0 | n/a | n/a | Council resolution. | Performance is Achieved |
| LEDP | Number of progress reports for audit findings remedial action plan submitted to MM | This indicator measures audit findings remedial action plan progress reports to be submitted. It is non-cumulative and measured in number | E1 | 2 | 2 | 2 | 2 | 2 | 0 | n/a | n/a | Audit finding remedial Progress Report submitted to MM | Performance is Achieved |

| Strategic Objective: E2 | To ensure maximum participation of the community in their own development through organized structures | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Responsible Department | Key Indicator | Indicator Description or Measure | IDP link | Annual Target for 2019/20FY | Actual results for 2019/20FY | Baseline 2020/21 | Annual Target: By June 2021 | Actual Results Obtained | Variance | Reasons for Non-Achievement/ Over Achievement | Corrective measures | Portfolio of Evidence | PMS Comments |
| LEDP | Number of IDP consultations conducted with the public | The indicator measures the number of IDP consultations, as per the MSA requirements and in line with national Disaster Management Act. | D1.1 | 12 | 6 | 6 | 2 | 2 | 0 | n/a | n/a | Public Notices posted on the website. | Performance is Achieved |

S'busiso Dlamini

**Acting Municipal Manager**

19/01/2022

**Date**

# 2020/2021 AUDITOR GENERAL REPORT

# Report of the auditor-general to the Gauteng Provincial Legislature and the council on Lesedi Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Lesedi Local Municipality set out on pages ... to ..., which comprise the appropriation statement, statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, the cash flow statement and the 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.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lesedi Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Management Finance Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Restatement of corresponding figures

7. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

### Significant uncertainties

8. With reference to note 47 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### Material impairment

9. As disclosed in note 6 to the financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors' amounts to R931,08 million (2019-2020): R747,27 million), which represents 82% (2019-20: 80%) of total consumer debtors. The contribution to the allowance for impairment, as disclosed in note 6 to the financial statements, was R189,09 million (2019-20: R173,72 million).

### Material losses – electricity

10. As disclosed in note 57 to the financial statements, material electricity losses of R62,38 million (2019-20): R35,86 million) were incurred, which represents 29,99% (2019-20: 18,75%) of total electricity purchased. Technical losses amounted to R10,82 million (2019-20: R9,95 million) and were due to the electricity that was lost on distribution from the source of generation through the transmission and distribution network to the final consumer. Non-technical losses amounted to R51,56 million (2019-20: R25,91 million) and were due to administrative and technical errors, negligence, theft of electricity, tampering with meters and connections that form part of illegal consumption and faulty meters.

### Material losses – water

11. As disclosed in note 57 to the financial statements, material water losses of R33,00 million (2019-20: R25,21 million) were incurred, which represents 39,42% (2019-20: 31,21%) of total water purchased. Technical losses amounted to R4,52 million (2019-20: R4,36 million) and were due to the water that was lost through physical loss of water through the water distribution network. Non-technical losses amounted to R28,48 million (2019-20: R20,85 million) and were due to persistent leakages as a result of aging water supply infrastructure and illegal connections.

## Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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 thereon.

### Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

15. 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.

### Auditor-general's responsibilities for the audit of the financial statements

16. 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.

17. 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

### Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area (KPA) presented in the municipality's annual performance report for the year ended 30 June 2021:

| Key performance area | Pages in the annual performance report |
|---|---|
| Key performance area (B) – basic service delivery | x – x |

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material finding on the usefulness and reliability of the performance information of the selected key performance area is as follows:

### Key performance area (B) – basic service delivery

#### % of new houses with access to water

23. The planned target of 100% for this indicator did not specify the period or deadline for delivery.

## Other matter

24. I draw attention to the matter below.

### Achievement of planned targets

25. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 23 of this report.

## Report on the audit of compliance with legislation

### Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements

28. 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 the property, plant and equipment, cash flow statement and contingencies identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

29. Invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

30. 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).

31. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulation 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.

### Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R14 481 206 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the supply chain management processes.

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R22 369 422, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate budgeting processes.

### Consequence management

34. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

35. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.

36. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

## Other information

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.

38. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

40. When I do receive and read the report of the accounting officer, 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

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in, the findings on the annual performance report and the findings on compliance with legislation included in this report.

42. The accounting officer did not exercise adequate oversight responsibility regarding financial reporting, performance reporting and compliance with laws and regulations, and implementation of consequence management for non-compliance with laws and regulations.

43. Senior management did not ensure that adequate controls were in place over the preparation of accurate and complete financial, performance reporting and there was inadequate review of reports, which resulted in repeat audit findings. In addition, action plans were developed but were not regularly monitored to ensure adequate implementation.

Auditor-General

Johannesburg

15 December 2021

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. 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 key performance area and on the municipality's compliance with respect to the selected subject matters.

### Financial statements

2. 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 by the accounting officer
   - conclude on the appropriateness of the accounting officer's 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 Lesedi Local Municipality's 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

3. 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.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.