

# ANNUAL REPORT

## 2022/2023

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*JANUARY 29*

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LESEDI LOCAL MUNICIPALITY

**‘Investment paradise’**



# Highlight for the year.

## Financial Highlights

- Revenue decreased by R12 991 639 (2%) from previous year.
- Bulk purchases budget of R485 781 404 achieved at R388 029 367.
- General expenses budget of R107 726 797 achieved at R104 205 035.
- Credit control policy became fully operational to reduce councillors and employees owing the municipality.
- Net loss for the period under review at R273 121 390.

## Operational Highlights

- Municipal Manager was official appointed during 2022/23 financial year.
- Municipality achieved a clean audit on the audit of performance information report.
- Municipality maintained unqualified with findings opinion on the audit of annual financial statements.

### Strategy

- Management strategic session was held successfully in the financial year of 2022/23.
- Unauthorised, Irregular, and Fruitless and wasteful (UIFW) expenditure Reduction strategy was implemented in 2022/23
- Revenue turnaround strategy was implemented in 2022/23.
- Capex war room was successfully implemented for projects in 2022/23.
- Municipality developed a Spatial development framework and implementation program which its objective is to provide long term strategic mechanism in identifying areas for economic opportunities.

### Human Resources

- As part of recognition of our staff the municipality have recognised employees that are well performing and have necessary educational requirements by promoting them, where there was no internal candidate that met the criteria municipality recruited externally.
- Executive management [LEDP and corporate services] positions were filled, EM-LEDP was an external recruitment and EM-Corporate services internal promotion.
- Senior manager monitoring and reporting position has been filled - externally and expenditure manager positions have been filled internal promotion.

### Governance

- UIFW expenditure investigations commenced during 2022/23 financial year.
- Disciplinary board became effective in the current year.
- Municipal Manager held Weekly Audit Steering committee (ACS) and Senior Management Team (SMT) meetings throughout the financial year of 2022/23 with HOD's, Internal Audit and Stakeholders which included CoGTA, Treasury, SaLGA and AGSA during the audit where reports were tabled, activities were tracked, and progress monitored.
- Risk based internal audits per the planned operational 1-year plan were conducted and action plans after each audit were tracked and prioritized on ACS / SMT meetings.



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## General Information

<b>Legal form of entity</b>	Municipality – Municipal demarcation code – GT423
<b>Nature of business principal activities</b>	Local municipal functions as set out in the constitution of South Africa (Act No. 105 of 1996)
<b>Physical office address</b>	1 H F Verwoerd St Heidelberg, South Africa, 1441
<b>Postal address</b>	PO Box 201, Heidelberg, Gauteng, 1438
<b>Contact telephone number</b>	(016) 330 0400
<b>Email address</b>	complaints@lesedi.gov.za
<b>Website address</b>	lesedi-lm.gauteng.gov.za
<b>External auditors' information</b>	Auditor-General of South Africa
<b>Banker's information</b>	FNB
<b>Face book and Twitter</b>	Lesedi Local Municipality – LLM



# CHAPTER 1 : GENERAL INFORMATION





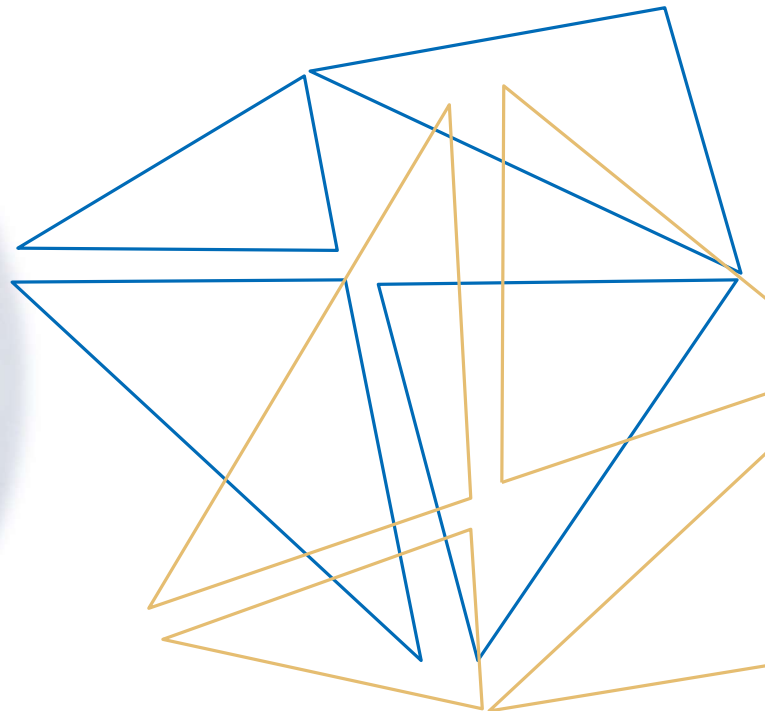
## List of Acronyms and abbreviations

<b>MM</b>	Municipal manager
<b>AGSA</b>	The Auditor-General South Africa
<b>AFS</b>	Annual Financial Statements
<b>ARC</b>	Audit and Risk Committee
<b>HR</b>	Human Resources
<b>FY</b>	Financial year
<b>MFMA</b>	Municipal Finance Management Act
<b>UIFW</b>	Unauthorised, Irregular, and Fruitless and Wasteful
<b>BAC</b>	Bid Adjudication Committee
<b>Q1</b>	Quarter 1
<b>Q2</b>	Quarter 2
<b>Q3</b>	Quarter 3
<b>Q4</b>	Quarter 4
<b>ASC</b>	Audit steering Committee
<b>SMT</b>	Senior Management Team
<b>LED&amp;P</b>	Local Economic Development and Planning
<b>APR</b>	Annual Performance Report
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>MSA</b>	Municipal Systems Act
<b>ACFO</b>	Acting Chief Financial Officer
<b>IT</b>	Information Technology
<b>ICT</b>	Information and Communication Technology
<b>KPIs</b>	Key Performance Indicators
<b>King IV</b>	The King Report on Corporate Governance IV
<b>SCM</b>	Supply chain management
<b>SARS</b>	South African Revenue Services
<b>RFI</b>	Request For Information
<b>RFQ</b>	Request For Quotation
<b>DOA</b>	Delegation of Authority
<b>DPS</b>	Domestic Postal System
<b>DRM</b>	Disaster Risk Management
<b>EM</b>	Executive managers





**CLR M Nkosi**



## Foreword by the Mayor

As the Annual Report under review is submitted, one should provide assurance of Legislative compliance. Every effort has been taken into consideration to comply with, amongst others, the Municipal Finance Management Act (Act 56 of 2003). Regulations, practice notes and circulars that are issued by National and Provincial Treasury have been taken into consideration. Legislative and Policy imperatives have been used to ensure that stakeholders' views are incorporated to meet ethics and accountability requirements.

This Annual Report covers the activities of the Municipality from the 1st of July 2022 to 30th June 2023. It provides an account of the Municipality as far as predetermined objectives and performance indicators are concerned in the

context of the approved budget. The audited Financial Statements for the period under review form part of the latter.

The Municipal Systems Act, Section 28, Act 32 of 2000 guides the Municipality to conduct itself according to a credible Integrated Development Plan and a Resource Allocation Plan commonly referred to as the Budget. The process is a culmination of an intensive public participation process.

The report takes note of the liquidity state of the organisation with our debt book estimated at R1,540 969 807 bn. On the same breadth, Intergovernmental Relations Framework Act, 13 of 2005 and the Division of Revenue Act, 5 of 2022 commitments in the form of Revenue Enhancement Strategy are appreciated because



they will intervene to turn our revenue base around. Over and above, cognisance goes towards an audit and correction of large power and water users billing data and collection from large power and water users.

*"In presenting this report one takes cognisance of socio- economic tides that our Municipality had to skate through. "*

The levels of unemployment, inequality and poverty have continued to pose a bleak prospect for revenue generation. Amid these challenges, the Council has insisted on the turnaround attitude to maintain and optimise service delivery.

During the period under review, the Council has prioritised the filling of critical vacant posts. The appointment of the Municipal Manager in the person of Mr Sbusiso Dlamini was confirmed. The vacant position of the Executive Manager, Corporate Services was an add-on. Mr Andrew Machitje's appointment was confirmed with effect from the 1st of August 2023.

*"The resurgence of social strife arising out of Electricity Loadshedding, Water outages and service delivery in general have impelled the Council to set up public participation interventions through War Rooms to disseminate communication throughout all the structures and minimise dissension as much as possible."*

Be as it may, the Municipality should be recognised for implementing social relief initiatives to destitute citizens. This comes in the form indigents who are unemployed and earn collectively within R4 800.00 threshold. They are exempted from basic charges. Rebates are provided to those who qualify. Burials are also provided to indigents. Short term employment opportunities and skills development are rolled out through the Extended Public Works Programme and the Community Works Programme.

Continued distress in the economy has propelled the Council to participate in long-term investment creation initiatives. Strategic land parcels have been committed towards catalytic projects within the context of the Vaal Special Economic Zone Programme. This programme focusses on green energy-fueled re industrialization of the Vaal region, High impact investments into the food, agriculture and agro industries value chain, gateway logistics (air, road, rail, river), Blue Economy and the Tourism Sector, Smart City along the Vaal River and an Aerotropolis and Building strong local linkages between township / rural economies.

A total of 180 hectares of land in two land parcels across the Lesedi Local Municipality has been committed to the Vaal SEZ programme. The benefits will center around the following priorities: Aerospace and defense manufacturing, Light manufacturing, Agro-processing, Logistics and, Waste-to-energy.

The Zone of Integration between Ratanda and Heidelberg remains an interesting construction site where local enterprises are acquiring exposure and enterprise development opportunities.



The same is said about Impumelelo Extension 3 and 4 where Human Settlement projects are at an advance stage. Kwazenzele Extension 1 is one project that is moving at a snail's pace. The Gauteng Department of Human Settlements has been sensitised about this situation. The community in the area has gone to the extent of petitioning the Premier to intervene.

I should further hasten to mention the Shalimar Ridge walk-ups that were invaded, and their status has not been rectified amid the Court Judgement of 2018. Municipal services are consumed by the occupants who are not paying for the services rendered. The Municipality has since issued an invoice against the Gauteng Department of Human Settlements.

The Municipality has recognised the desire to promote renewable energy interventions. The existing transfer station is considered for closure, rehabilitation and exploration of an alternative Landfill site. It is expected that once completed, e-waste opportunities will be explored. A strategy

on Renewable Energy will be undertaken and incorporated into the lifeblood of the organisation.

Let me confirm that from the Political point of view, the organisation has shown stability. None of its proceedings had to be disrupted and meetings are consistent with the schedule.

Reports are interrogated robustly to arrive at a consensus. Study groups are convened through the leadership of the Chief Whip. Section 80 meetings have been consistent with their schedule and programmes and policies are generated at that level to provide direction to the Mayoral Committee right up to the Council.

### In conclusion

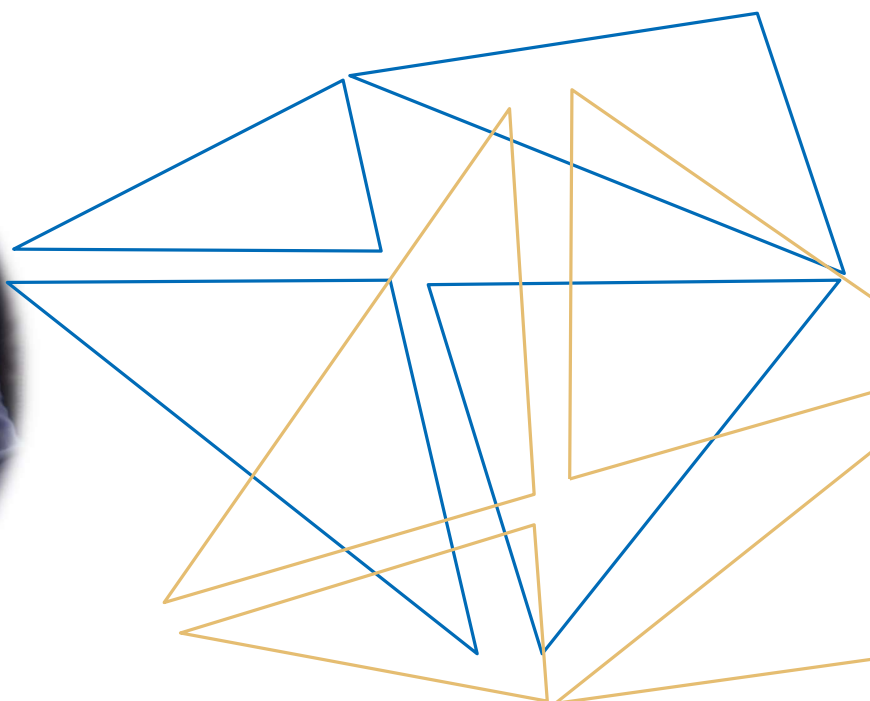
It is proper at this point to recognise the support and direction that the Speaker of the Council, Chief Whip, Members of the Mayoral Committee, Proportional Representative Councillors and Ward Councillors. The relationship that exists between the Political and Administrative wings is highly appreciated and envisaged to propel the institution to greater heights.

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**EXECUTIVE MAYOR- CLR M. NKOSI**



**MR Sbusiso Dlamini**



## Foreword by the Municipal Manager

### General overview

The 2022/23 Annual Report for Lesedi Local Municipality has been compiled as part of complying with the provisions of the Local Government: MSA, 32 of 2000, Section 46 (1) and (2), which stipulates that municipalities must prepare annual report for each year that reflect the municipality and each service provider's performance during the financial year. Furthermore, section 121 (1) of the Local Government: Municipal Finance Management Act 56 2003 states that each municipality must for each financial year prepare an annual report. The purpose of the annual report is to provide a record of all the activities that transpired in the financial year under review. Further, to provide a report on performance against the budget and to promote accountability to the local communities. further states that the annual performance report

should form part of the municipality's annual report.

*"The municipality achieved an unqualified opinion with no material findings which is translated as a clean audit on audit of Performance information [Service delivery] and maintained an unqualified audit opinion with findings on the audit of annual financial statements for the year ended 30 June 2023."*

### Service Delivery

The 2022/2023 Annual Report outlines the performance of the municipality as part of





achieving the developmental mandate, municipal objectives and priorities set in the Integrated Development Plan (IDP). It reflects a comparison of performance with targets set for the year under review and performances in the previous financial year. Provision of basic services such as water, sanitation, electricity, waste removal (among others) remained the key priority for Lesedi Municipality.

The service delivery highlights of 2022/23, the municipality provided access to 2778 households with access to sanitation which is an over achievement by 73% more as more funding was availed by Human Settlement which resulted in the increase in connections, and provided 1004 household with access to refuse removals which was also an over achievement by 101% more from the planned targets, this was achieved by the municipality requesting support from Provincial department (GDARD) of 240L wheel bins that can be used by 12 units instead of the 20l bins per units, which improved the rate in refuse removal service.

Indicators for Percentage of new houses with water within 30 days of receipt of application and Percentage of houses electrified within 45 working days after the receipt application were not achieved, this was due to financial Constrains from the municipality, material at the stores was not available to address this activity.

As part of the commitment towards improving the audit findings and ultimately achieve clean audits, management implemented the 2021/22 AG Action Plan and the Municipal manager held weekly meetings with management in the financial year of 2022/23 to monitor and track all targets and actions taken to address issues previously identified by AGSA and internal audits.

### Financial viability and capacity constraints

The municipal finances have not improved when compared to the last financial year, with ESKOM and Rand Water and other creditors being in arrears for more than 90 days. The nonpayment of suppliers resulted in the municipality incurring interest charges which translate to fruitless and wasteful expenditure.

Debt collection remains the focal point of our revenue generation by implementing credit control and debt collection strategies. However, the municipality experienced challenges to fully recover what is due to the municipality due to the reduced income levels for households, industries in the area as well as hostility encountered by the credit control team in certain areas of the Lesedi Local Municipality.

The municipality aims to do a media outreach program campaign to take deliberate action on debtors that are in severe default and not responding to the collections' initiatives in place. The municipality did embark on a "mass-credit control" public participation creating awareness on the importance of paying and sending a stern message to defaulters that @Lesedi We Pay.

The municipality continues to ensure that data management for more accurate billing is improved and reduced the number of queries especially around high estimations on electricity and water readings. The municipality will continue to assist the most vulnerable sectors of our communities that consist of indigent people, by providing necessary free basic services in the form of 6kl of water, 50kWh of electricity and 100% rebate of basic charges. The number of indigents at 30 June 2023 were 5175.



Cost containment measures which were implemented during the financial year resulted in savings in the following votes:

- Employee costs
- Bulk Purchases
- Contracted services

The Municipality faces profound challenges to remain a going concern, financially viable and sustainable. Various response plans have been developed by the Municipality amongst is a Spatial development framework and implementation program which its objective is to provide long term strategic mechanism in identifying areas of economic opportunities. Further Revenue enhancement strategy has been implemented to turn around municipal financial distress status. The strategy mainly focused on the following:

- Consumer profiling and cleansing
- Debt analysis per debtor type, debtor quadrant analysis and debt band analysis
- Activity based collection process to collect all outstanding accounts.
- Income analysis through credit bureaux income analysis - obtain income estimation data to inform the probability of debtor affordability.
- GIS investigation by analyzing services breakdown - This strategy is deployed in problem areas where debtors are consuming services at a high rate yet positioned in areas not in harmony with the expenditure.
- Targeting top owing accounts per debtor type and per category
- Dashboard Analysis of credit control and debt collection performance on weekly basis

The municipality aims to apply impactful credit control and debt collection processes and procedures such that:

- The operational management of billing, metering, water, electricity, property rates, waste and valuations query resolution processes, procedures, and field actions as well as the management and performance of the field action technicians to maximize revenue.
- Provide operational and targeted management with strong focus on the whole revenue value chain that result in revenue enhancement and financial stability of the municipality as well as the protection of revenue by ensuring the implementation of good practices.
- The bulk of debtors are from the departments mainly department of human settlements and department of agriculture, the municipality is engaging departments regarding these outstanding debts.
- The effect of the cash flow challenges is noticeable in the current financial period as the creditors efficiency system has declined to 59.7%.
- The payment of creditors will be carefully monitored to ensure the rate does not deteriorate further.
- The municipality experienced an overall revenue decline of R12 991 639 amount which is a 2% decrease as compared to the prior year. This is mainly due to consumer affordability on service charges that has declined.
- It imperative for readers to note that that revenue recorded on the AFS does not equate to cash received as financial statements are prepared on accrual basis not on cash modified, therefore actual



cash collected is even lower than what is recorded as revenue.

- The challenge to generate cash is further highlighted in the cost coverage ratio of only 0.5 months, this is a slight improvement on the coverage ratio of 0.3 months in the previous financial period. The poor collection rate within the municipality has caused the total outstanding service debtors to balloon to 187.6% of revenue. A large portion of these outstanding debtors are over 90 days, and the recoverability of this debt is uncertain.

### Challenges faced and how they were resolved.

The effect of loadshedding which impacted the municipality's operations negatively as staff productivity was affected, as a response the municipality uses a generator. Electricity service charge revenue was also affected negatively as more consumers have resorted to alternative power solutions resulting to decrease in monthly billings, Revenue enhancement strategy was implemented.

Water disruptions by Rand Water also had a huge financial effect as the municipality had to lease mobile toilets to remain operational during the affected periods. However, the municipality has now installed a permanent alternative water supply system to ensure full operation should water interruptions persist.

### Governance

In an endeavor to fulfil the legislative requirements and policy provisions, Lesedi Local Municipality embarked on strategic planning sessions aimed at strengthening its role in service

delivery, attendees included the Executive Mayor, Speaker of Council, Chief Whip, Members of the Mayors Committee, and the Municipal Manager with other members of the administration.

External attendees included Audit Committee members, COGTA representative and SALGA representative. The session identified several issues and challenges that undermine the quest to improve the quality of life, address poverty and unemployment. In addition, the session further identified institutional issues that are likely to hinder its efforts to deliver on the strategic agenda of the municipality.

This was an opportunity to identify possible solutions against issues and challenges identified.

The current strategic plan of LLM is an integrated document reflects inputs of the political leadership, senior management, and other attendees. It also captures the inputs of other stakeholders that were invited in the session that are assurance service providers.

To fast-track consequence management a disciplinary board was formulated and became effective in the current year to deal with all UIFW expenditure cases, SIU cases and fraud cases.

### Events after reporting date

The municipality commenced with the process of UIFW expenditure investigations on 02 June 2023. The investigation by an independent internal audit service provider were in progress as of 30 June 2023 and Part 1 of investigation report was finalised on the 8<sup>th</sup> of August 2023. UIFW expenditure investigated is as follows.

- Irregular expenditure – R 86 791 341.40
- Unauthorised expenditure – R 260 940 570.00
- Fruitless and wasteful expenditure R 9 520.06



Strategic positions that were vacant were filled after 30 June 2023. EM – Corporate Services was appointed as of 01 August 2023, EM: LEDP was appointed as of 01 October 2023 and Senior Manager Monitoring and Reporting was appointed as of 01 November 2023.

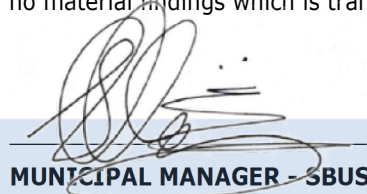
### Critical Stakeholders

*"I am thankful for the strategic support and partnerships the municipality received from Provincial and National departments such as Treasury, SALGA and CoGTA."*

This proved that when we work collectively with one goal congruence which is improving the lives of our citizens, greater heights can be reached.

### Audit opinion

The municipality maintained an Unqualified audit opinion with findings on the annual financial statements for the year ended 30 June 2023 and obtained an improved unqualified audit opinion with no material findings which is translated as clean



**MUNICIPAL MANAGER - SBUSISO DLAMINI**

audit on the audit of performance information for the year ended 30 June 2023.

I would like to acknowledge noticeable improvements in the way audit process run on both side Municipality and AGSA and the value that was added by the AGSA audit team in the current year. As the municipality we are sitting in a position where direction is clear enough in terms of the areas the municipality needs to improve on.

### Appreciation and acknowledgement

I would like to thank the Executive Mayor, Councilors, Audit committee, Management, and staff of the Municipality for their dedication and service to the Citizens of Lesedi – under severely challenging circumstances.

Lastly, we thank the citizens at large for working together with us. We are working towards delivering the service that the citizens of Lesedi deserve and restoring the municipality to be indeed the light of the community.

### Batho Pele – People first!





# Strategic Overview

## Vision

By 2030, Lesedi Local Municipality will be a **Smart, People-centered**, and **Performance-driven** municipality while providing **High-quality** municipal services, a **Safe** and **Healthy living** environment for communities in a sustainable manner.

## Mission

Lesedi Local Municipality will **improve the quality of life of the people** by providing **sustainable high-quality services, through innovation, good governance, capacity building, integrated planning** and applying 'batho pele' principles.

## Values

**Honesty, Creativity, Respect, Teamwork, Fairness, Knowledge, Stability.**

## Pledge

We pledge to honor and uphold the following ethical values in serving the public: **fairness, integrity, transparency, innovativeness, responsiveness, empathy, accountability, and responsibility.**

## Motto

**'Investment Paradise'**

# Executive Management



**Sbusiso Dlamini**  
Municipal Manager



**Gugulethu Mncube**  
ACFO



**Andrew Machitje**  
EM – Corporate Services



**Dr Nompumelelo Khawula**  
EM – Community Services



**Sizwe Mazibuko**  
EM: LED&P



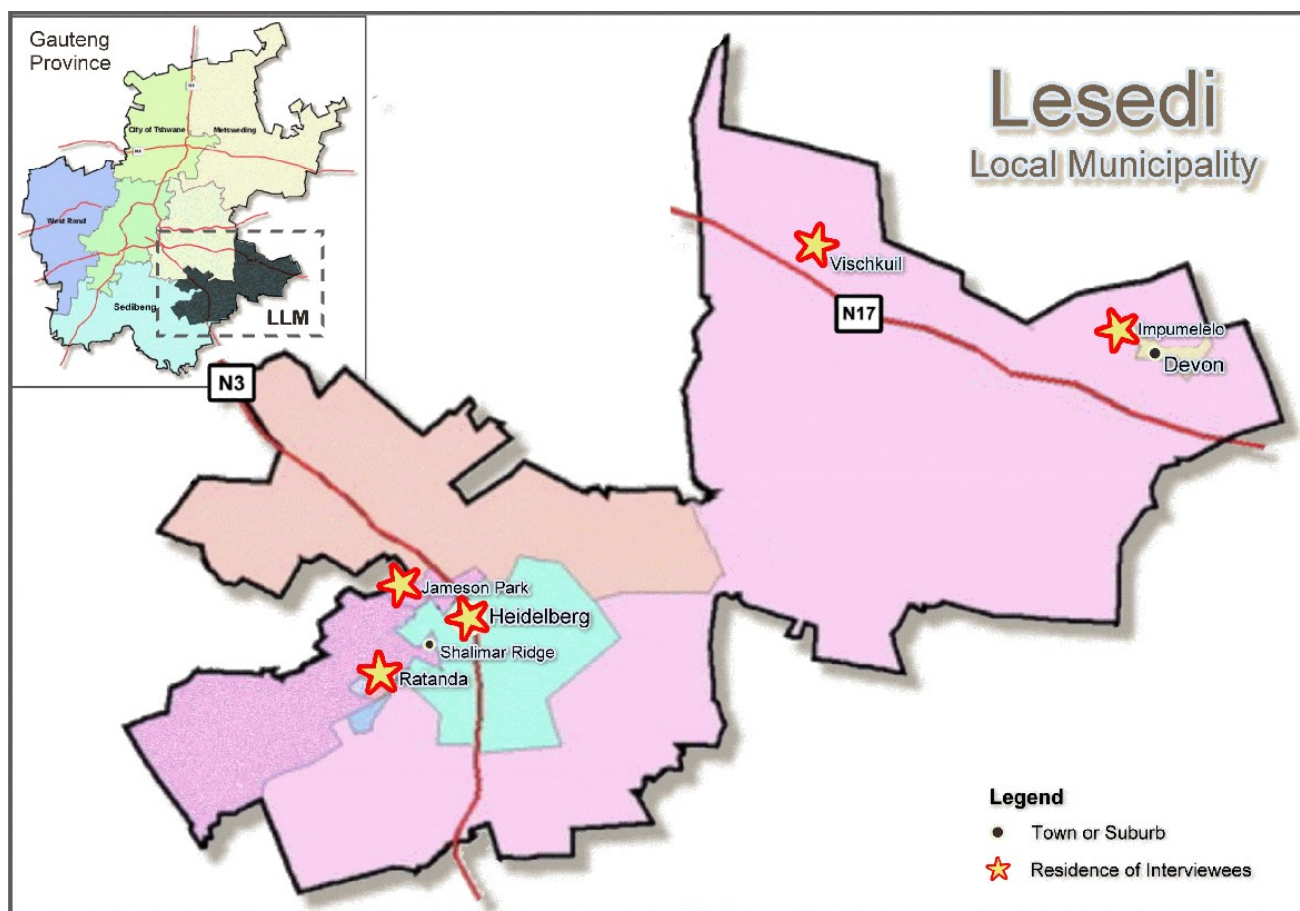
**Thobeka Zondi**  
EM: Infrastructure



## 1.1 Municipal Functions, Population and Environment Overview

Lesedi Local Municipality is a category B municipality located in the southeastern extents of Gauteng Province. It is one of three local municipalities within the Sedibeng District Municipality. As reflected on Figure 1, the municipal area resembles a “butterfly shape” with route N3 and the towns of Heidelberg and Ratanda located in the western “wing” of the butterfly, and route N17 with settlements like KwaZenzele-Vischkuil and Devon-Impumelelo representing the “eastern wing”. Lesedi Local Municipality can be described as a primarily rural area, with the major urban

concentration located in Heidelberg and Ratanda, which is situated along the N3 freeway at its intersection with Provincial Route R42, east of the Suikerbosrand Nature Reserve. Devon/ Impumelelo, which is situated on the eastern edge of the Municipal area, abutting the N17 freeway on the north, is a significant rural settlement, while Vischkuil/ Endicott east of Springs abutting Provincial Route R29 is a smaller rural Centre. Jameson Park is an isolated residential area abutting Route R42 between Heidelberg and Nigel.





## Municipal Spatial vision

In line with the directives emanating from national, provincial, and regional policies and legislation, the following key principles towards a future Spatial Vision for the LLM have been defined:

- Protect the natural resources which present the foundation of the municipal economy (agriculture and tourism).
- Consolidate human settlement, community facilities, business and industrial activities in and around a number of urban and rural development nodes within the municipality (spatial targeting).
- Actively manage the spatial structure, land use composition and development density in each of the development nodes in order to promote spatial transformation and justice; spatial efficiency; spatial sustainability; as well as resilience to climate and economic shocks.
- Promote inter- and intra-regional connectivity via a number of road and rail-based transport corridors which link all the development nodes to one another and to surrounding regions.
- Facilitate incremental SMME development (business and industrial) at appropriate locations within the municipality.
- Enhance agricultural production (food security) and Agri processing (job creation) in the high potential agricultural areas of the municipality.
- Optimise the tourism potential in all parts of the municipality.
- Actively pursue opportunities to introduce energy efficient and environmentally sustainable infrastructure and technology.

## Lesedi population with the following being notable:

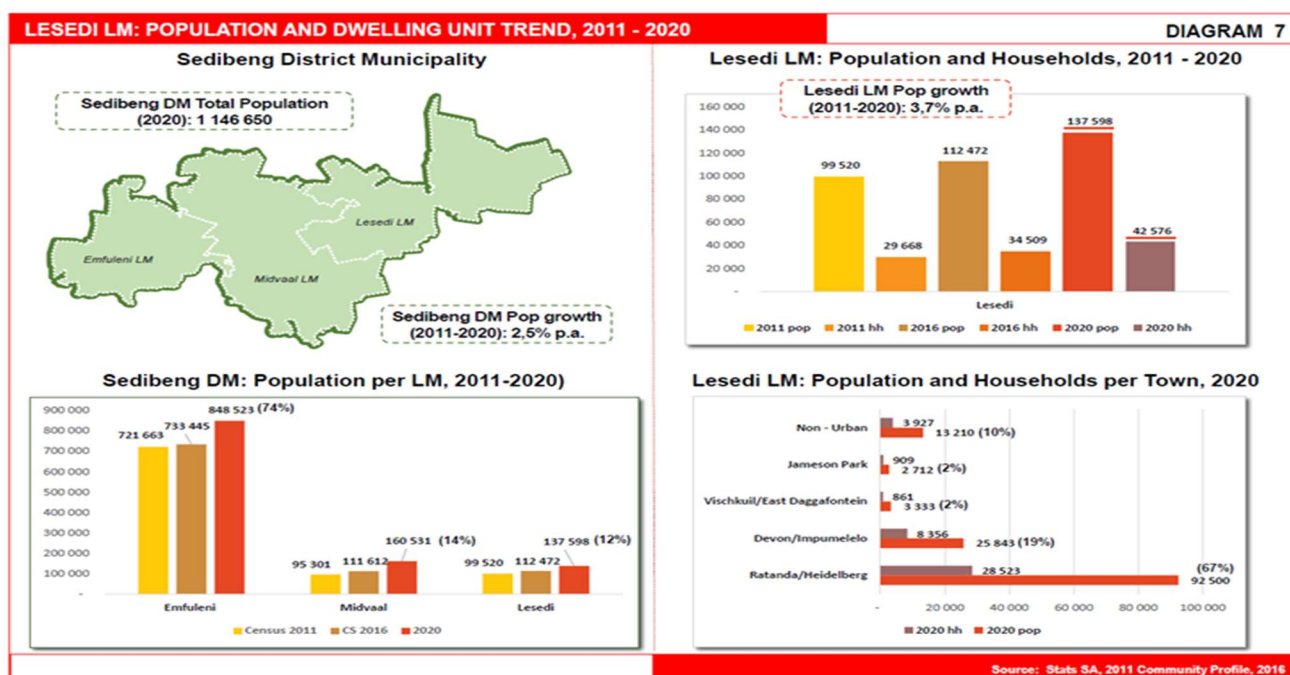
- In terms of sectoral contribution to the Lesedi GDP the largest contributors are Manufacturing (23%), Government (20,9%), Finance and Business Services (20,6%) and Trade (11,8%).
- The largest contributors to employment in Lesedi are Trade (38,2%), Government (17,5%) and Manufacturing (9,8%). These three sectors contribute about 65,5% of all employment opportunities in the LLM.
- In 2011 unemployment in the LLM stood at approximately 26% (it could be significantly higher by now).
- The highest levels of unemployment at the time were recorded in Devon-Impumelelo (45%), followed by Ratanda (32%), Jameson Park (27%) and Heidelberg (20%).



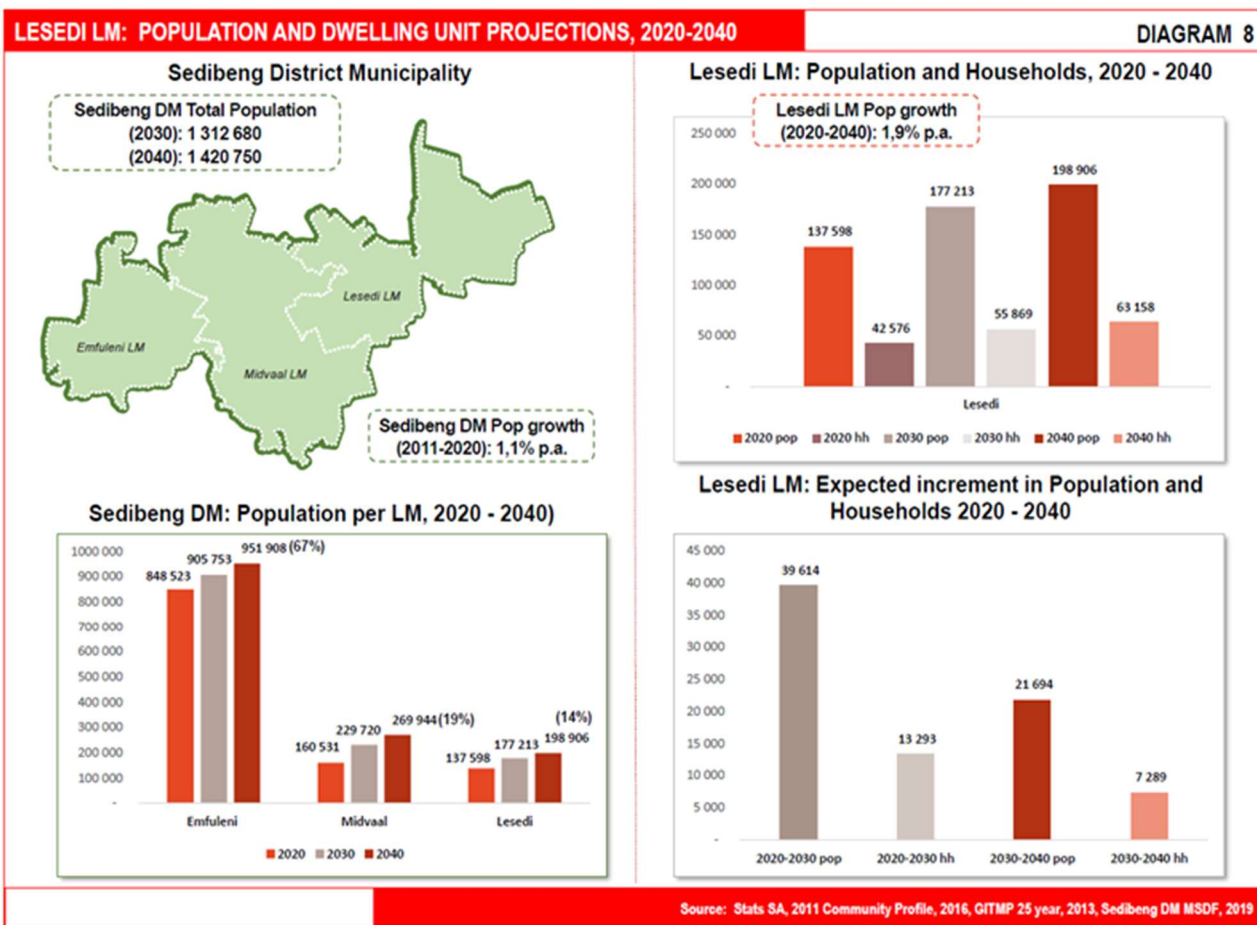
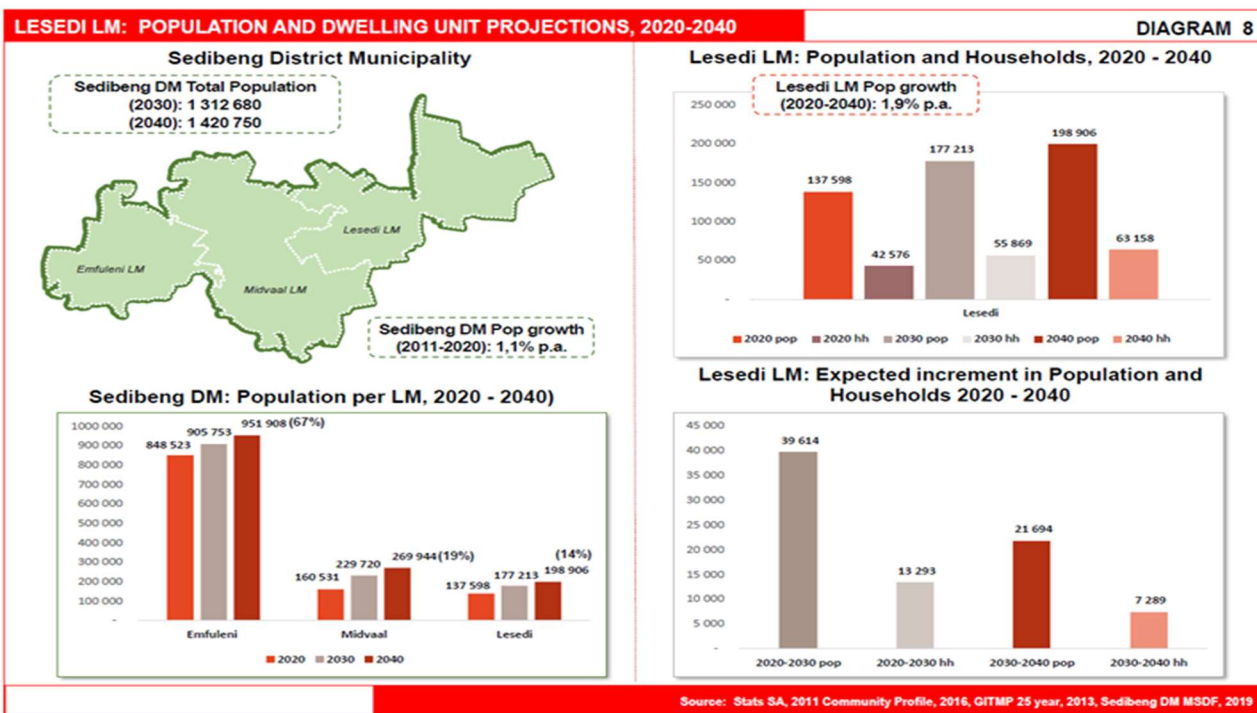
- Diagram 9 graphically illustrates the level of income of the Lesedi population as recorded during 2011 from which the following is evident:
- Approximately 60% of households in the LLM recorded a monthly income below about R 3,500 per month which is the RDP subsidy level (Representing the poorest of the poor).
- The percentage of individuals earning less than R 758 per month (minimum subsistence level) stood at 56% in 2011.
- Average monthly household income is highest in Heidelberg (R 14,407) followed by Vischkuil-KwaZenzele (R 9,638) and Jameson Park (R8,856).
- In Ratanda (R 4,538) and Devon-Impumelelo (R 3,600) the lowest average monthly household income were recorded, while the nonurban

rural areas in the LLM recorded a significantly higher average income of about R 7,269.

- The Sedibeng District population increased at an annual rate of 2,5% since 2011, with the 2020 population estimate for the district standing at 1,146,650 people.
- According to Census 2022 the population for Lesedi LM is estimated at around 132,783 people which represents approximately 12% of the Sedibeng population.
- The 137,598 people represent about 42,576 households.
- Almost 67% of the Lesedi population (92,500 people/ 28,523 households) reside in the Ratanda-Heidelberg urban area, followed by Devon-Impumelelo with about 25,843 people (8,356 households) and Vischkuil-KwaZenzele with 3,333 people (9861 households).



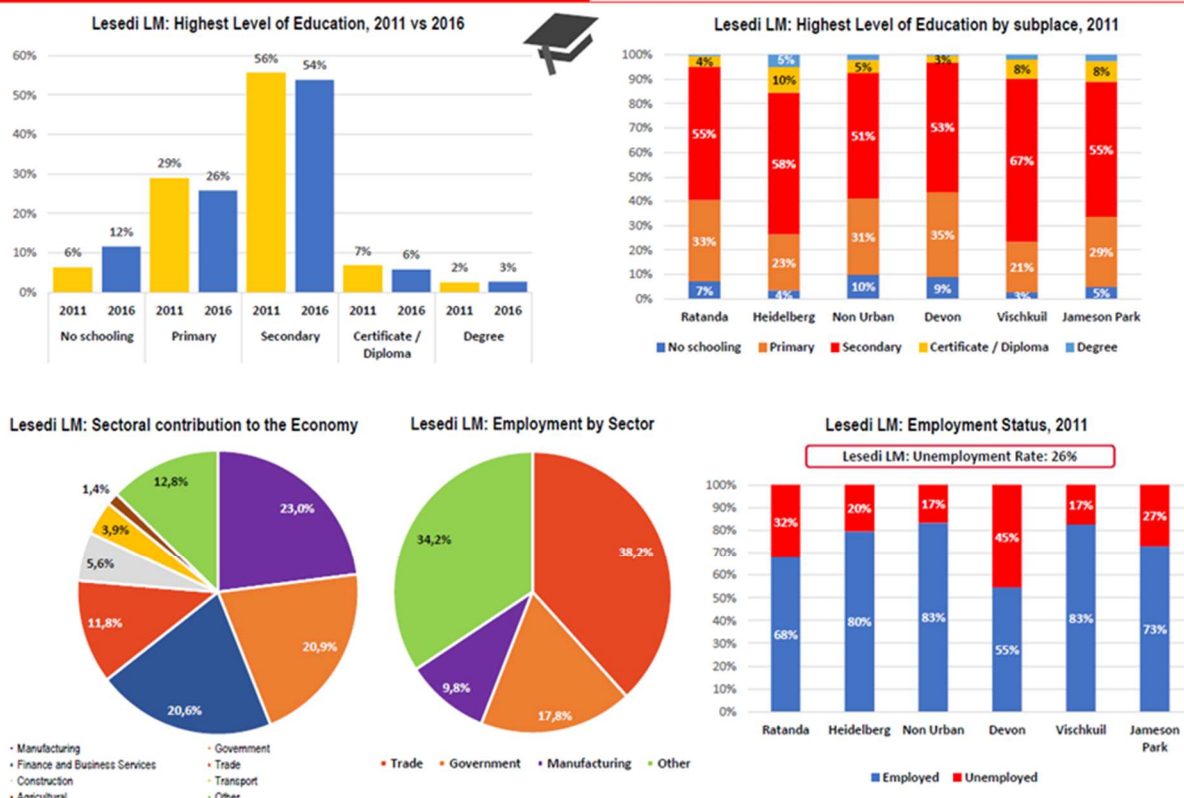






## LESEDI LM: SOCIO ECONOMIC PROFILE, 2011, 2016

DIAGRAM 9



Source: Stats SA, 2011 Community Profile, 2016, Lesedi LM, IDP, 2021-2026

## Ecosystems, Biodiversity and Conservation

### Ecosystems

The central and northern extents of the LLM area comprise a number of Critically Endangered ecosystems – especially along the drainage lines of various rivers and wetlands.

It also occurs to the south of Devon-Impumelelo and from there westwards towards the ridges between Heidelberg and Kaydale from where it links up with the Suikerbosrand Nature Reserve.

Some Endangered ecosystems are also identified to the north of the Suikerbosrand Nature Reserve with Vulnerable ecosystems being identified in the southwestern extents

of the LLM and to the far east in the vicinity of Devon-Impumelelo.

### Biodiversity Areas

The various Biodiversity Categories within the LLM with the following being the most notable:

Critical Biodiversity Area 1 (CBA1) are areas that need to remain in a largely natural state. These areas cover approximately 20,800 ha of land within the LLM and correspond strongly with the Critically Endangered areas.

Critical Biodiversity Area 2 (CBA2) represent cultivated landscapes that are important for supporting the threatened species in CBA1 areas. These areas represent an estimated



29,000 ha of land mostly located around the ridges in the eastern parts of the municipality in the LLM.

Ecological Support Area 1 (ESA1) are largely natural or near natural landscapes that should remain in, or be rehabilitated, to a functional state in order to support CBA areas.

Ecological Support Area 2 (ESA2) represents severely modified areas that retain some value to support CBA area and where additional impact should be avoided.

Approximately 60,800 ha of land have been categorized as Ecological Support Areas in the LLM, most of which is located in the eastern parts of the municipal area.

## Protected Areas

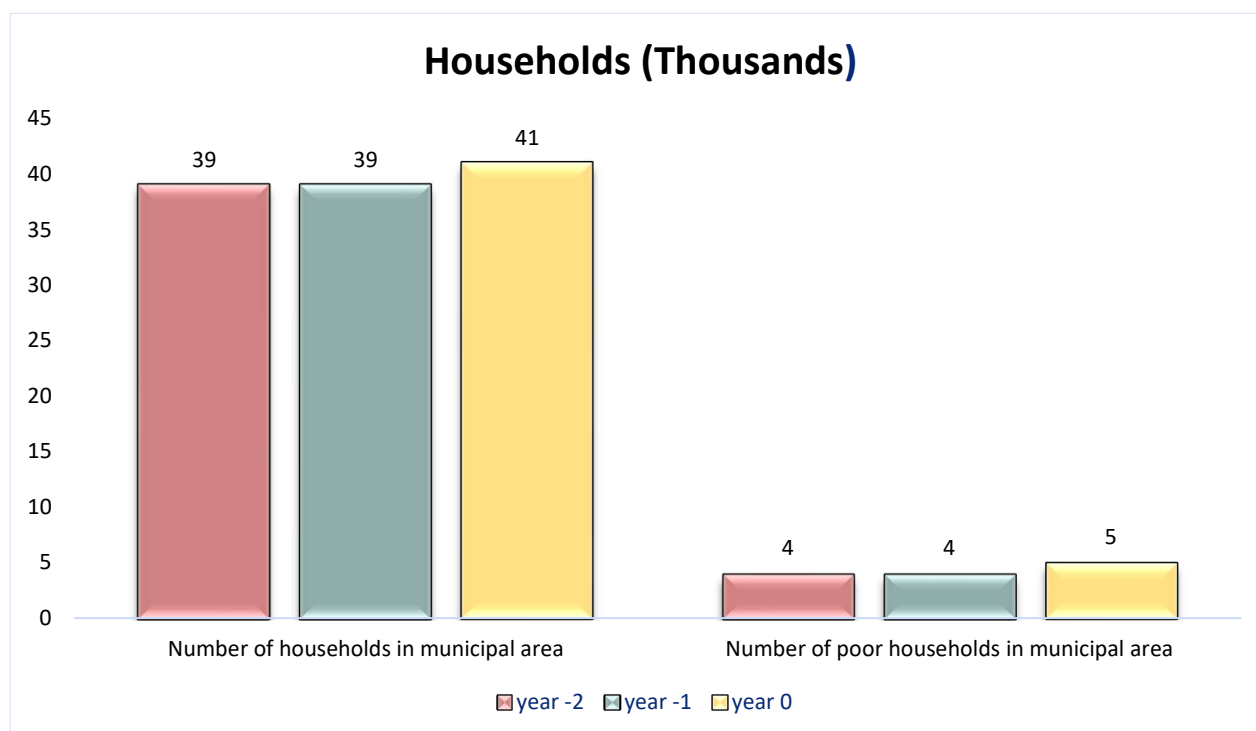
The most prominent protected area within the LLM is the well-known Suikerbosrand Nature Reserve which borders the municipality to the west.

The Devon Protected Environment which is located to the east was Gazetted as recent as 2 October 2019 (Gauteng Gazette No. 302).

Apart from the above, there are also several Private Nature Reserves (PNRs), including the Alice Glöckner PNR and Daisy PNR in the western parts of the LLM, as well as the Nicolaas PNR and Voortrekker PNR to the east between Jameson Park and Devon. The Marievale Nature Reserve which is also a RAMSAR site is located along the municipal border with the City of Ekurhuleni to the south-west of KwaZenzele.

**Table 1: Population details**

Population Details										
'000										
Age	2020/2021			2021/2022			2022/2023			
	Male	Female	Total	Male	Female	Total	Age	Male	Female	Total
Age: 0 - 4	6558	6482	13040	5372	5315	10687	Age: 0 - 4	4720	9094	9094
Age: 5 - 9	5032	4522	9554	5675	5553	11228	Age: 5 - 20	14653	13580	28233
Age: 10 - 19	8514	8219	16773	10430	10119	20549	Age: 21 -65	36056	31738	67794
Age: 20 - 29	13301	10193	23494	8768	7492	16260	Age: Over 65	3259	4092	7351
Age: 30 - 39	9601	8813	18414	11026	9263	20289				
Age: 40 - 49	7650	6486	14136	10187	8668	18855				
Age: 50 - 59	4704	5749	10453	6818	6564	13382				
Age: 60 - 69	2642	2848	5490	4391	4802	9193				
Age: 70+	1602	2200	3802	2702	3603	6305				
Source: Statistics SA										T 1.1.1

**Graph 1: Households stats****Table 2: Socio Economic States**

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
2019/20	12%	43%	5%	35%	10%	9%
2020/21	10%	26%	11%	25%	11%	10%
2021/22	8,5%	33.7%	34%	25%	3.4%	4,7%
Source: SERO 2023						T 1.1.2

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.



**Table 3 : Neighborhoods households and population**

Overview of Neighborhoods within 'Name of Municipality'		
Settlement Type	Households	Population
<b>Towns</b>		
Heidelberg	4000	10 503
Devon	1280	2300
Heidelberg Ext 8, 9 and 10	4300	12336
Sub-Total	9580	25139
<b>Townships</b>		
Ratanda	10000	49 332
Obed Nkosi	3250	9750
Heidelberg Ext 23 & 26	3000	14647
Heidelberg Ext 7 and 16	1200	3500
Impumelelo	2000	7269
Jameson Park	3000	6900
Sub-Total	22 450	91398
<b>Rural settlements</b>		
Vischuil and Endicott	1080	1830
Kwazenzele	1017	3050
Surrounding Farms	3450	2100
Sub-Total	5547	6980
<b>Informal settlements</b>		
Ratanda	1100	3500
Impumelelo	890	2700
Kwazenzele	2500	3000
Sub-Total	4490	9200
Total	42 067	132717
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.
T 1.2.7	



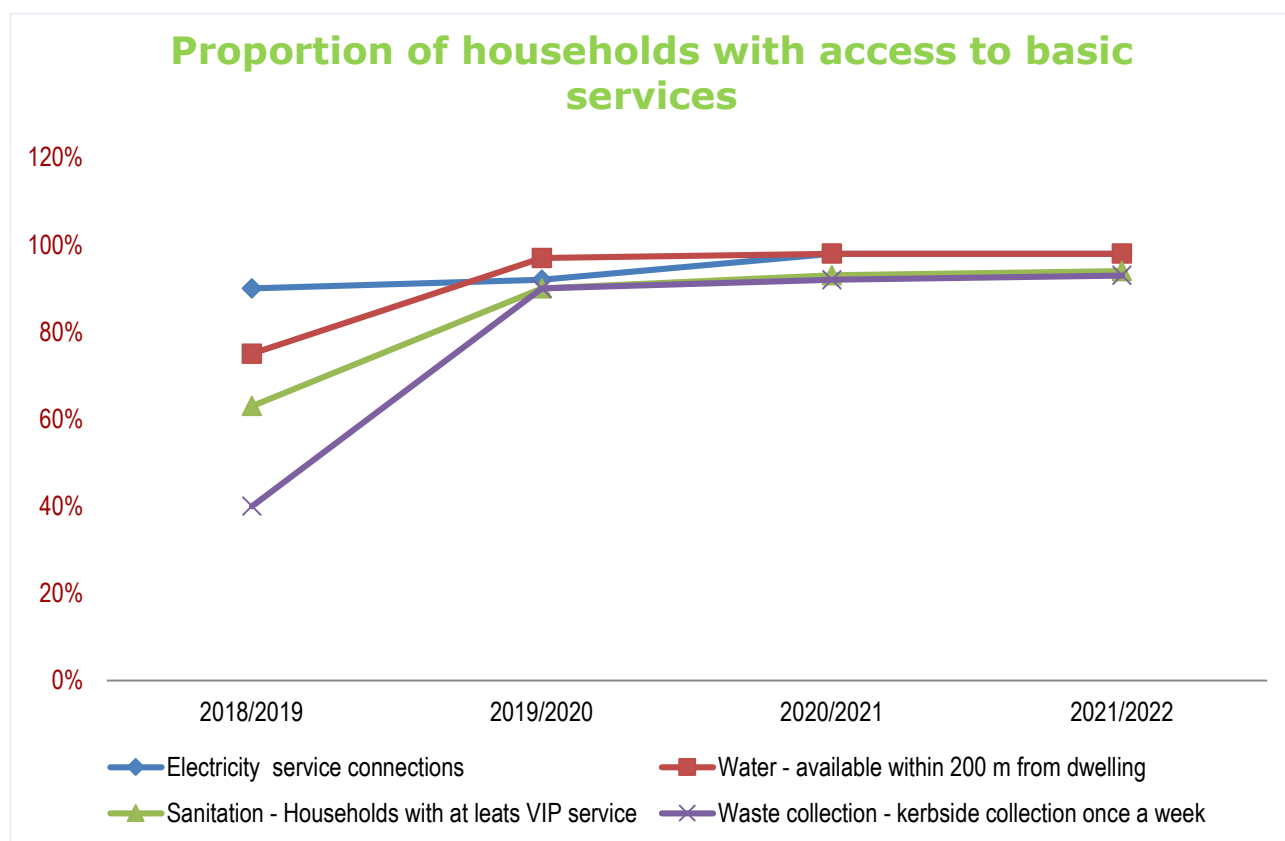
## 1.2. Service Delivery Overview

### 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. Due to the recent heavy rains all these gravel roads need to be re-graveled to ensure safety of the road users.

Lesedi Municipality and Eskom are both electricity service providers. The municipality is continuously improving the level of basic access to electricity through the INEP grant. The challenge 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 households is sitting at 98% of households with access to electricity and the balance is still backlogs which needs to be eradicated. The challenge experienced is that due to these developments there is a die need to increase the capacity from Eskom in takes to meet the demand. This means that focus should be on the upgrading of the bulk infrastructure to ensure electrification of households in our areas of supply.

Proportion of Households with minimum level of Basic services				
	2018/2019	2019/2020	2020/2021	2021/2022
Electricity service connections	90%	92%	98%	98%
Water - available within 200 m from dwelling	75%	97%	98%	98%
Sanitation - Households with at least VIP service	63%	90%	93%	94%
Waste collection - kerbside collection once a week	40%	90%	92%	93%



#### 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 networks.

However, sanitation 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. Considering the social and safety concerns regarding the conventional pit-latrines the Municipality sourced funding for the installation of 400 ventilated pit-latrines toilet units at various rural settlements within its jurisdiction which would be implemented in two outer years (2021-2023) already 283 toilets were constructed in this financial year. 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 Programmes 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. The challenge still remains in ensuring proper maintenance of

existing roads that needs rehabilitation as there is no sufficient budget to deal with rehabilitation. The development of Road asset management system that is implemented by Sedibeng district will assist in ensuring that sourcing of funding for rehabilitation is supported by and extensive feasibility study report.

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.

The 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. The challenge remains that the funding provided for electrification does not match the housing development funding.

Furthermore, there is a need to upgrade bulk infrastructure in order to support electrification projects with Lesedi Municipality





### 1.3. Financial Health Overview

The municipal finances have not improved when compared to the last financial year, with ESKOM and Rand Water and other creditors being in arrears for more than 90 days. The nonpayment of suppliers resulted in the municipality incurring interest charges which translate to fruitless and wasteful expenditure.

Credit control and debt collection strategies are implemented but are not yielding the

required results due to the reduced income levels for households, industries in the area as well as hostility encountered by the credit control team in certain areas of the Lesedi Local Municipality. Cost containment measures which were implemented during the financial year resulted in savings in the following votes:

- Employee costs
- Bulk Purchases
- Contracted services

**Table 1.3.1: Financial Overview**

Financial Overview: 2022-23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	203 377	204 478	199 620
Taxes, Levies and tariffs	892 869	899 493	834 288
Sub Total	1 096 246	1 103 971	1 033 908
Less: Expenditure	1 139 900	1 204 843	1 392 468
Net Total*	-43 654	-100 872	-358 560
* Note: surplus/(deficit)			T 1.3.1

**Table 1.3.2. Operating ratios**

Operating Ratios	
Detail	%
Employee Cost	17%
Repairs & Maintenance	3%
Finance Charges & Impairment	2%
T 1.3.2	

Employee Costs – 21% of total operating expenditure. This is within the expected norm of 25%.

Repairs and maintenance costs – 5% of total expenditure. This appears very low when compared to the 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 not able to take on additional debt to



finance infrastructure investments, it is rather concentrating on improving cash flow by implementing credit control and thus

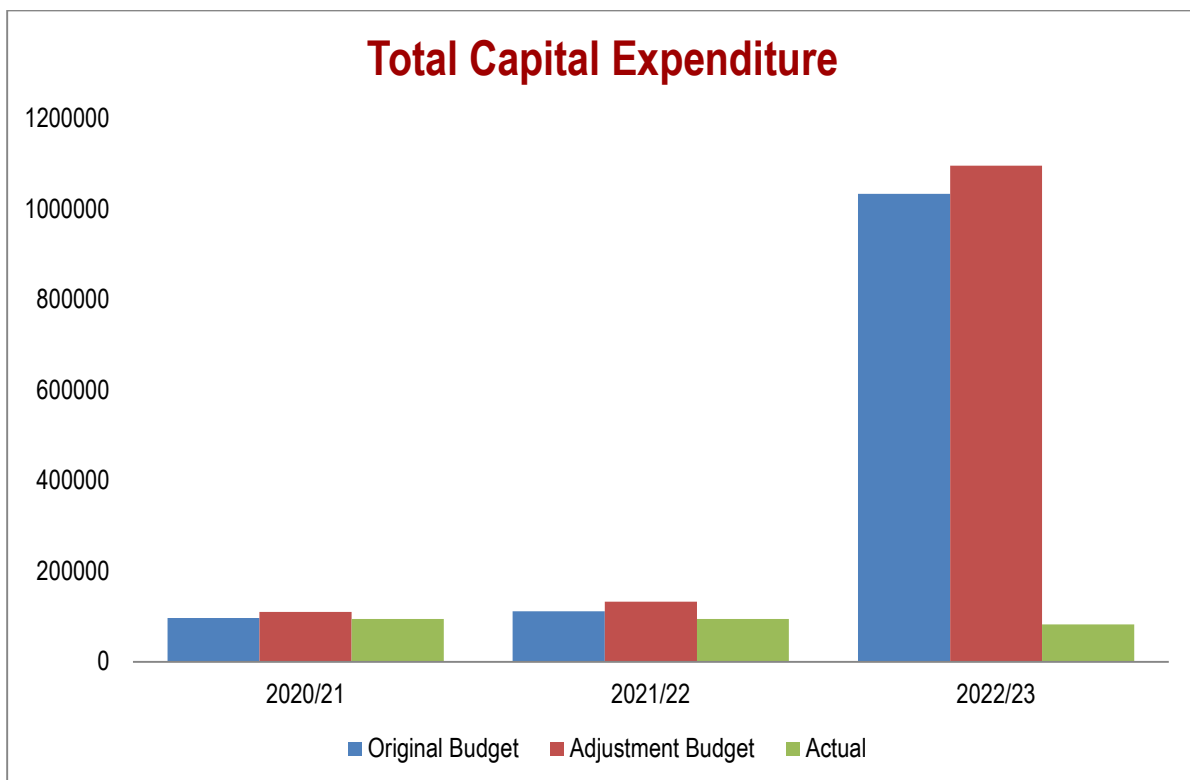
making the debt book liquid enough to internally fund such projects.

Total Capital Expenditure: 2020/21 to 2022/23			
R'000			
Detail	2020/21	2021/22	2022/23
Original Budget	96795	111107	1033908
Adjustment Budget	110240	132456	1096246
Actual	94086	94718	82112
			T 1.3.3

### Comment on capital expenditure

The municipality spent 64% of its Capital expenditure for both internal and grant funded projects. In addition, the spending

has increase by 10% compared to 2020/21 financial year.





## 1.4 Organisational Development Review

### Organisational development performance

The municipality is currently using the 2014/2015 organisational structure. The structure does not meet the current needs of the institution. The newly promulgated Municipal Staff Regulations, 2021 has outlined the process steps to be followed when reviewing the staff establishment. With the recent elections and the appointment of a new Municipal Council, the municipality has undertaken to review the structure in

this current financial year. The Department of Corporate Governance (DCoG), in assisting the municipality to deal with issues concerning the organisational structure, has appointed a service provide to assist in this regard. The LLM has submitted all necessary documents that were required by DCoG to initiate the project. However, the initiation meeting and implementation plan are yet to communicate to the municipalities concern.

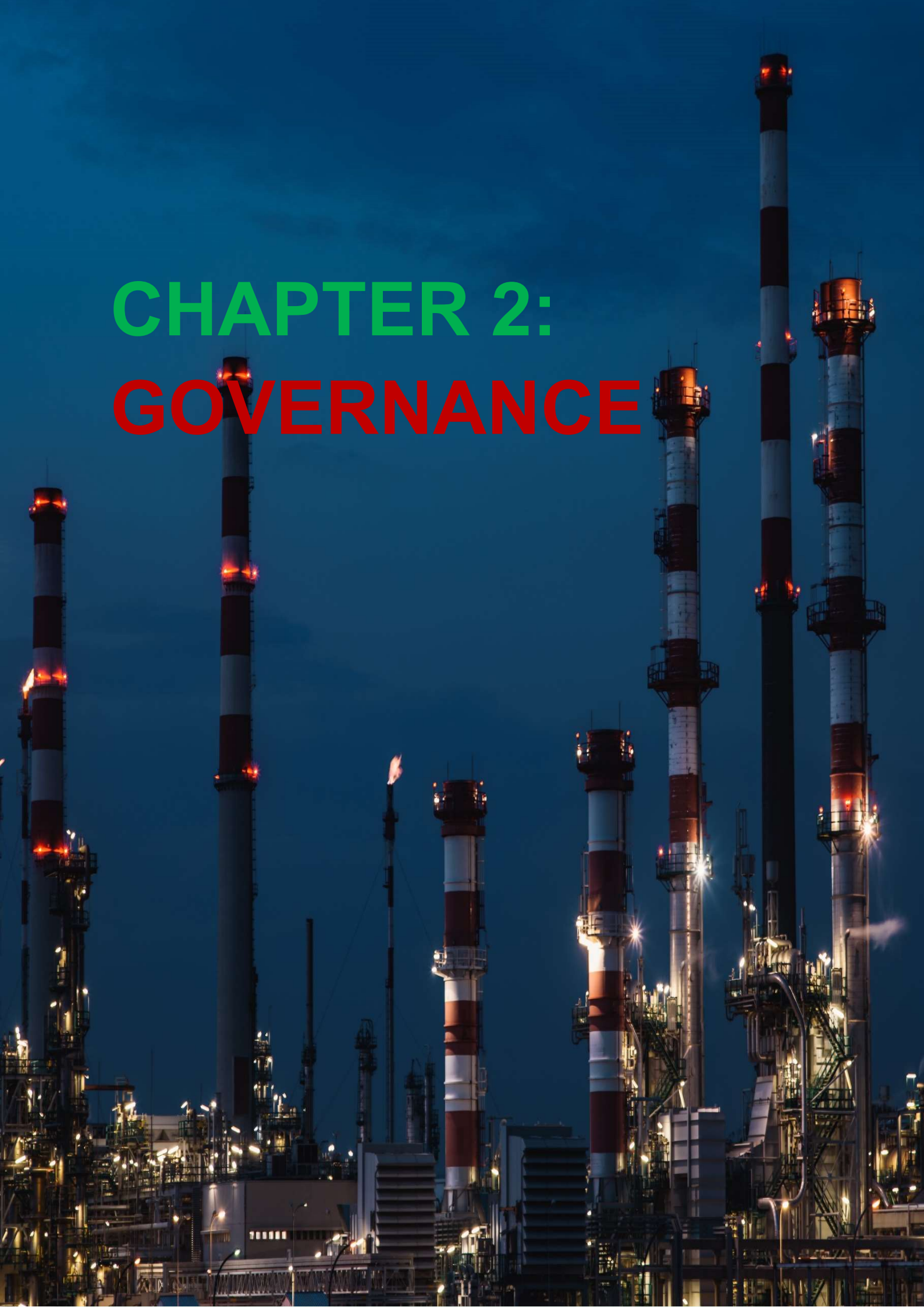


## 1.5 Statutory Annual Report Process

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.	



# CHAPTER 2: GOVERNANCE





## 2.1 Political Governance

### Introduction

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

All committees of Council are fully functional.

### 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, these 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.



LESEDI LOCAL MUNICIPAL COUNCILLORS



**Cllr. Mluleki Nkosi**  
Executive Mayor



**Cllr. Phindile Mpmvu**  
Speaker of Council  
WARD 7



**Cllr. Themba Gama**  
Chief Whip of Council WARD 5

### MEMBERS OF THE MAYORAL COMMITTEE

  
Cllr. Themba Mokoape  
Local Economic Development & Planning  
PR - ANC

  
Cllr. Mapule Motsape  
Corporate Services  
WARD 11 - ANC

  
Cllr. Mashale Likhale  
Finance  
WARD 12 - ANC

  
Cllr. Sibongile Magazi  
Infrastructure  
WARD 4 - ANC

  
Cllr. Thulani Mashinini  
Community Services  
PR - SEPM

### PR - COUNCILLORS

  
Cllr. Lulama Gamede  
PR - ANC

  
Cllr. Muzini Langa  
PR - EFF

  
Cllr. Lerathi Machipe  
PR - EFF

  
Cllr. Lerato Moloi  
PR - EFF

  
Cllr. Celilele Simelane  
PR - EFF

  
Cllr. Singard Paul  
PR - DA

  
Cllr. Bontle Mogorosi  
PR - DA

  
Cllr. Mari Boschoff  
PR - FF Plus

  
Cllr. Chanel Collen  
PR - FF Plus

  
Cllr. Joadine Cortese  
PR - FF Plus

### WARD COUNCILLORS

  
Cllr. Smith Mnyakani  
WARD 12 - ANC

  
Cllr. Daniel Tsotetsi  
WARD 2 - ANC

  
Cllr. Mphahleli Khubeka  
WARD 1 - ANC

  
Cllr. Bheki Mkhize  
WARD 3 - ANC

  
Cllr. Claudine Naidoo  
WARD 10 - DA

  
Cllr. Gerry Holtzhausen  
WARD 9 - DA

  
Cllr. Mima Mulder  
WARD 8 - DA

  
Cllr. Fanelo Khumalo  
WARD 6 - ANC



**"PEOPLE  
PERFORMA  
MUNICIPALITY"**

## Executive Mayor - 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 & budget):
- To recommend or determine the best methods, including partnership and strategies, programmes, and services to the maximum benefit of the community.

## Speaker - Functions

- To ensure that the Council meets at least quarterly.
- To preside over 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.



### **Chief Whip – Functions**

- To promote good governance
- To ensure political accountability
- To continuously foster for conflict resolution
- To facilitate coherent Council decision making processes
- To ensure adherence to the code of conduct by Councillors.
- To ensure that all Councillors do their work and that necessary resources are provided through.



## 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, to realize its mandate, 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 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.

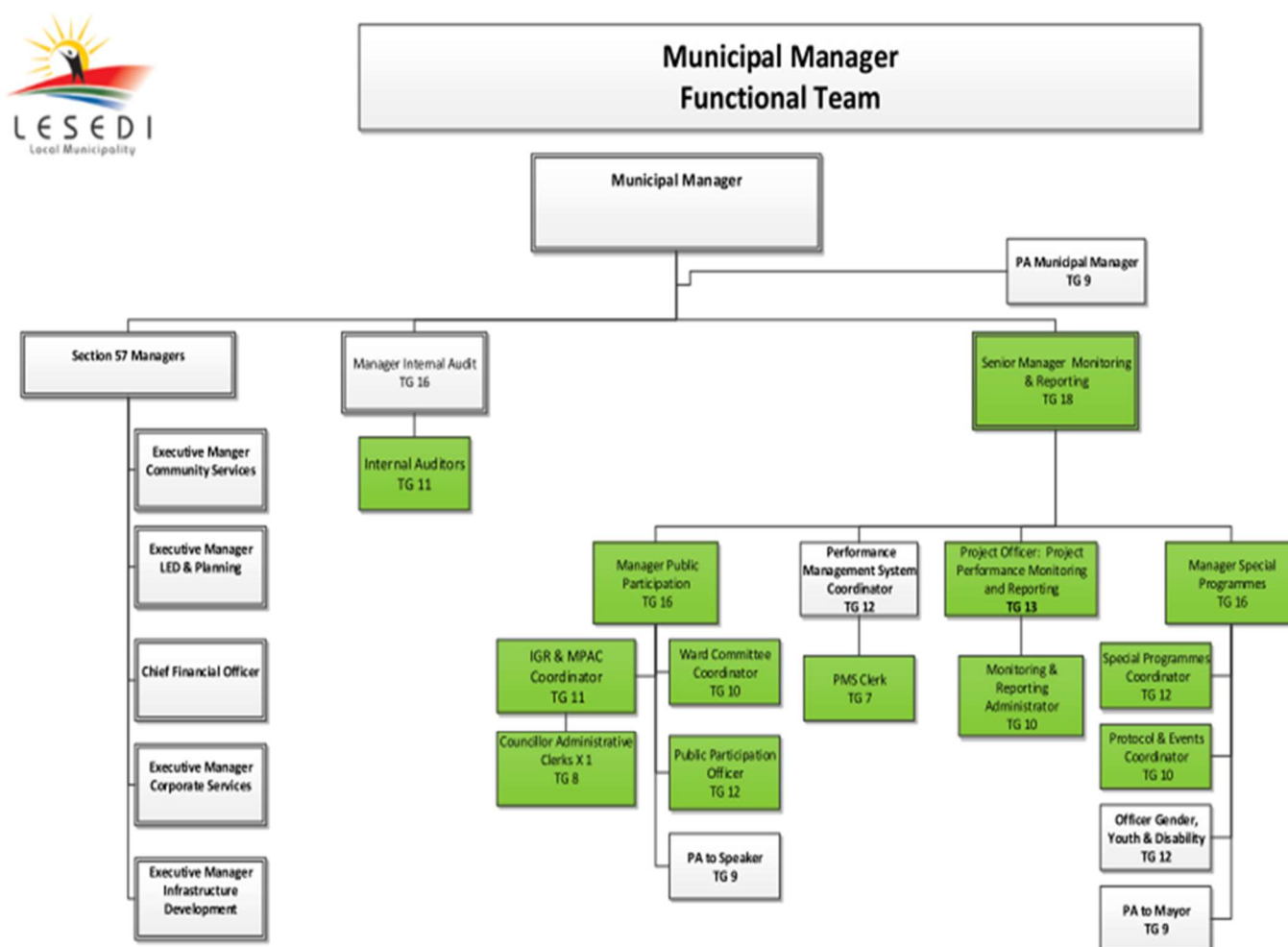
Maintain an effective and reliable risk management and governance process and systems.

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



## Filling of critical positions

The following strategic positions were declared vacant in the 2022/23 financial year:

- Executive Manager: Local Economic Development & Planning. (EM: LEDP)
- Executive Manager: Corporate & Legal Services. (EM: CORSER)
- Chief Financial Officer (CFO)
- Senior Manager Monitoring and Reporting

The positions of the Executive Managers LEDP and Corporate were advertised in

accordance with the Council resolutions, and position of the Executive Manager: Corporate & Legal was successfully filled, as of 1 August 2023 and that of EM: LEDP was filled 01 October 2023. The process of filling the position of the CFO will be concluded in 2023/24 financial year.

The position for Senior Manager Monitoring and reporting was advertised as of 01 July 2023 and was successfully filled as of 01 November 2023.



## 2.3 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.



## 2.4 Accountability, Participation Overview and Public Meetings

### 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.

### 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 Councillors	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	03/07/2022; 03/08/2022; 05/10/2022; 25/10/2022; 01/03/2023; 24/03/2023 and 23/07/2023	2	2	150	Yes	03/08/2022; 25/10/2022 and 24/03/2023 Public meeting
Ward 2. Public meetings	05/07/2022; 21/02/2022 24/08/2022; 30/09/2022; 01/03/2023 and 02/05/2023	2	2	200	Yes	21/02/2022; 24/08/2022 and 01/03/2023 Public meeting
Ward 3. Public meetings	28/09/2022 21/02/2022; ; 01/03/2023 and 25/04/2023	2	3	150	Yes	21/02/2022 and 01/03/2023; Public meeting
Ward 4. Public meetings	07/07/2022; 21/02/2022 06/10/2022; 17/01/2023 and 01/03/2023	2	2	200	Yes	06/10/2022 and 01/03/2023 Public meeting
Ward 5. Public meetings	23/08/2022; 30/09/2022; 26/10/2022; 21/02/2023 and 11/05/2023	2	2	150	Yes	30/09/2022 and 11/05/2023 Public meeting



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	04/10/2022 and ; 26/10/2022	2	3	150	Yes	26/10/2022 Public meeting
Ward 7. Public meetings	26/07/2022; 01/09/2022; 29/09/2022; 21/02/2023 07/03/2023; 23/03/2023 and 18/05/2023	2	2	200	Yes	01/07/2022; 29/09/2022 and 23/03/2023 Public meeting
Ward 8. Public meetings	24/08/2022; 27/09/2022; 23/11/2022 and 08/06/2023	2	3	60	Yes	27/09/2022 and 08/06/2023 Public meeting
Ward 9. Public meetings	24/08/2022; 22/11/2022 and 23/11/2022	2	3	50	Yes	22/11/2022 Public meeting
Ward 10. Public meetings	13/07/2022; 24/08/2022; 27/08/2022; 13/10/2022; 15/11/2022; 23/11/2022; 24/01/2023 and 23/02/2023	2	2	150	Yes	24/08/2022; 13/10/2022 and 23/11/2022; 23/02/2023 Public meetings
Ward 11. Public meetings	06/10/2022; 28/02/2023; 07/03/2023 and 23/03/2023	2	2	200	Yes	28/02/2023 and 23/03/2023 Public meeting
Ward 12. Public meetings	06/09/2022; 26/02/2023; 28/02/2023 and 14/05/2023	1	2	200	Yes	26/02/2023 and 14/05/2023 Public meeting
Ward 13. Public meetings	07/07/2022; 27/09/2022; 28/02/2023 and 04/06/2023	1	2	150	Yes	27/09/2022 and 04/06/2023 Public meeting





### Relationships with municipal entities

The Lesedi LM does not have entities.

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



## 2.6 Corporate governance

### Overview of corporate governance

The municipality has established corporate governance structures 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. Before the required policies and systems can be effectively implemented, different committees recommend policies and systems for approval of by Council.

## 2.7 Risk Management

The municipality has an approved Risk Management Policy and Framework in place. A risk assessment workshops was conducted during the 2022/23 financial

year to identify strategic risks. The risks identified as per the Strategic Risk Report are as follows:

### Summary of strategic risk

Residual Risk Heatmap					
5.00			1	2	4
4.00			8	5	
3.00					
2.00					
1.00					
	1.00	2.00	3.00	4.00	5.00



### TOTAL INHERENT AND RESIDUAL RISK TABLE

No	Risk	Inherent Risk	Residual Risk	Points
1	Increase in Irregular, Fruitless & Wasteful and Unauthorised Expenditure	25.00	25.00	1
2	Inability to honour the municipal financial obligations	25.00	25.00	1
3	Inadequate access control at all municipal buildings	25.00	25.00	1
4	Non-compliance with National Environmental Management Act (NEMA).	25.00	25.00	1
5	Inadequate enforcement of the By-Laws.	25.00	20.00	2
6	Insufficient / Inadequate provision of basic services.	25.00	20.00	2
7	Reputational / credibility damage.	25.00	12.00	3
8	Under spending on Capital Expenditure Projects (CAPEX).	25.00	16.00	3
9	Inability to continue with operations in the event of disaster.	25.00	16.00	4
10	Loss of information.	25.00	16.00	4
11	Insufficient burial land within the municipality.	15.00	4.00 (closed)	5
12	Loss of revenue.	25.00	16.00	3
13.	Non-compliance to Occupational Health and Safety Act.	25.00	12.00	4
14	High vacancy in critical strategic positions	25.00	12.00	4
15	Inability to provide firefighting service on the eastern edge of Lesedi	25.00	12.00	4
16	Low economic growth and development.	25.00	12.00	4
17	Fraud and corruption.	15.00	12.00	4
18	Inability to deal with road maintenance and refurbishment	25.00	12.00	4
19	Inadequate compliance with the Blue Drop Regulatory Program.	25.00	12.00	4
20	Inadequate compliance with the Green Drop Regulatory Program.	25.00	16.00	3

### Fraud and Anti-Corruption Strategy

Lesedi Local Municipality Hotline and whistle blowing for anti-fraud and corruption is managed by Public Service Commission (PSC) Fraud Hotline system wherein employees and the community must report confidentially any matters related to Fraud and Corruption activities. PSC toll-free 0800 701 701, SMS facilities 39772, website: public servicecorruptionhotline.org.za. any tip offs or information received will be treated with confidentiality.

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

The office of the premier in Gauteng also forged partnership with The Ethics Institute of South Africa (EISA) to assist the municipalities with regards to ethics awareness matter.



Anti-fraud and Corruption Hotline Report administered by Public Service Commission for year ended 30 June 2023.		
LLM request date	PSC Report Date	Report Details
03 July 2023	05 July 2023	Please note that we have not received any cases for Lesedi Local Municipality from March 2023 to date.
21 February 2023	22 February 2023	Please note that we have not received any cases which have got matters for Lesedi Local Municipality from October 2022 to date.
14 October 2022	24 October 2022 and 06 September 2022	No cases were received from July till today. Please note that no cases were received from July to date.
06 July 2022	08 July 2022	We only received this one from March till to date.

## PROGRESS MADE ON REPORTED FRAUD AND CORRUPTION CASES.

### 1. MALEKANE CASE

In 2019 the Municipality instituted an urgent court action against Dynamic Auctioneers and 3 Others requesting the Court to interdict the unlawful and unauthorised sale of Municipal Commercial Immovable Property to unknown third party. Again in 2021, an action was instituted by the Municipality requesting cancellation of 79 Municipal Immovable [property, which were fraudulently transferred to various known and unknown parties.

On 28 October 2022, there was a Court Order by the High Court ordering the Deeds Registrar to cancel the fraudulent transfer of the 79 Municipal immovable properties to various illegal owners back

to the Municipality in terms of Section 6 of the Deeds Registries 45 of 1937. The Municipality has, however, not received any confirmation from Deeds Office that the properties have been transferred back to the Municipality.

A case of fraud in respect of the sale of all 79 immovable properties was opened at Heidelberg Police Station and was transferred to the Office of the Serious Crimes (the Hawks in Germiston). A former employee was arrested, and he pleaded guilty. The prosecutor through the SAPS requested information on the value of the land, pension fund amount of the accused and confirmation as to whether the municipal properties have been transferred back to the



Municipality. The Municipality through engaging with the lawyers managed to compile the requested information. The former employee's pension interest held by Municipal Gratuity Fund (MGF) was interdicted by the Heidelberg Magistrate's Court. The said employee ceded his pension fund to the Municipality. A total amount of R1 034 561.55 was paid into the Municipal Banking Account in October 2022. The criminal case is still in the Pretoria Commercial Court. The former employee is still awaiting sentencing. The Municipality will be conducting a municipal audit of the 79 properties to establish if those properties are vacant or occupied and then table a Report to Council with appropriate recommendations and thereafter take appropriate action.

## **2. INTERNAL CASES – FOUR EMPLOYEES**

The three (3) employees were charged with Gross Financial Misconduct conduct involving a total amount of R 2 060 635.04, which was paid into a false bank account instead of the Service Provider, CPI's bank account, the Municipality has decided to charge the

three (3) officials who were implicated in this financial misconduct. Disciplinary proceedings against the three (3) employees commenced in September 2023 and is still underway.

The fourth employee was charged with Theft and Dereliction of duty and gross financial misconduct involving an amount of R88 331.80 which the employee stole from Vischkuil Satellite Office. On various occasions during the period spanning April 2022 to June 2022 she processed all the monies received on the system which were for Municipal Rates and taxes and confirmed the transactions with her supervisor for all end sessions but failed to bank the money which was meant to be collected by Coin Cash in Transit collectors. Her disciplinary hearing commenced in October 2022 and was concluded in November 2022.

She has pleaded guilty but was not dismissed as according to the Chairperson she showed remorse. The Municipality then instructed Phungo Inc who was prosecuting the case to bring an application in the Labour Court for the review of the decision of the Presiding Officer not to dismiss the accused employee.

## **2.8 Supply Chain Management**

Sections 110-119 of the Municipal Finance Management Act, Act 56 of 2003, Supply Chain Regulations 2005, Preferential Procurement Regulations

2017 and 2022 and relevant MFMA Circulars set out required processes and guidelines to help ensure that SCM arrangements provide appropriate





goods and services, offer best value for money, and minimize the opportunities of fraud and corruption.

- SCM Processes are being updated on an ongoing basis to ensure full compliance with the MFMA and the regulations issued under the MFMA.
- The head of SCM complies with the MFMA minimum competency levels. SCM Officials are competent with the regulations on minimum competency levels.
- The Lesedi Local Municipality's Supply Chain Management (SCM) Policy was reviewed and adopted by council as required in March 2022 for implementation on 01 July 2022 and the amended policy in terms of the New Preferential Procurement Regulations was reviewed and adopted by council on 30 March 2023 for implementation on 31 March 2023.
- An annual stock count was performed during the period under review and no discrepancies were reported to Council.
- SCM is centralised with all bid committees being fully functional. No councillors are allowed to serve on any SCM committees.
- Contract management is being adhered to, as stipulated in Section 116 of the MFMA. The Lesedi Local Municipality invites all existing and prospective Service Providers/Suppliers annually in

terms of Section 14(1)(a)(i) of the Lesedi Local Municipality's Supply Chain Management Policy to register themselves on the National Treasury Supplier Database (CSD).

- A total of 26 bids to the value of R36 153 191,20 were processed during the year under review, keeping in mind that some are rates based. A total number of 32 formal written quotations to the value of R5 207 212.52 were processed during the year under review, also keeping in mind that some are rates based. The average turn-around time for the awarding of bids is 90 days.
- SCM adheres to Circular Number 83 and all tenders above R200 000 are advertised on the e-Tender publication portal, newspaper, and municipal website as per Municipal Supply Chain Management Regulation 22.
- Deviation from the 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.
- Regulation 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain



circumstances, provided that the relevant reasons are recorded for any deviations and reported to the next meeting of the Accounting Officer.

- The majority of items or services had to be addressed in short notice and the response times did not allow for the complete procurement process to be followed.

- The other items were due to emergency circumstances. Deviations from the policy must comply with the requirements and must be reported to Council. In these cases, it was for justifiable reasons and all such cases were reported to Council.

## 2.9 By - laws

The municipality has different by-laws which were promulgated as priority by-

laws for finance related matters. The by-laws promulgated were about rates.

By-laws Introduced during 2022/2023					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Public Health By-Law	No	-	-	Yes	2 May 2018
Cemetery Crematoria	No	-	-	Yes	2 May 2018
Solid Waste By-Law	No	-	-	Yes	2 May 2018
Policy Services	No	-	-	Yes	2 May 2018
Water Supply By - Law	No	-	-	Yes	2 May 2018
Sign and Advertising By -Law	No	-	-	Yes	2 May 2018
National Building Regulation By-Law	No	-	-	Yes	27 June 2018
Nuisance and Behaviour Public Places	No	-	-	Yes	27 November 2019
T 2.9.1					



## 2.10 Municipal WEBSITE

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 20/21	Yes
The annual report 2022/23 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 2022/2023	Yes
Documents published on the Municipality's / Entity's Website	Yes / No
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 2022/23	N/A
Contracts agreed in 2022/23 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 2022/23	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2022/23	Yes

## 2.11 Public Satisfaction on Municipal Services

Customer Satisfaction survey was conducted 2022/2023 financial year and all comment noted, the municipality has worked hard in improving our systems to ensure that communication is widely open with our stakeholders. The

municipality will engage the community through our Ward Public meeting with our Councillors with the assistance of the Office of the Speaker. Another survey will be conducted during 2023/2024 financial year.



A welder wearing a dark jacket, safety glasses, and earplugs is working on a metal structure. The jacket has a "LINCOLN ELECTRIC" logo. The background shows industrial equipment and a blurred figure of another worker.

# **CHAPTER 3 :** **SERVICE DELIVERY REPORTS**



### 3. Service delivery performance

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 several years. The surfacing of gravel roads and installation of stormwater infrastructure to address safety and reliable road network was implemented at KwaZenzele, Impumelelo, and Jameson Park. 2778 new stands at Impumelelo Extension and Obed Nkosi were reticulated the Developer in extending provision to access water and sanitation services to new settlements.

*Image 3.1 – Kwazenzele road project*



Municipal Infrastructure Grant (MIG) helped with the installation of 117 Ventilated Improved Pit latrines in various Rural Settlements this financial year. Upgrading of asbestos pipeline

project was completed which funding was received from WSIG.

Through INEP grant the municipality managed to connect new households at Obed Nkosi 657 to the grid. The department continued with efforts to maintain the existing infrastructure to ensure sustainable provision of electricity. Though the basic service delivery performance increased during the year under review, several cases relating to theft and vandalism of the Municipal 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.

#### 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





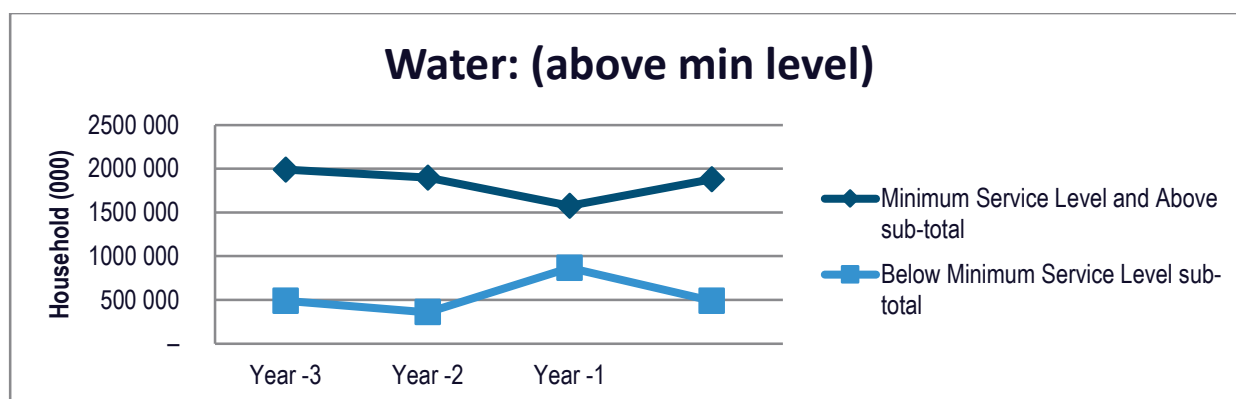
into Gauteng Province in search of better life and work opportunities. The increased migration increases pressure on the existing infrastructure and general provision of basic services. 98% formalised settlements have access to water including the informal settlements through shared communal supply. 98% of Formalised settlements have access to electricity, whilst 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.

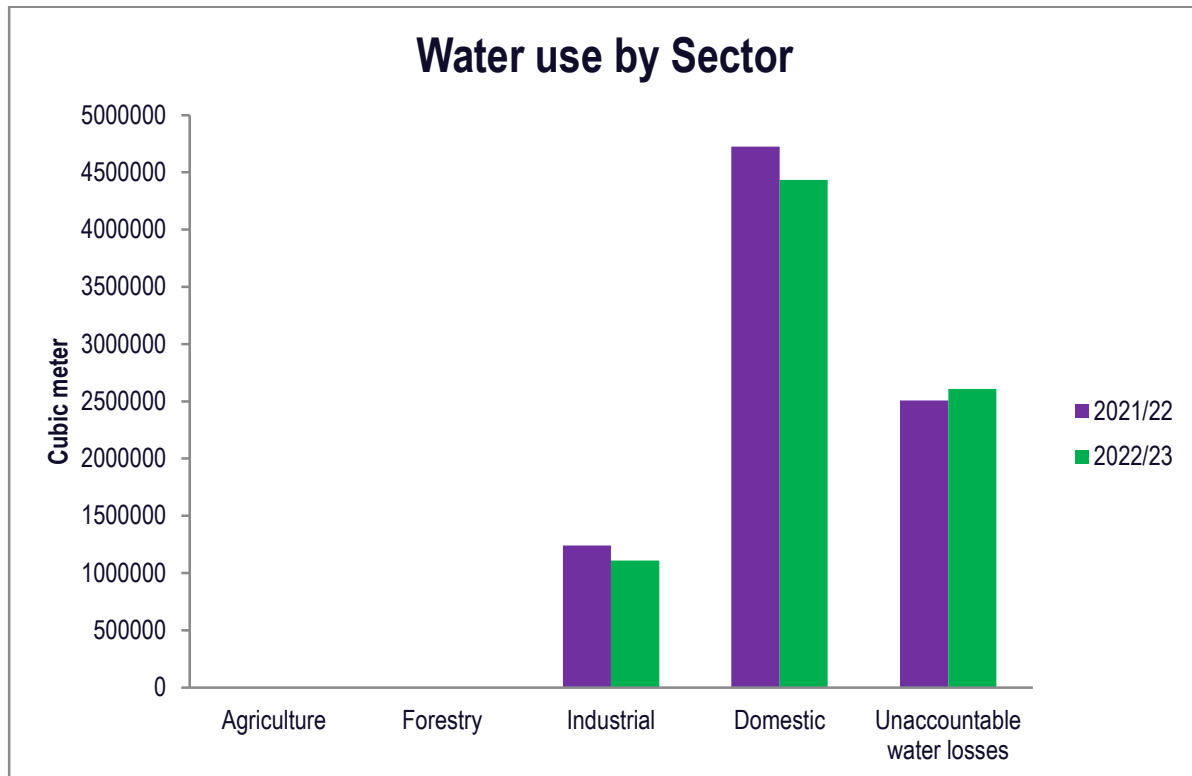
*Image below Construction at Mpumelelo township*



### 3.1. Water Provision

Total Use of Water by Sector (cubic meters)					
FY	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2021/22	0	0	1 240 990	4 723 960	2 506 659
2022/23	0	0	1 108 321	4 432 928	2 607 605
					T 3.1.1

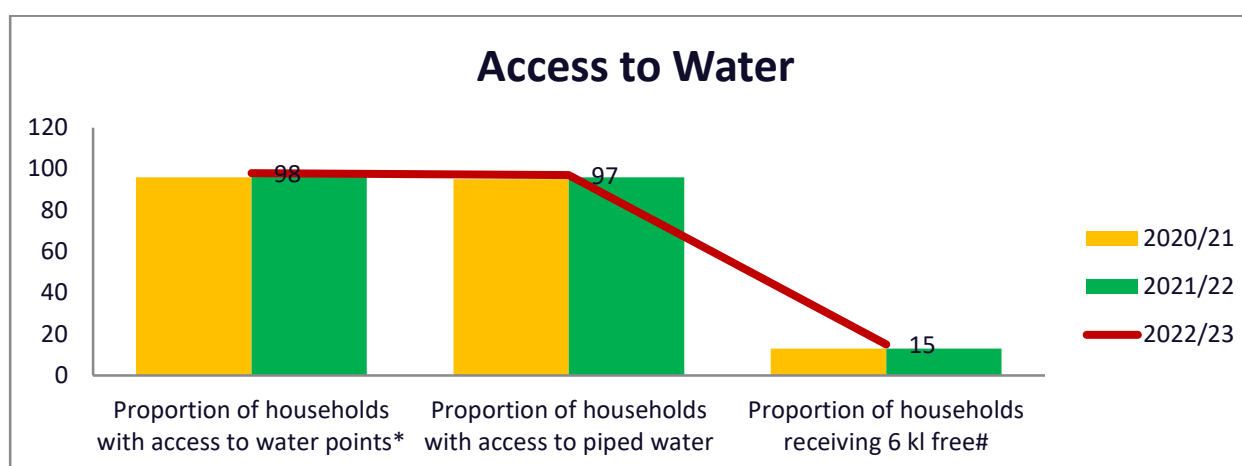




Water Service Delivery Levels				
Households				
Description	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	37	37	37	40
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	0	0	0	0
Other water supply (within 200m)		3	3	2
Minimum Service Level and Above sub-total	37	39	39	42
Minimum Service Level and Above Percentage	100%	100%	100%	100%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	–	–	–	–
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply	–	–	–	–
Below Minimum Service Level sub-total	–	–	–	–
Below Minimum Service Level Percentage	0%	0%	0%	0%
Total number of households*	37	39	39	42
* - To include informal settlements				T 3.1.2



Households - Water Service Delivery Levels below the minimum						
Households						
Description	2020/21	2021/22	2022/23	2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	39	39	42	2 500	2 400	2 100
Households below minimum service level	3	3	2	100	100	100
Proportion of households below minimum service level	7%	7%	5%	4%	4%	5%
<b>Informal Settlements</b>						
Total households	3	3	3	100 000	100 000	100 000
Households ts below minimum service level	0	0	0	50	50	50
Proportion of households ts below minimum service level	1%	1%	1%	0%	0%	0%
<b>T 3.1.3</b>						



Access to Water 2022/23			
FY	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2020/21	96	95	13
2021/22	97	96	13
2022/23	98	97	15
<b>T 3.1.4</b>			



Water Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/22		2022/23		
		Target	Actual	Target		Actual
Service Indicators		2021/22	2021/22	2021/23	2022/23	2022/23
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective						
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	N/A	N/A	N/A
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 interruptions 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 kiloliters (KLs) unaccounted for during the yr)	N/A	N/A	N/A	N/A	N/A
T 3.1.5						

Employees: Water Services					
Task Grade	2021/22	2022/23			
	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	33	40	36	4	10%
7 - 9	4	4	2	2	50%
10 - 12	8	8	7	1	13%
13 - 15	1	1	0	1	100%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	47	54	47	8	15%
T3.1.6					



Financial Performance Year 2022/23: Water Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	19025	174938	174938	178535	2%
Expenditure:					
Employees	17516	14783	14783	16081	8%
Repairs and Maintenance	4612	7061	4564	3731	-89%
Other	174847	136603	155071	143381	5%
Total Operational Expenditure	196975	158447	174418	163193	3%
Net Operational Expenditure	177950	-16491	-520	-15342	-7%
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 3.1.7

Capital Expenditure Year 2022/23: Water Services					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9000	12205	13026	31%	
REPLACEMENT OF ASBESTOS PIPES LESEDI	9000	9000	9635	7%	9000
WATER TANKER	0	1680	1680	100%	1680
TRUCK	0	1004	1190	100%	1004
VEHICLES	0	521	521	100%	521
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.1.8

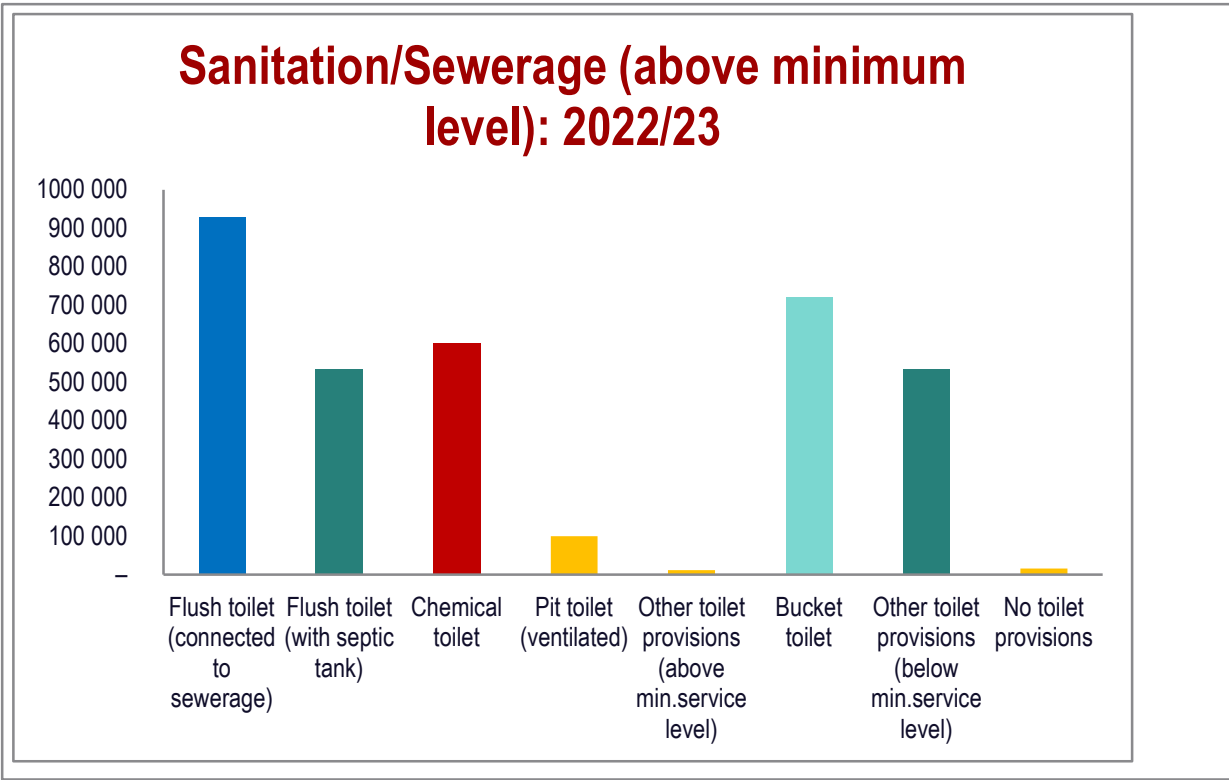




3.2 Wastewater (Sanitation) Provision

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. Approximately 413 properties in rural areas do 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. 283 household in rural areas were provided with Ventilated Improved Pit-latrines toilet. The provision of sanitation service was extended to new settlement approximately 1062 stands were connected to the water borne sewerage system at Impumelelo Extension 4 Townships. The municipality continue to replace collapsed sewer pipes through WSIG funding and 414m were replaced in the year under review.



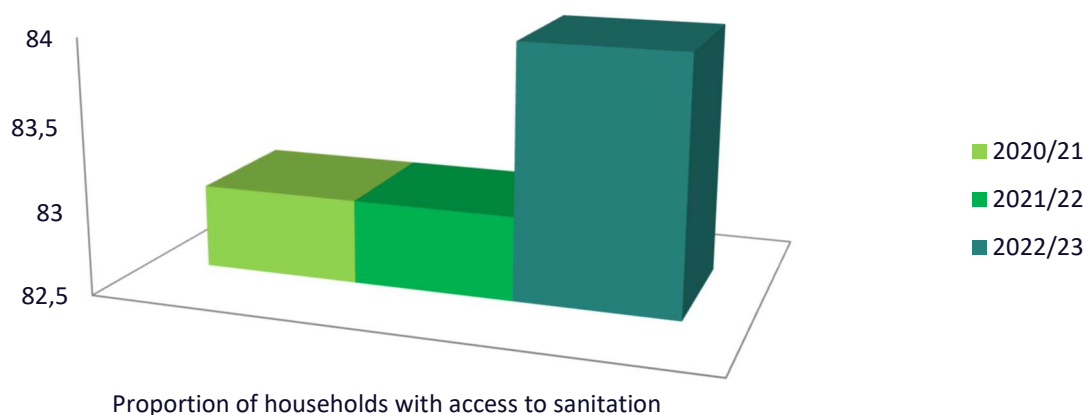


Sanitation Service Delivery Levels				
*Households				
Description	2019/2020	2020/2021	2021/2022	2022/23
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	35	36	37	38
Flush toilet (with septic tank)	1	1	1	1
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	0	0	0	0
Other toilet provisions (above min. service level)	0	0	0	0
Minimum Service Level and Above sub-total	36	37	38	39
Minimum Service Level and Above Percentage	83,0%	85,0%	87,0%	90,0%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	-	-	-	-
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions	10	11	12	15
Below Minimum Service Level sub-total	11	12	13	16
Below Minimum Service Level Percentage	17,0%	15,0%	13,0%	10,0%
Total households	47	49	51	55
<b>*Total number of households including informal settlements</b>				<b>T 3.2.1</b>

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	2019/20	2020/21	2021/22	2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	40	41	43	1 000	1 000	1 000
Households below minimum service level	4	3	3	1 000	1 000	1 000
Proportion of households below minimum service level	9%	7%	6%	100%	100%	100%
Informal Settlements						
Total households	3	3	2	100	100	100
Households ts below minimum service level	0	0	0	0	0	0
Proportion of households ts below minimum service level	12%	12%	21%	0%	0%	0%
						<b>T 3.2.2</b>



## Access to Sanitation



Wastewater (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24	2024/25		
		Target	Actual	Target	Actual		Target		
Service Indicators		2020/21		2021/22	2022/23	2022/23	2022/23	2024/25	2025/26
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
% Increase access to Sanitation Services									
Provision of toilets within standard	Provision of dry sanitation toilets in Lesedi Local Municipality's Rural Areas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
T 3.2.3									

Employees: Sanitation Services					
Job Level	2021/22 Employees	Posts	2022/23 Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	47	49	47	2	4%
7 - 9	13	15	13	2	13%
10 - 12	9	9	9	0	0%
13 - 15	2	3	2	1	33%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	71	76	71	5	7%
T 3.2.4					



Financial Performance Year 2022/23: Sanitation Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43278	40472	40959	39926	-1%
Expenditure:					
Employees	14371	8316	8316	6845	-21%
Repairs and Maintenance	3937	2400	900	2397	0%
Other	40023	32162	37713	158927	80%
Total Operational Expenditure	58331	42878	46929	168169	75%
Net Operational Expenditure	15053	2406	5970	128243	98%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.2.5					

Capital Expenditure Year 2022/23: Sanitation Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10475	10475	10475	0%	
DRY SANITATION TOILET UNITS (RURAL AREA)	601	601	601	0%	601
UPGR POWER SUP, LIC & REFURBISH-DEVON WWTW	9874	9874	9874	0%	9874
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.2.6					



### 3.3 Electricity Provision

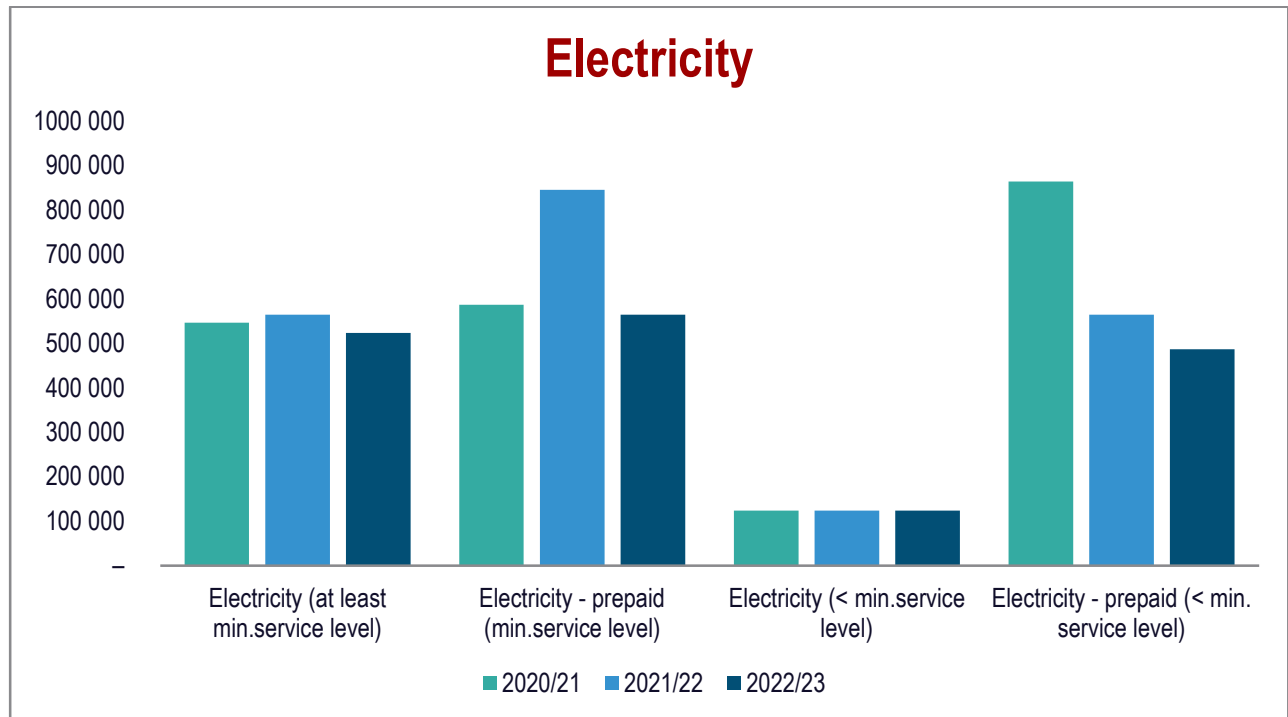
Household's access to electricity is an important determinant of socio-economic welfare, with most non-electrified households typically living in poverty. Households with access to electricity are able to reallocate their time away from the collection of wood and other lighting materials, they are less 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 was not a major problem since 2001, the challenges experienced

now are as a result of the extensive housing developments that being implemented with Lesedi which demands that bulk infrastructure network should be upgraded in order to match the capacity required for sustainable electricity supply. The potential of developments and investment within the municipality depends highly on the availability of electricity supply and therefore this becomes the high priority.

The Lesedi Local Municipality has made progress in terms of electricity access with approximately 1088 more households at Impumelelo Extension 4 connected to electricity in the 2021/22, increasing access from 98.0 % to 98.5%. 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	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
Energy: (above minimum level)					
Electricity (at least min.service level)	32 798	33 608	34 959	36 063	36 720
Electricity - prepaid (min.service level)	16 311	19 811	21 161	22 265	22 922
Minimum Service Level and Above sub-total	32 798	33 608	34 959	36 063	36 720
Minimum Service Level and Above Percentage	100%	100%	100%	100%	100%
Energy: (below minimum level)					
Electricity (< min.service level)					2500
Electricity - prepaid (< min. service level)					
Other energy sources					
Below Minimum Service Level sub-total					2500
Below Minimum Service Level Percentage	0,0%	0,0%	0,0%	0,0%	6,4%
Total number of households	32 798	33 608	34 959	36 063	39 220
			T 3.3.1		



Employees: Electricity Services					
Job Level	2021/22	2022/2023			
	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	13	36	13	23	64%
7 - 9	10	15	10	5	33%
10 - 12	8	9	8	0	88.9%
13 - 15	2	2	1	1	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	36	63	46	17	27%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June 2023. *Posts must be established and funded in the approved budget or adjustments budget. 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 3.3.2					

Households - Electricity Service Delivery Levels below the minimum						
Households						
Description	Year -2019/20	Year - 2020/21	Year - 2021/22	Year 2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	33 608	34 959	36 063	588	657	36720
Households below minimum service level	0	0	0	0	0	2500
Proportion of households below minimum service level	0	0	0	0	0	0
<b>Informal Settlements</b>						
Total households	2 000	2 000	2 000	2 000	2000	2000
Households ts below minimum service level	2000	2000	2000	2000	2000	2000
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%	100%
T 3.3.3						

Financial Performance Year 2022/23: Electricity Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4238013	436265	294825	287996	-51%
Expenditure:					
Employees	21702	20088	20888	21208	5%



Financial Performance Year 2022/23: Electricity Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Repairs and Maintenance	35678	23620	14631	23665	0%
Other	385538	432281	494907	471716	8%
Total Operational Expenditure	442918	475989	530426	516589	8%
Net Operational Expenditure	-3795095	39724	235601	228593	83%
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 3.3.4

Electricity Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/2022		2022/2023		
		Target	Actual	Target		Actual
		2021/22	2022/23	2021/22	2022/23	
Service Indicators						
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
To maintain the existing electricity infrastructure	By attending to all complaints received	90%	97%	97%	90%	95%
To increase access to electricity service	By installing 100 percent of new applications received	100%	93%	93%	100%	29%
Revenue enhancement through reduction in electricity losses	Electricity distribution losses not to exceed 10%	22%	25%	25%	22%	16%
% of households with access to basic services	% of households in the Municipality with access to basic levels of electricity	94%	94%	94%	94%	94%
						T 3.3.5

Capital Expenditure Year 2022/23: Electricity Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	46106	39928	36882	-25%	
SUBSTATION IMPUMELELO	7695	4045	3188	-141%	
ELECTRIFICATION- OBED NKOSI	8160	16663	16663	0%	
ELECTRIFICATION- IMPUMELELO - MV	9602	4749	4749	0%	
INSTALLATION OF HIGHMASTS AT LESEDI	2849	2971	2849	0%	
ELECTRIFICATION	9800	9800	7733	-27%	
CHERRY PICKER	0	1700	1700	100%	
JAMESON PARK SUBSTATION	8000	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 3.3.6



### 3.4 Waste Management

All households in the urban and some rural areas receives refuse removal service, while 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. Refuse collection service was extended to 1100 new households at Obed Nkosi Township and Impumelelo.

Solid Waste Service Delivery Levels				
Households				
Description	2019/2020	2020/2021	2021/2022	2022/2023
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	36	37	38	40
Minimum Service Level and Above sub-total	36	37	38	40
Minimum Service Level and Above percentage	89,1%	89,4%	89,7%	90,1%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	3	3	3	3
Using communal refuse dump	1	1	1	1
Using own refuse dump	0	0	0	0
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
Below Minimum Service Level sub-total	4	4	4	4
Below Minimum Service Level percentage	10,9%	10,6%	10,3%	9,9%
Total number of households	40	41	42	44
			T 3.4.1	



Households - Solid Waste Service Delivery Levels below the minimum						
Households						
Description	2019/20	2020/21	2021/22	2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	37	38	39	40	40	40
Households below minimum service level	1	1	1	1	1	1
Proportion of households below minimum service level	1%	1%	1%	1%	1%	1%
<b>Informal Settlements</b>						
Total households	3	3	3	3	3	3
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	6%	6%	6%	6%	6%	6%
						T 3.4.2

Waste Management Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/22		2022/23		
		Target	Actual	Target		Actual
		2021/22	2022/23	2021/22	2022/23	2022/23
Service Indicators						
(i)	(ii)					(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	40000	93%	93%	95%
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	19	18	18	17	17
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.	25%	25%	25%	25%	N/A
						T 3.4.3





Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget 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			2800
Households below minimum service level						
Proportion of households below minimum service level	9%	9%	9%			7.4%
T 3.4.4						

Waste Management Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year -1		Year 0		
		Target	Actual	Target		Actual
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
<i>Provision of weekly collection service per household (HH)</i>	Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)	39393	36577	93%	94%	6%
<i>Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites</i>	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
<i>Proportion of waste that is recycled</i>	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	10%	10%	10%	15%	12%
<i>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</i>	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	2021/22	2022/23			
	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	31	2	5%
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	2021/22	2022/23			
	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%
19 - 20	0	0	0	0	0%
Total	16	16	16	0	0%
T3.4.6					



Financial Performance Year 2022/23: Solid Waste Management Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43278	42988	31126	32360	-33%
Expenditure:					
Employees	14371	13029	13029	15059	13%
Repairs and Maintenance	3937	3137	2155	1507	-108%
Other	40023	35770	33342	49701	28%
Total Operational Expenditure	58331	51936	48526	66267	22%
Net Operational Expenditure	15053	8948	17400	33907	74%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.4.7

Capital Expenditure Year 2022/23: Solid Waste Management Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	
Project B	0	0	0	0%	
Project C	0	0	0	0%	
Project D	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
					T 3.4.8

### 3.5 Housing Provision

The total housing backlog in the LLM is currently estimated at 14,189 units based on the number of people registered in the housing demand database of the municipality.

Table 12 below comprises a summary of housing trends identified in the LLM since 2011.

- In 2011 approximately 665 informal structures (excluding backyard units) were located in the municipality, of which the largest concentration was located in KwaZenzele (332 units) and Devon-Impumelelo (193 units) respectively.
- Several incidences of informal settlement were also recorded at Obed Nkosi (3



units), north of Ratanda (61 units), and

Sedaven/Boschoek (76 units). (Refer to numbers 3, 4 and 5 on Figure 19).

- The updated count for 2021 identified 77 additional structures in KwaZenzele, 101 in Devon-Impumelelo, 41 in Sedaven/Boschoek, 3 in Obed Nkosi and 79 more at Ratanda, bringing the total number of additional structures from 2011 to 2021 to 301.
- As a result, the total number of informal structures currently located in these priority areas is about 966 units compared to the 665 units counted in 2011.
- Furthermore, it should be noted that in the period 2011 to 2021 some 50 formal housing units have been developed in KwaZenzele; about 5,305 housing units in Impumelelo; 5,440 units in Obed Nkosi; and 129 units in Ratanda.
- This brings the total number of additional housing opportunities provided in these four areas since 2011 to about 10,874 units.
- An additional 609 formal housing units were also developed in other parts of the LLM, including 152 units in Jameson Park/Kaydale, 377 units in Bergsig, about 62 in Kloof Estate and 18 around Shalimar Ridge. This brings the total number of additional housing units developed in the LLM since 2011 to an estimated 11,483 units.
- Apart from the above, Table 12 also reflects the number of vacant erven in different parts of the municipality.
- There is an estimated 1,649 vacant erven in KwaZenzele X1; 1,007 erven in Devon-Impumelelo; 353 vacant erven in Obed Nkosi; and 183 in Ratanda.
- Furthermore, some 809 erven are vacant in Jameson Park-Kaydale; 419 in the northern extents of Heidelberg; 294 erven in Bergsig and 64 in Shalimar Ridge.
- In Rensburg there is still around 260 vacant residential erven and in Rensburg X2 to the west about 591 residential erven.
- Sedaven Estate to the north-west of Heidelberg holds around 95 vacant erven.



- In total there are about 5,724 vacant residential erven in the LLM of which the largest numbers are in KwaZenzele

(1,649), Devon-Impumelelo (1,007) and Jameson Park-Kaydale (809).

**Table 12: Units counted in Lesedi LM, 2011 and 2021**

Type of Settlement	Informal Settlement			Approved township	Vacant Residential (Res 1+Res 2) Land		
Year	2011	2011-2021	Total	2011-2021	2022		
Type of Unit	Informal	Informal	Informal	Formal	No. of erven	Area (ha)	Ave. erf size
<b>Lesedi Settlements</b>							
Kwazenzele*	332	77	409		1649	93	565
Devon/Impumelelo**	193	101	294	5 305	1007	91	901
Obed Mthombeni Nkosi	3	3	6	5 440	353	24	678
Ratanda ***	61	79	140	129	183	6	323
Sedaven/Boschhoek	76	41	117				
<b>Subtotal 1</b>	<b>665</b>	<b>301</b>	<b>966</b>	<b>10 874</b>	<b>3 192</b>	<b>214</b>	<b>670</b>
Jameson Park/Kaydale				152	809	152	1 875
Heidelberg x8/x12/ Kloof Estate				62	419	29	690
Bergsig				377	294	26	881
Shalimar Ridge				18	64	6	892
Rensburg					260	28	1 068
Rensburg x2					591	39	666
Sedhaven Estate					95	4	445
<b>Subtotal 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609</b>	<b>2 532</b>	<b>284</b>	<b>1 120</b>
<b>Total</b>	<b>665</b>	<b>301</b>	<b>966</b>	<b>11 483</b>	<b>5 724</b>	<b>497</b>	<b>869</b>

\* Includes Agri Village

\*\* Includes units in township, but situated on non-residential erven

\*\*\*Includes units in township, but situated on non-residential erven/Units situated outside formal layout

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2018/19	29652	23395	78.9%
2019/20	35367	34000	96.1%
2020/21	39294	34679	88.3%
2021/22	43 598	40433	92.7%
2022/23	49721	43900	88.3%
Source: Own internal Stats			T 3.5.1





Employees: Housing Services					
Job Level	2021/22	2022/23			
	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%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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.</p> <p style="text-align: right;">T 3.5.2</p>					

Financial Performance Year 2022/23: Housing Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2789	2922	1842	7485	61%
Expenditure:					
Employees	5427	7642	7642	5830	-31%
Repairs and Maintenance	0	30	535	0	0%
Other	2417	109	105	91	-20%
Total Operational Expenditure	7844	7781	8282	5921	-31%
Net Operational Expenditure	5055	4859	6440	-1564	411%
<p>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.</p> <p style="text-align: right;">T 3.5.3</p>					



### 3.6 Free Basic Services and Indigent Support

The purpose of the policy is to ensure that the subsidy scheme for indigent household's 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 R4 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 R4 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



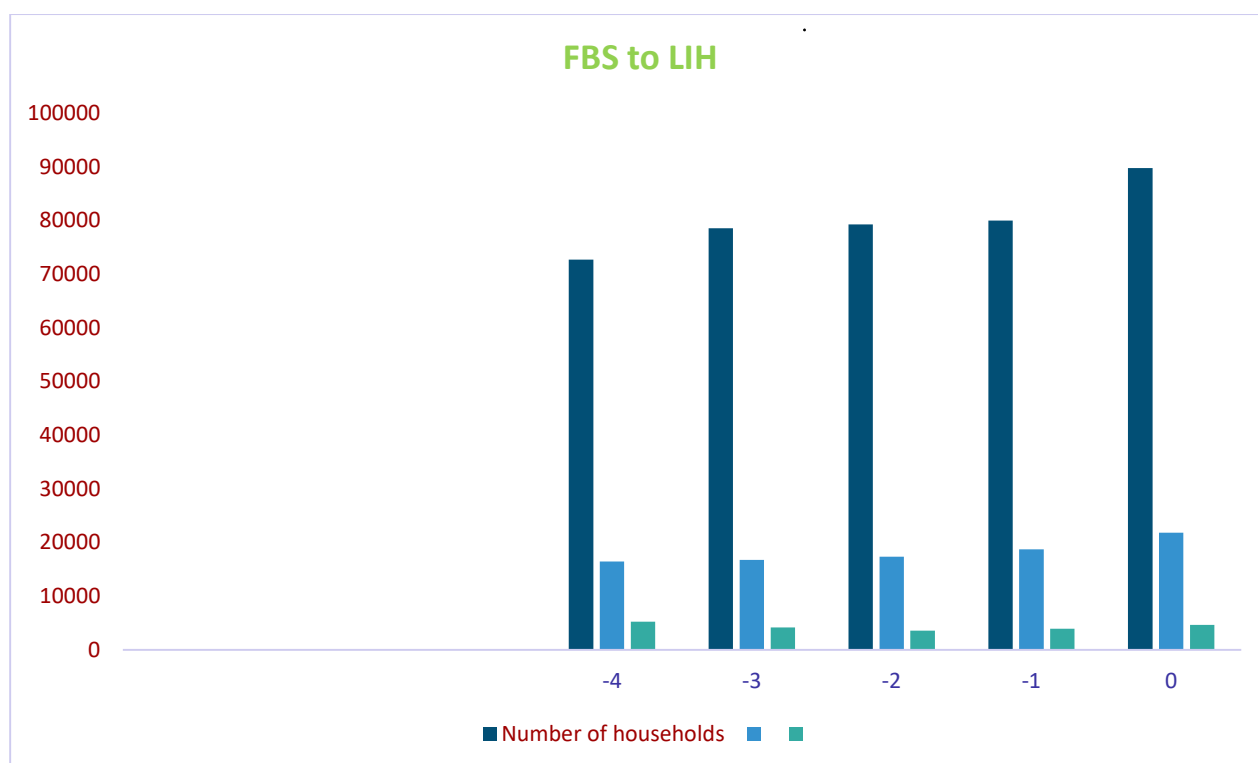
All registered debtors will be levied with a refuse removal service and be offset against equitable share.

A basic charge will be levied and be offset against equitable share.

### Indigent relief: Sewerage

Free Basic Services to Low Income Households													
FY	Number of households												
	Total	Households earning less than R4 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%
2021/22	89 739	18 21811	4 603	21%	21292	4 603	22%	21662	4 603	21%	24974	4 603	18%
2022/23	78 833	19037	5 175	27%	20066	5 175	26%	19590	5 175	26%	20140	5 175	26%

T 3.6.1





Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered (Million)					
Services Delivered	2021/22	2022/23			
	Actual	Budget	Adjustment	Actual	Variance to Budget
			Budget		
Water	25,1	33,4	31,1	32,2	-1,1%
Wastewater (Sanitation)	4,5	5,7	5,5	5,5	0%
Electricity	53	78,7	77,8	76,5	1,3%
Waste Management (Solid Waste)	5,5	6,5	6,6	7	-0,4%
Total	88,1	124,3	121	121,2	-0,2%
					T 3.6.2

Free Basic Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/22		2022/23		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
Provision of alternative support to low-income households that do not receive all Free Basic Services	N/A	N/A	N/A	N/A	N/A	N/A
T 3.6.3						

Description	Ref						
		Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b><u>Cost of Free Basic Services provided (R'000)</u></b>							
Water (6 kilolitres per <b>indigent</b> household per month)		47,73	52,67				
Basic Water (free to <b>indigent households</b> )		41,4	44,85				
Basic Electricity (free to <b>indigent households</b> )		333,09	356,89				
Basic Sewerage (free to <b>indigent households</b> )		63,25	66,70				
Refuse (free to <b>indigent households</b> )		162,15	170,20				
Electricity/other energy (50kwh per <b>indigent</b> household per month)		63	67,50				
<b>Total cost of FBS provided</b>		<b>710.62</b>	<b>758.81</b>	<b>0</b>		<b>-</b>	

FBE 2021/22 Cost per unit 1.26\*50Kwh = R63

FBE 2022/23 Cost per unit 1.35\*50Kwh = R67.50

Total Indigents 2021/2022 = 4575\*63 = R288 225 \* 12months = R3 458 700

Total Indigents 2022/2023 = 5178\*67.50 = R349 515\* 12months = R4 194 180

### 3.7 Roads and Transport Provision

#### Road infrastructure

Lesedi local municipality has approximately 280 kilometres of paved roads and 365 km of gravel roads. The focus of the section is to reduce the backlog of the provision of appropriate paved roads.

The primary objective of roads focuses 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 deterioration 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.



*Image – pavilion construction Projects*





*Image Jameson Park construction of road project*



*Images – iMpumelelo project in progress*





*Image completed construction of road at Impumelelo*

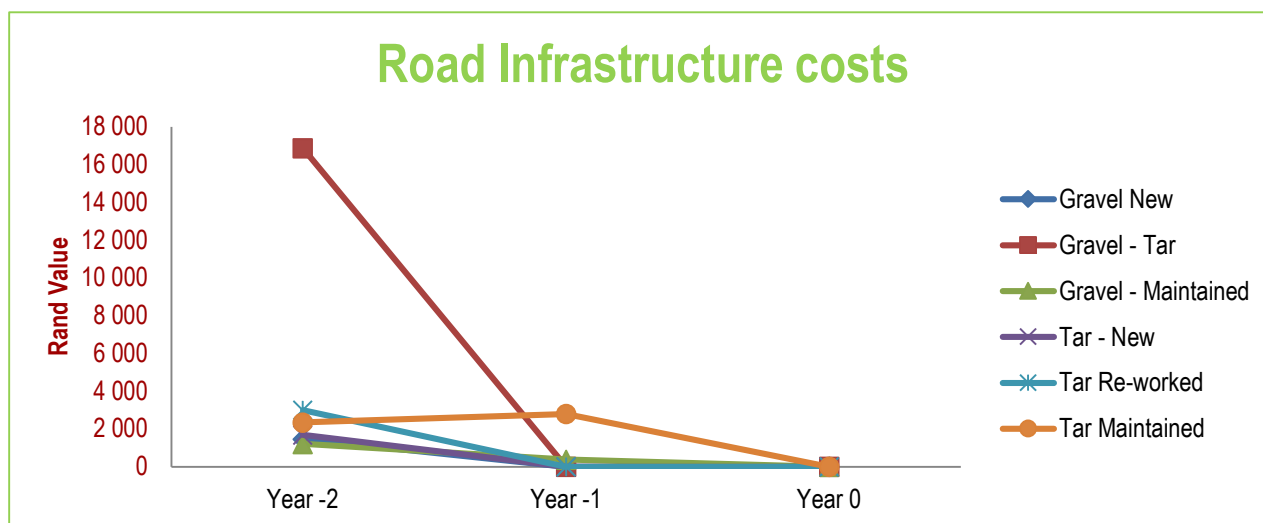


Gravel Road Infrastructure				
Kilometers				
FY	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2020/2021	342	9	7	6
2021/2022	348	0	3	4
2022/2023	348	0	2.1	3
T 3.7.1				

Tarred Road Infrastructure					
Kilometers					
FY	Total tarred roads	New tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tarred roads maintained
2020/2021	279,6	1,7	4	0	2
2021/2022	281	10,1	0	0	3
2022/2023	283	2,1	0	0	3
T 3.7.2					

New road constructed/paved under MIG in 2022/23 financial are 2.1 km.

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2020/2021	0	17 399	380	17 399	0	2 800
2021/2022	0	0	0	14 625	0	0
2022/2023				21 086	0	
T 3.7.3						





Road Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/22		2022/23		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective:						
Elimination of gravel roads in townships	N/A	N/A	N/A	N/A	N/A	N/A
Development of municipal roads as required		3.6 km	2.6 Km	2.6 km	2.1 km	2.1 Km
						T 3.7.4

Employees: Road Services					
Job Level	2021/22	2022/23			
	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	43	46	43	3	7%
7 - 9	1	2	1	1	50%
10 - 12	1	1	1	0	0%
13 - 15	0	2	0	2	100%
16 - 18	0	1	0	1	100%
19 - 20	0	0	0	0	0%
Total	46	51	46	7	14%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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.					
T3.7.5					



Financial Performance Year 2022/23: Road Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	9889	12070	11997	10716	-13%
Repairs and Maintenance	9212	12114	13233	10111	-20%
Other	8314	9829	10481	6826	-44%
Total Operational Expenditure	27415	34013	35711	27653	-23%
Net Operational Expenditure	27415	34013	35711	27653	-23%
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 3.7.6

Capital Expenditure Year 2022/23: Road Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22566	23711	23711	5%	
CONST ROADS & S/W RATANDA 1;3;6 & OBED N	2350	2907	2907	19%	
CONSTR ROADS & STORMWATER JAMESON PARK	9800	9403	9403	-4%	
CONSTR ROADS & STORMWATER EXT 23	0	1631	1631	100%	
CONSTR ROADS & STORMWATER IMPUMELELO	5916	5444	5444	-9%	
CONSTR ROADS & STORMWATER KWANZENZELE P1	4500	4326	4326	-4%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.7

### Overall comments

The road network in Lesedi stretches for 675 Kilometers (km). Surfaced or paved roads have been provided to almost all new settlements in Lesedi. New roads and stormwater upgrade were under construction at, KwaZenzele, Jameson Park and Obed Nkosi. The municipality

is currently busy through the support provided by Sedibeng District Municipality with the development of Road Asset Management System (RAMS) to ensure that the upgrades and maintenance are aligned to this strategic documents.

### 3.8 Stormwater Drainage Provision



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 Stormwater 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 stormwater 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 roads that were under constructed in the financial year under review as reported above, includes underground stormwater system/ pipes which helps in addressing most of the challenges listed above.

Stormwater Infrastructure Kilometers				
FY	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2020/2021	166	25	12	120
2021/2022	169	1	0	6
2022/2023	169	1	0	2
				<i>T 3.8.1</i>





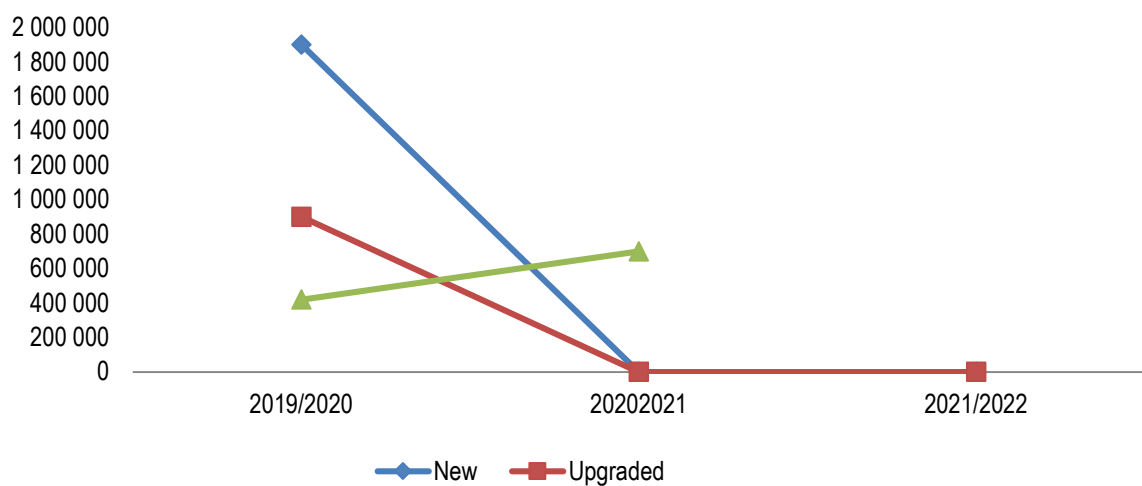
Employees: Stormwater Services					
Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	4	4	4	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

T 3.8.2

Cost of Construction/Maintenance R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2020/2021	4 349 800	0	700 000
2021/2022	4 875 000	0	
2022/2023			

T 3.8.3

## Stormwater infrastructure costs







Financial Performance Year 2022/23: Stormwater Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	124	211	211	150	-41%
Expenditure:					
Employees	9889	12070	11997	10716	-13%
Repairs and Maintenance	9212	12114	13233	10111	-20%
Other	8314	9829	10481	6826	-44%
Total Operational Expenditure	27415	34013	35711	27653	-23%
Net Operational Expenditure	27291	33802	35500	27503	-23%
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 3.8.4

Capital Expenditure Year 2022/23: Stormwater Services					
R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
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%	
Project E	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 3.8.5

Stormwater Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/2022		2022/2023		
		Target	Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year	
Service Indicators						
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
Development of fully integrated stormwater management systems including wetlands and natural water courses	N/A	N/A	N/A	N/A	N/A	N/A
Development of roads and Stormwater	Construction of roads and stormwater across Lesedi	0,6km	0,6km	0,6km	0,5km	0,5km
T 3.8.6						



### 3.9 Planning and Development

The main urban structuring elements and overall land use pattern of the 4 main

nodes/ settlement areas within the Lesedi area.

#### Heidelberg-Ratanda

Heidelberg-Ratanda is the main urban node in Lesedi. It consists of the old historic town of Heidelberg, as well as the former township of Ratanda, and the new Obed Nkosi residential area located between Ratanda and Heidelberg.

Following is a summary of some of the main spatial features of Heidelberg Town.

- The Central Business District extends from the shopping center (Heidelberg Extension 19) to the north, southwards across the Blesbok River and from there south-westwards towards the industrial area (Heidelberg Extension 4).
- The Heidelberg Mall which is located in Heidelberg Extension 25 to the east along route R42 represents an emerging business node, while significant LESEDI LOCAL MUNICIPALITY SPATIAL DEVELOPMENT FRAMEWORK business activity is also clustered in Shalimar Ridge to the south-west and at the Rensburg node next to route R23.
- Light industrial development is located to the west of the railway
- line in Extension 4(6), while Extension 11 to the east of the railway line holds, amongst other, the BAT and Escort plants.
- Heidelberg Extension 24 is a new industrial area with most of the erven still being vacant. This area is to be developed into Special Economic Zone (SEZ)
- The proposed Sanitas Medical Hub is located to the north-east of town along route R42 with the SANDF military grounds bordering it to the west of the N3 freeway.
- Residential development to the north of town includes two security estates to the far north (Heidelberg Extension 8 and Heidelberg Extension 12), as well as the Heidelberg Kloof Estate in which approximately 62 new residential units had been developed since 2011.
- In the Bergsig residential area to the east about 377 new houses had been constructed since 2011
- In Jordaanpark to the north-west, as well as the central



residential areas around the CBD and to the south thereof no significant housing development took place as these areas are mostly fully developed.

- In the Rensburg residential area located to the south of the town there are about 260 vacant erven and in Rensburg Extension 4 to the west of 591 erven.
- Heidelberg Extension 23 and 26 located to the west of Rensburg Extension 4 are fully developed.
- In the southern parts of Shalimar Ridge about 18 new residential units have been developed since 2011.
- In the Obed Nkosi area, a significant number of multi-story and single residential units were constructed since 2011. (Estimated number = 5,440 units). There are approximately

353 vacant erven left to be developed.

- In Ratanda further to the south about 77 informal structures were added to the 58 informal structures counted in 2011.
- About 129 new formal housing units were constructed in Ratanda Extension 8 further to the south, while very little changed over the past ten years in the Tokolohong Agri Village to the far south of Ratanda.
- There is about 83 vacant erven located within Ratanda. To the north-west of Ratanda along route R42 is the Sedaven Boschoek Agri Village which comprised about 76 residential units in 2011.
- An additional 41 informal units established in the area since 2011.

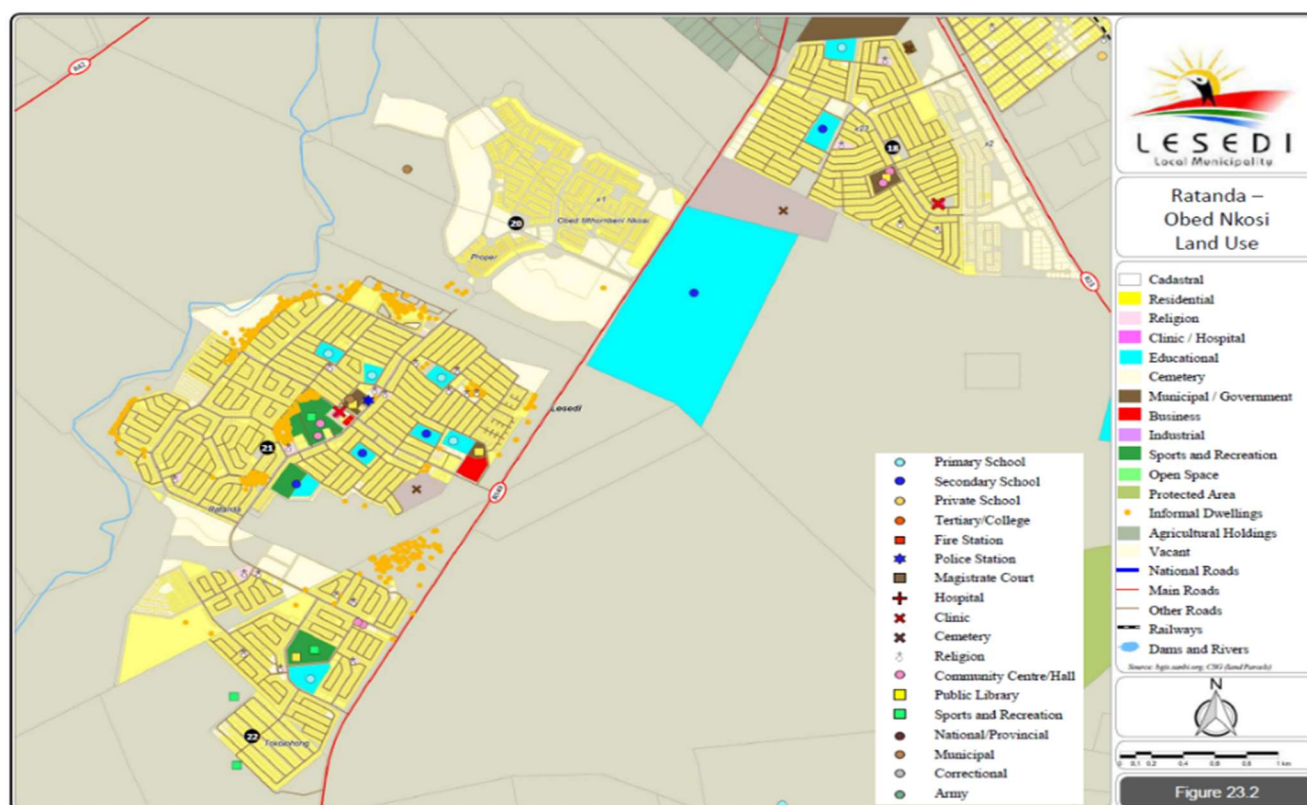
### Jameson Park

- The Jameson Park area is predominantly residential in nature with the Kaydale Agricultural Holdings being located to the north-west thereof.
- Significant infill development had taken place in the Jameson Park area since 2011 with approximately 152 new residential units developed in the area since then. A small cluster of community facilities is located to the north-east, while a small supermarket (Die Skip) is located to the south-west along route R42 and the Transnet Fuel Depot to the east of route R42.



- There is approximately 809 vacant erven within Jameson Park.





## Devon-Impumelelo

Devon-Impumelelo is a small rural node located at the Devon railway station.

- With the exception of a few small, low-key shops, the grain silos and fertilizer outlet, there are no significant economic activities in the area.
- There are a few community services (e.g., school, police station) in Devon, while a number of erven to the north and south of the railway line are also still vacant.
- In Impumelelo to the west a number of community facilities are clustered in the central part between Impumelelo Extension 2 and Impumelelo Extension 3.
- Impumelelo X2 and X3 are almost fully developed, while the southern parts of Impumelelo X4 are also partly developed.
- Most of the development that took place since 2011 were in Impumelelo Extension 3 and Impumelelo Extension 4 where an estimated 5,305 units had been developed. Impumelelo Extension 5 is in the process of Township proclamation adding on 2500 more erven.





- Informal settlement accurs at three locations in Devon-Impumelelo with an estimated 294 informal structures being located in the area.

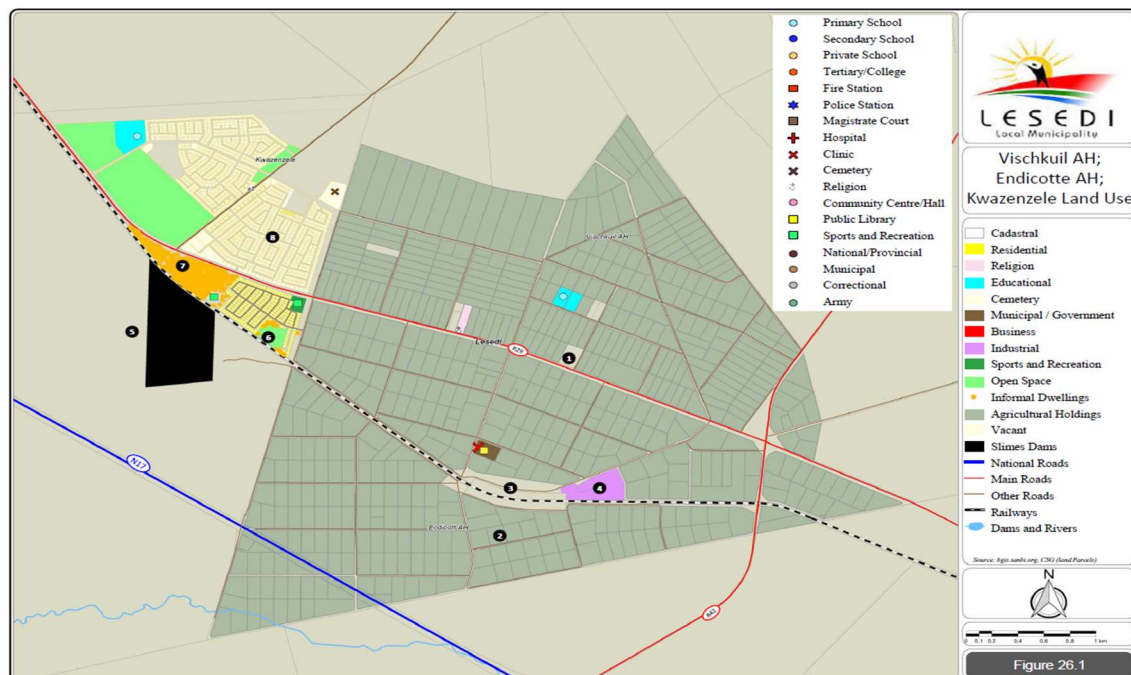
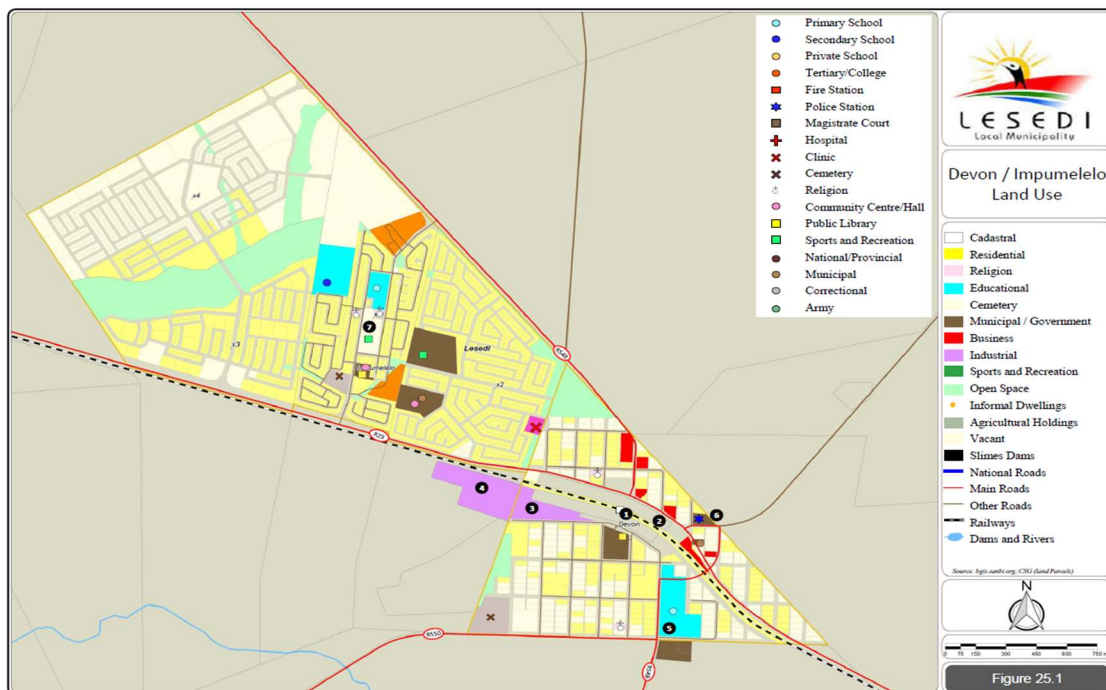
- Vacant erven in Devon-Impumelelo totals about 1,007.

### Vischkuil-Endicott-Kwazenzele

- Vischkuil-Endicott-KwaZenzele consist of a group of settlements – agricultural holdings, subsidised housing, and informal settlement, located to the east of Springs along the R29
- The Vischkuil Agricultural Holdings broadly represent the agricultural holdings to the north and south of route R29 and mainly comprise rural residential uses with a few homes industries/transitional uses.
- Further to the south are the Endicott Agricultural Holdings which extend across route N17 to the far south.
- The Vischkuil railway station holds a number of grain silos and Kynoch fertilizer facility.
- Further to the west along the railway line is some mining activity.

- The KwaZenzele Agri Village is located between the railway line and route R29 with the KwaZenzele informal settlement being located adjacent to the west thereof.
- The Agri Village holds approximately 251 residential units and the informal settlement about 403 units of which 71 units were established since 2011.
- Six new units were also added in the Agri Village since 2011.
- KwaZenzele Extension 1 is a formal township located to the north of route R29. It is one of the identified Mega Housing Projects for Gauteng Province with an intended yield of about 1,794 residential units.
- Construction has commenced the township layout comprises about 1,649 erven.





### Spatial Development Framework (SDF)

The Lesedi Local Municipality in partnership with the Department of Rural Development and Land Reform in 2022 revised the Municipal Spatial Development Framework Of 2016 in compliance with the statutory requirements of the Spatial Planning and Land Use Management Act, 2013

(Act 16 of 2013) read in conjunction with the Lesedi Spatial Planning and Land Use Management By law 2015.

The Municipal Spatial Development Framework should achieve the following objectives:



- Provide a clear and comprehensive Spatial Development Framework for the Lesedi Local Municipality.
- Inform, improve, and guide cross-sectoral policy or project implementation and integration.
- Provide a strategic spatial development vision for the municipality in line with the broad development objectives of the National and Provincial policies;
- Indicate in as much detail as possible to members of the public and others with an interest in the municipality, the desired spatial form for the municipality.
- Indicate planning, environment, infrastructure, and institutional issues that gave rise to the proposals contained in the final document and providing all stakeholders an opportunity to participate during the process of formulating the SDF.
- Provide a spatial reflection of the needs and priorities established in the integrated development plan and identify specific issues which are unique to the municipality.
- Address rural development issues such as the integration with urban areas, the provision of social and economic amenities, the provision of infrastructure and involvement during the public participation process.
- Provide long-term strategic mechanisms on: -
  - Identifying areas for economic opportunities, particularly in industrial, commercial and agriculture.
  - Identifying infrastructure needs and services.
  - constraints and bring forward tangible solutions to address these constraints.
  - Accommodating the growing housing needs considering the need for development of various housing typologies (e.g., RDP, Gap Housing, Social Housing, FLISP, etc.).
  - Protection of natural environment e.g., Conservation Corridors, green wedges, hydrological resources, biodiversity areas, etc



Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Planning application received	3	5	10	20	435	128
Determination made in year of receipt	3	2	6	14	348	128
Determination made in following year	1	3	5	6	350	130
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	3	5	6	94	20
T 3.9.1						

Employees: Planning Services					
Job Level	2021/22	2022/23			
	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	3	3	3	0	100%
7 - 9	2	3	2	1	33%
10 - 12	8	8	8	0	100%
13 - 15	2	2	2	1	100%
16 - 18	1	1	1	0	100%
19 - 20	0	0	0	0	0%
Total	16	17	16	2	54.12%
T 3.9.2					

Financial Performance Year 2022/23: Planning Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2789	0	0	0	0%
Expenditure:					
Employees	6733	7642	7642	5830	-31%
Repairs and Maintenance	0	30	535	0	0%
Other	1215	1040	105	91	-1043%
Total Operational Expenditure	7948	8712	8282	5921	-47%
Net Operational Expenditure	5159	8712	8282	5921	-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 3.9.3					



Capital Expenditure Year 2021/22: Planning Services					
Capital Projects	2022/23				
	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 3.9.4					

### 3.10 Local Economic Development (Including Tourism and Marketplaces)

#### Introduction to economic development

Local Economic Development (LED) is a systematic process that incorporates various stakeholders such as the public and private sector towards achieving sustainable economic growth and development. (CoGTA, 2019). It should be noted that the development of an LED Strategy is an ongoing process, rather than a single project or a series of steps to follow and its development is essential for sustainability which speaks to the long-term sustainability of a municipality through the effective use of resources to steer growth and development, with considerations on social, economic and environmental impacts on the municipality that are supported by infrastructure development as well as good governance principles.

The development of the LED and Tourism Strategy for Lesedi Municipality will permit local people to work together and achieve sustainable economic

growth and development, thereby bringing economic benefits and improved quality of life for all residents in a local municipal area (CoGTA, 2019). Moreover, growth within the municipality hinges on a holistic development approach that is synchronised with the outcomes of the NDP as well as aligned with the UN Sustainable Development Goals 2030. The aim of LED is to create employment opportunities for residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all residents. In this regard, it is important to realise that Lesedi Local Municipality is committed to developing a strategy that will meet the economic needs of the community and recommend new ways of realising economic development.

#### Economic Potential Analysis

Key Findings and Issues The economic profile have highlighted several key



findings and issues for Lesedi through the competitive analysis against the bordering local municipalities.

The economy of Lesedi in terms of sectoral analysis and GVA size is mostly driven by the tertiary sector which contributes about 58,13%, followed by the secondary sector and primary sector with 34,59% and 7,30% respectively.

Table 35 (below) provides the industry overview which illustrates key industries that have a competitive edge in terms of size, growth, employment growth and location quotient (LQ).

The table below illustrates that in terms of size manufacturing is the largest

industries in which Lesedi has a competitive advantage with an LQ of 2,20. Though agriculture is the smallest industry in terms of size it has substantial growth over time with regards to employment with about 2,48. Wholesale retail trade is seen to be the leading industry with regards to employment size followed by community and finance services. Transport, storage, and communication is an industry that has the potential to create a multiplier impact within the economy of Lesedi considering that the industry has grown in terms of GVA growth and employment.

**Table 35: Industry Overview for Lesedi LM**

Industry	GVA (R mil 2010 prices)	GVA Growth	Employment	Employment Growth	LQ
Agriculture	R 102,54	0,47%	2 385	<b>2,48%</b>	0,65
Mining and Quarrying	R 345,42	<b>4,86%</b>	469	-1,22%	0,60
Manufacturing	<b>R 1 778,30</b>	0,84%	6 241	1,81%	<b>2,20</b>
Utilities	R 140,99	1,55%	186	2,71%	<b>1,09</b>
Construction	R 203,24	2,30%	2 074	<b>4,70%</b>	0,90
Wholesale and Retail Trade	R 822,59	3,11%	<b>8 894</b>	3,50%	0,99
Transport, Storage and Communication	R 534,55	<b>2,19%</b>	2 026	2,91%	0,93
Finance Services	R 915,68	<b>3,47%</b>	6 279	<b>3,62%</b>	0,79
Government Services	<b>R 973,67</b>	0,86%	3 617	-0,05%	1,00
Community Services	R 321,86	2,75%	<b>6 368</b>	1,12%	0,90

SOURCE: (Quantec, 2019)

#### The summary of the key findings includes.

- There is a need for infrastructure facilities particularly in

agriculture which can assist small size farmers to plough.





- Lesedi LM has strong productive industries, including agriculture, mining, and manufacturing.
- According to the IDP for Lesedi LM agriculture is considered a key industry for the municipality and to locate Agro processing will be key considering proximity of the markets, national and regional arterials and corridors linking Lesedi to Gauteng and to the global village.
- Agricultural activity in the municipality is dominated by large scale commercial farming operations (crop production including maize, grain, sorghum, wheat, soya and dry beans, groundnuts, sunflower seeds and vegetables, and animal products including milk, beef, mutton and lamb, eggs, and poultry).
- In terms of growth rate wholesale, retail and trade were ranked 2nd amongst the competitors which suggest that the wholesale, retail and trade in the municipality has significantly grown over time.
- Lesedi host critical large-scale transport facilities and hubs.
- R42 is a very strategic regional transport corridor that links the western part of Gauteng with Mpumalanga and the Free State to the south.
- N3 Corridor represented particularly by the SIP 2 Industrial and Logistic Corridor and various Infill Developments.
- Lesedi LM is ranked 2nd with regards to the proportion of the workforce that is skilled within the municipality in comparison to its competitors.
- Formal employment in Lesedi M has grown overtime suggesting that people within the municipality are being formally employed.
- In terms of GVA size, the municipality has grown over time. In addition, Lesedi LM is ranked number 1 amongst its competitors in relation to GVA size amongst its competitors.
- The municipality has become more diversified with regards to the tress annual change which has seen the municipality being ranked 2nd in comparison to its competitors.
- Lesedi LM has experienced a decline in terms of imports which suggest that the municipality export more, thereby improving its net trade position.





- Household income growth for Lesedi LM has grown about 2,73% over the period of the study and it is ranked 3rd in comparison to its competitors.
- The municipality has an unemployment rate of about 22,26% among its competitors making it be ranked 2nd. This suggests the need for more economic opportunities to create more job opportunities.
- Lesedi LM amongst its competitors is ranked 1st with regards to Gross Capital Formation which has grown significantly over time.

Economic Activity by Sector			
R '000			
Sector	2022/23	2021/22	2020/21
Agric, forestry and fishing	45	50	58
Mining and quarrying	12	132	155
Manufacturing	95	951	861
Wholesale and retail trade	36	375	338
Finance, property, etc.	865	867	848
Govt, community and social services	721	756	733
Infrastructure services	192	198	189
Total	1966	3329	3182
Source: iHS Markit Regional eXplora, 2021			
T 3.10.1			

Economic Employment by Sector			
Jobs			
Sector	2020/21 No.	2022/22 No.	2022/23 No.
Agric, forestry and fishing	824	798	99
Mining and quarrying	347	342	212
Manufacturing	2,344	2,144	1423
Wholesale and retail trade	6,071	5,902	4135
Finance, property, etc.	4,899	4,802	707
Govt, community and social services	6,802	6,824	1319
Infrastructure services	1,974	1,944	1516



Economic Employment by Sector			
Sector	Jobs		
	2020/21 No.	2022/22 No.	2022/23 No.
Total			
Source: HIS Markit, 2021			T 3.10.2

Jobs Created during 2022/23 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)			1311	
Year -2	799	799	799	Themba Projects
Year -1	112	112	112	Vopak-Reatile Bulk terminal
Year 0		111	400	Obed Nkosi Development (NEP consulting)
				T 3.10.3

source NEP Consulting

Job creation through EPWP* projects – 2022/23		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2020/21	8	140
2021/22	7	88
2022/2023		88
* - Extended Public Works Programme		T 3.10.4

Employees: Local Economic Development Services					
Job Level	2021/22	2022/23			
	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	1	1	0	0%
10 - 12	3	3	2	1	33%
13 - 15	0	0	0	0	0%
16 - 18	1	1	0	1	100%
19 - 20	0	0	0	0	0%
Total	4	5	3	2	40%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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 3.10.5



Financial Performance Year 2022/23: Local Economic Development Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	272	285	166	163	-75%
Expenditure:					
Employees	5985	5888	4559	5022	-17%
Repairs and Maintenance	0	0	0	0	0%
Other	1022	701	10153	2282	69%
Total Operational Expenditure	7007	6589	14712	7304	10%
Net Operational Expenditure	6735	6304	14546	7141	12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.10.6					

Capital Expenditure Year 2022/23: Economic Development Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	
Project B	0	0	0	0%	
Project C	0	0	0	0%	
Project D	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.10.7					



### 3.11 Community & Social Services

#### Introduction

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.



*Image 3.11.1 – EM: Community services – Dr Khawula on Funda Mzansi campaign*

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.

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 pronounced 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 minimize 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.



*Image 2 - from Born to Read campaign by community services.*









### 3.11.1 Libraries; Museums; Community Facilities

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 VACANT (2022/2023)	RESIGNED	APPOINTED
2022/2023: 8 Positions: - 2 Librarians 1 Programme Librarian 3 Assistant Librarians	1 Librarian	1 x Senior Acquisition Librarian 9 x Library Groundsmen
2 Library Assistant		

INFORMATION & MATERIAL			
New books were purchased as follows	Resources at all Lesedi Libraries	Asset Verification (2022/2023)	210 000 Assets verified
21900 – New Books as per Tender Lists	New Fiction	Heidelberg	
	South African Fiction	Rensburg	
	Indigenous Languages (Primary School)	Shalimar Ridge	
	Indigenous Languages (High School)	Jameson Park	
	Afrikaans Algemeen	Vischkuil	
	African History and Philosophy	Devon & Impumelelo	
	Kwazenzele Study Guides	Ratanda Proper	
	African Poetry	Ratanda Ext 7	
	Series	Ratanda Ext 23	
	Pan African Writing	TOTAL	



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.	<ul style="list-style-type: none"> <li>- SIRSI Library Software Solution (18)</li> <li>- Enterprise Software License Fee</li> <li>- Upgrading of Symphony</li> </ul>	<ul style="list-style-type: none"> <li>- Copy Machine\Coinbox (x2)</li> <li>- Toners</li> <li>- Laptops x 40</li> <li>- UPS X16</li> <li>- Switches (x3)</li> <li>- UPS (12)</li> </ul>			

UPGRADING OF LIBRARIES (COMPLETED	FLEET PROCURED
<p>Rensburg Library – Upgrading of internal roads.</p> <p>Impumelelo Library: - Bugler Proofing - Electrical upgrade - Landscaping</p>	None

LIBRARY PROGRAMS – 2022/23			
	Community Outreach Programs		
	Story Telling	<p>Programme was implemented in Lesedi schools to assist children with:</p> <ul style="list-style-type: none"> <li>- Mental stimulation, improving literacy, group engagement.</li> <li>- Learning to communicate with others.</li> <li>- Building brain power by facilitating participants to gain higher level of reading and thinking skills.</li> <li>- Making new friends by coaching children to explore creative ideas.</li> <li>- 87 children attended the programme.</li> </ul>	1.1
	Born to Read	<p>This program seeks to promote early childhood literacy and language development, while helping new parents understand their critical role as their child's first and most important teacher. Pregnant women were shown books that will be helpful to them even during their pregnancy. Bags with feeding bottles and vests were given to the ladies.</p>	

## LIBRARY PROGRAMS – 2022/23



*Image – Born to read*

International  
Mother  
Tongue Day  
Celebration

World mother tongue day was celebrated to create awareness of linguistic and cultural diversity.  
The programme targeted children between ages 6 to 13 years old.

Mandela Day  
Celebration

A group of Pensioners who attend Library programmes, in partnership with the Community Services Department donated items to Komaro community to celebrate Mandela Day.



## LIBRARY PROGRAMS – 2022/23



*Image – Mandela day*

NSFAS & Tertiary Application Drive	The programme was implemented to assist youth to apply for NSFAS and other Bursary programmes. The target group was youth who completed matric. 161 youth were assisted.
World Read Aloud School Tour	World Read Aloud motivates children, teens, and adults to celebrate the power of words. This global literacy movement is about taking action to show the world that the right to read and write belongs to all people. Reading has so many benefits and some of these benefits are, reading helps you become a critical thinker and a problem solver
National Funda Mzansi Championship	The aim of the program was to encourage activate reading. Book handling and posture, punctuation, voice projection and eye contact with the audience. Eleven young people from Lesedi selected through a competitive process held on the 11 <sup>th</sup> of August 2022 The team represented Lesedi Local Municipality on Provincial and National competitions.
Author's Market Access & Book Exhibition	The programme was implemented in Ratanda, various local authors were invited and provided an opportunity to exhibit and review their books. A Local Author's Forum was established to share information, attend training, and assist one another to market their books.



## LIBRARY PROGRAMS – 2022/23



*Image – Career exhibition day*

Children's  
Freedom Day  
Celebration

The event targeted Primary school and ECD children. The purpose of the event was to create awareness and educate children on Freedom Day. The Municipality partnered with Burger King who sponsored food to the children. Over 300 children attended the event.

## USAGE OF LESEDI LIBRARIES (2022/23)

Annual New Membership	869
Book Circulation	23989
INTERNAL USERS	
Reference Users	8133
Students & Learners	15216
ICT Users	10185
PROGRAMS	
Implemented	195
Attendance	7432



Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	-2	-1	0		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service objective: Providing of Sports, Recreation, Arts, Culture and Library Services						
Access to library and information services	Books, Audio visual material, Newspapers, Periodicals					
Upgrade of Libraries	Upgrade and Baglar Proofing of Impumelelo Library	100%	100%	100%	100%	100%
	Electricity Upgrade of Impumelelo Library	100%	100%	100%	100%	100%
	Upgrade of Rensburg Library Roads	100%	100%	100%	100%	100%
	Computer Hardware (	100%	100%	100%	100%	100%
	Installation of Airconditioners in Libraries	100%	100%	100%		
	Installation of Water Tankers in Libraries	100%	100%	100%		
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					
T 3.11.1.1						

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2021/22	2022/23			
	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	98	92	6	6%
7 - 9	25	26	23	3	12%
10 - 12	19	22	18	4	18%
13 - 15	3	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	143	150	136	14	9%
T 3.11.1.2					





Financial Performance Year 2022/23: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8688	7700	10700	8921	14%
Expenditure:					
Employees	13856	14619	14619	12445	-17%
Repairs and Maintenance	510	550	1617	1369	60%
Other	13786	3197	10333	4653	31%
Total Operational Expenditure	28152	18366	26569	18467	1%
Net Operational Expenditure	19464	10666	15869	9546	-12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.1.3					

Capital Expenditure Year 2022/23: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5463	10702	7737	29%	
COMPUTER SOFTWARE	0	870	0	0%	
TROLLIES	0	200	30	100%	
FURNITURE	1470	1270	0	0%	
COMPUTER HARDWARE	450	2519	0	0%	
NEW BOOKS	1663	1663	2684	38%	
AIRCONS	680	680	680	0%	
WATER TANKS & FILRT SYSTEMS	0	500	477	100%	
UPGRADE OF LIBRARIES	700	3000	3866	82%	
RFID GATES	500	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.11.1.4					

### 3.11.2 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/Ekuthuleni Cemeteries are reaching capacity and the portions for expansion are identified.

Extension of Heidelberg Cemetery	The Basic Assessment is completed, and the project is right on the development of cadastral demarcation (Land) surveying. The appointment of service provider to carry out this work, is done, SG Diagrams are compiled and submitted to SG for approval and registration.
Expansion of Ekuthuleni Cemetery	<p>The land has been identified (<i>Remainder of the Farm Houtpoort 392 IR</i>) and a request for donation is submitted to the National Department of Public Works for approval. The identified land belongs the department in reference.</p> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• The Land belongs department of Public Works and approval takes longer.</li> <li>• Bulk of the land belong to National and Provincial Government.</li> <li>• Integrated Planning when it comes to development for service delivery.</li> <li>• Alternative burial e.g., Cremation, issue of culture, since most societies often require full burial rather than cremation.</li> </ul>
Closing off, Ekuphumuleni Cemetery in Devon/Vischkuil	<p>This cemetery is waterlogged and engulfed by a black rock and immeasurable quarry. This means that soon this cemetery will be closed due to latter challenges. The Council has approved the identification of alternative land.</p> <p><b>Challenge</b></p> <ul style="list-style-type: none"> <li>• Land unavailability.</li> <li>• Bulk of the land belong to National and Provincial Government.</li> <li>• Integrated Planning when it comes to development for service delivery.</li> <li>• The area of Devon/Vischkuil is waterlogged and covered by clay soil.</li> </ul>



	The Land identification is on course headed by planning department of the municipality. Identification should service Vischkuil/Devon/Aston Lake.
Alien Plant Clearing	<p>The project has been initiated with SANPARKs for consideration in 2022/2023 financial year. The project was put on hold due to expiry of contract with the appointed service provider and it was set to resume in July 2023, more than 3000 trees need to be completely removed to allow the ground to rehabilitate appropriately to use the area for burial. The Service provider was appointed in June 2023 and work commenced in July 2023, targeting.</p> <ul style="list-style-type: none"> <li>• Ekuthuleni Cemetery and Emmasdal YCC</li> </ul>
Total number of burials that took place	<ul style="list-style-type: none"> <li>• Burial totals: July 2022 to June 2023: 543, the decrease is because some deaths were cremated, and information is kept at crematorium.</li> <li>• Tombstones Erected: 152.</li> </ul>
Procurement	Purchase of servicing parts for equipment and outsourcing the digging of graves in case of equipment mechanical breakdown was procured.
EPWP	<p>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.</p> <p>Ten (4) EPWP participants were recruited for ten (10) months period with an aim of exposing them to work environment.</p>
Complaints attended	<ul style="list-style-type: none"> <li>• Complaints attended in Heidelberg and surrounding were mostly the following:</li> <li>• Kloof cemetery for tree felling and pruning, these trees are very old and posing threat of falling, damaging the erected stones.</li> <li>• Heidelberg Cemetery: grass cutting, tree felling and pruning.</li> <li>• Old Blacks and Indian cemeteries: Grass cutting, palisade vandalized.</li> </ul> <p>Challenges</p> <ul style="list-style-type: none"> <li>• Steel/Metal boundaries inclusive of gates are striped off and taken to be sold at the scrap yards.</li> <li>• Replacement of vandalized Concrete palisades.</li> </ul>



Cemeteries and Crematoriums Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	-1		0		
		Target	Actual	Target	Actual	
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Provision of Graves						
	Burials	900	730	730	543	
	Permits issued: Tomb Stones	214	214	214	152	
Extension of Heidelberg Cemetery	Cadastral Surveying			10%	10%	10%
Extension of Ekuthuleni Cemetery	Acquisition of Land			100%	10%	10%
Closing of Ekuphumuleni Cemetery and identification of the alternative land	Acquisition of Land			100%	0	0
T 3.11.2.1						

Employees: Cemeteries and Crematoriums					
Job Level	2021/22	2022/23			
	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	24	27	20	7	26%
7 - 9	8	8	5	3	38%
10 - 12	1	2	1	1	50%
13 - 15	0	1	0	1	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	33	38	26	12	32%
T 3.11.2.2					

Financial Performance Year 2022/23: Cemeteries and Crematoriums					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	248	2413	2413	1581	-53%
Expenditure:					
Employees	4557	3936	3936	3223	-22%
Repairs and Maintenance	130	130	176	111	-17%
Other	364	396	336	2276	83%
Total Operational Expenditure	5051	4462	4448	5610	20%
Net Operational Expenditure	4803	2049	2035	4029	49%
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 3.11.2.3					



Capital Expenditure Year 2022/23: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
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 3.11.2.4

### 3.12 Childcare; 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

#### EARLY CHILDHOOD DEVELOPMENT (ECD)

Community Services Department monitors over 100 Early Childhood Development Centers, assist the unregistered centers to comply with registration requirements as well as training of ECD Practitioners. The Department also contracted 35 Day Mothers who provide an extension of ECD services in their homes, 210 children who are unable to get placement in formal ECDs benefit from this programme. Services provided through the Day Mother programme are similar to services informal ECDs and Day Mothers are trained as ECD Practitioners.

#### SCHOOL TALK PROGRAMME

School Tour programme was delivered in Lesedi schools, the aim of the programme was to raise awareness and services available for victims of gender-based violence, domestic violence, human trafficking, bullying, cyber bullying, and substance abuse. The programme targeted both primary and high school learners.

#### CHILD PROTECTION WEEK

A programme to educate children on their rights was delivered in various schools in Lesedi. The programme taught learners on their rights as stipulated in chapter 2, section 28 of the Constitution of the Republic of South Africa and how children can report alleged violation of children's right.

#### EMPLOYEE MENTAL HEALTH AWARENESS CAMPAIGN

A Mental Health Awareness programme was provided to Eco Factory Employees, who spent most of their time at work and are affected from home with issues that spill negatively on their working environment. They most of the time struggle to deal with their problems and this in turn affect how they perform at work, resulting in employees being more absent and not knowing where and how to get help.





## SOCIAL DEVELOPMENT SERVICES

### ADOLESCENT AND YOUTH FRIENDLY SERVICES LAUNCH

An Adolescent and Youth Friendly Services programme was launched in Devon Clinic. The Clinic through partnership with various stakeholders established a youth friendly room service where young people can freely consult on various youth challenges including teenage pregnancy, contraception, sexual assault, domestic violence, mental health, substance use disorder, etc. This programme will ensure that young people are able to access clinics and consult with professionals without being stigmatised.

### HOMESTEAD GARDEN PROJECT

Gauteng Department of Agriculture and Rural Development (GDARD) has homestead garden programme that focuses on increasing food security in South Africa. The Community Services Department partnered with the provincial department to raise awareness amongst unemployed youth in Lesedi. This programme encourages South Africans to plant their own food. This programme is a strategy to achieve Sustainable Development Goals (SDGs) targets of ending poverty and hunger. An information session on the homestead garden was hosted to raise an awareness on the importance of planting on your food and the support available from GDARD to individuals/families that participate in this programme. The homestead garden programme could also be an income generating project for individuals/families that decide to participate in this programme as they could sell excess vegetables that they have planted.

### SUBSTANCE USE DISORDER AWARENESS

The programme to raise awareness on substance abuse, services and programmes for victims was conducted in Heidelberg in partnership with Department of Social Development, Lesedi Community Center, SANCA, SAPS, The programme targeted people living on the streets and raised awareness amongst the community on how to deal with victims of substance use disorder.

### MEN'S FORUM

Men's workshops were conducted in various areas of Lesedi. The aim of the Men's workshop was to provide a safe platform where men can engage on challenges affecting men. The topics included mental health, gender-based violence, financial health, men's health, etc.

### CASEWORK SUMMARY

Case categories	Number of cases	Number of beneficiaries
Vulnerable groups	72	197
Materia Assistance/Unemployment	96	132
Family Intervention	43	74
Housing	38	102
Community Safety	48	57
Other	-	-
Total number of cases & beneficiaries	297	562



Employees: Childcare; Aged Care; Social Programmes					
Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	0	10	0	100%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	5	5	5	0	100%
13 - 15	1	1	1	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	16	6	16	1	17%
T 3.12.1					

Financial Performance Year 2022/23: Childcare; Aged Care; Social Programmes					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	6017	6147	6147	5385	-14%
Repairs and Maintenance	0	20	63	60	0%
Other	170	210	166	187	-12%
Total Operational Expenditure	6187	6377	6376	5632	-13%
Net Operational Expenditure	6187	6377	6376	5632	-13%
T 3.12.2					



Capital Expenditure Year 2022/23: Child Care; Aged Care; Social Programmes					R' 000
Capital Projects	0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
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 3.12.3

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

### 3.13 Environmental Health & Protection

#### Environment protection (Pollution control, Bio- diversity & landscape)

The 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 therefore 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 hart ridge 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 budget-backed planning as well as sufficient human resource allocation ; Air Quality Management Plans, which should be executed in conjunction with the Sedibeng District Municipality ; LLM will not be in a position to fully realise the Air Quality Management function.



### **Certification issued in accordance to the legislative framework**

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

### **Food safety: Inspections to ensure compliance with all applicable legislation.**

**\*\*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.

### **Rendering services of municipal health services**

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).

These are issued ONLY WHEN PREMISES COMPLY with relevant legislation.

Statutory Notices Issued

(In terms of the National Health Act, 2003, Foodstuffs Cosmetics & Disinfectant Act 1972 and Lesedi Public Health By-laws and all applicable health legislation)

These are issued when PREMISES DO NOT COMPLY with the requirements.

These are issued ONLY WHEN PREMISES COMPLY with relevant legislation.

### **3.14 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 Priority 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.

Employees: Pollution Control					
Job Level	2021/22	2022/23			
	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	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
					T 3.14.1

Financial Performance 2022/23: Pollution Control					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	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 3.14.2

Capital Expenditure 2022/23: Pollution Control					
R' 000					
Capital Projects	2022/23				
	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 3.14.3

### 3.15 Biodiversity: Landscape and Open Space Clearing

The municipality recognizes that various open space areas will require different management and maintenance regimes and as such will be subject to site specific





maintenance schedules to achieve a high level of upkeep during the landscape maintenance period. As such, the landscape specification identified will represent the minimum standard for maintenance within new growth area.

### **Landscape Maintenance objective**

- To establish and maintain street tree planting to a high standard.
- To establish and maintain playgrounds and associated infrastructure to a high standard.
- To establish and maintain playing courts to a high standard and in accordance with relevant sporting codes.

### **Activities**

97 HOUSEHOLDS CALLS ATTENDED TO

TREE TRIMMING AND FELLING ACROSS TOWN OF LESEDI

Rows: Vlok, Bergman, DF. Malan, Gabriel, Walker, Apsey, Smith, Voortrekker, Hospital Streets.

Municipal properties and Shalimar Ridge Industries, Old post office.

Ratanda: Old and main streets in various extensions.

41 HOUSEHOLDS CALLS ATTENDED TO

TREE TRIMMING AND FELLING ACROSS BERSIG – EXT 9, HEIDELBERG, OVERKRUIN, SHALIMAR RIDGE AND JAMESON PARK

Grass cut: The open spaces, sport facilities and municipal buildings. Council had taken a decision to repossess the undeveloped residential stands on reason that they are being turned to become dumping sites, housing rodents. The open spaces are residential stands purchased and undeveloped, breaching the Deed of Sale Agreement.

### **Challenges**

- Constant rainfall encountered during 2022/23 and equipment breakdown due littered sharp objects lying in the open spaces. Costs to maintain the mentioned open spaces exceed resources allocated.
- population and area growth due to housing development resulting to disrespecting/ refuting environment due to illegal dumping.
- The shortage of working resources is due to structural economic decline.
- Costs for parts for machines service//repairs exceeds the available budget.



### Recreational parks development

The five parks were identified and approved by Council and are funded by Department of Fisheries, Forest, and Environment namely,

1. Ratanda park to be extended and upgraded,
2. Denne Avenue Park (Ext 26) to be upgraded.
3. Rensburg park (new development)
4. Bergsig Park (new development) and
5. Impumelelo. Drawing submitted and approved (new)

The implementation was suspended due to unavailability of funds. However, project commenced in May 2023. It is now on advertising stage facilitated by the funder, Department of Environment and Fisheries. It is assumed to be rolled by out October/November 2023.

### General maintenance as per plan

TREE CUTTING AND PRUNING PROGRAMME:  
TARGET: TREES GROWING PASS THE ELECTRICAL WIRES/LINES CARRIED OUT IN  
PREVIOUS FINANCIAL YEAR.

AREA/SECTION	STREET	RESPONSIBLE PERSONNEL	
Bergsig/Ext 9	<ul style="list-style-type: none"> <li>• Krisant</li> <li>• Protea</li> <li>• Varying</li> <li>• Tulpe</li> <li>• Gladiola</li> </ul>	Electrical and Park Sections Manager & Parks Supervisor.	
Overkruin/Bendor	Stand 87- 100	Electrical and Park Sections: Manager & Parks Supervisor	
Jordan Park	Bosbok, Street next to the dam	Electrical and Park Sections Manager & Parks Supervisor	
Road, R42 Bosfontein	From Plot 42	Electrical and Park Sections Acting Manager & Parks Supervisor	
Vaal dam Road plots		Electrical and Park Sections Manager & Parks Supervisor.	
Nooitgedacht Farm	At the back of Emmasdale & Luckhoff Schools.	Electrical and Park Sections Manager & Parks Supervisor	
Ratanda Main Streets	Heidelberg Road/Thabo Mbeki Drive/ Tokyo Sexwale/ Dannie Avenue/Akasia Street	Electrical and Park Sections Manager & Parks Supervisor: Mr. Moremi	
Emergencies/ Cemeteries/Municipal Buildings		On going	Park Sections and Sun Parks under water preservation programme.

GRASS CUT AROUND ELECTRICAL SUBSTATION FOR FIRE PREVENTION.



- Heidelberg (Overkruin, Bersig, Voortrekker, Jordan Park, Industrial Area).
- Shalimar Ridge: Kismet Street
- Ratanda (Boschoek Streets, Ratanda Electrical Station, Extension 23 Dannie Avenue and Extension 7).
- Devon/Impumelelo/Vischkuil.

<p>Grass &amp; Tree cutting and picking.</p> <p><b>Challenge:</b></p> <ul style="list-style-type: none"> <li>• The area has grown and some of the areas are visited as dictated by the maintenance programmes.</li> <li>• The prevailing weather conditions.</li> <li>• Shortage of specialized tools for cutting shrubbery.</li> </ul>	<p>Grass cutting and disposal activities were conducted in the following (OPEN SPACES) areas as dictated by quarterly programme:</p> <ul style="list-style-type: none"> <li>• Heidelberg &amp; Its Extensions covering inclusive of Municipal Properties.</li> <li>• Ratanda &amp; Its Extensions covering all areas inclusive on Municipal Properties.</li> <li>• Devon/Impumelelo &amp; Its Extensions covering all areas inclusive on Municipal Properties.</li> <li>• Shalimar Ridge</li> <li>• Vischkuil, Endicott, Blesbokspruit, Aston Lake, Jameson Park and their extensions inclusive of Municipal Properties</li> </ul> <p>The programme is on-going but reviewed on quarterly bases and sometime delayed or suspended at due to pressing unfavourable conditions/circumstances.</p>
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### Main challenges faced by the section.

- Urbanization and population increase have placed pressure on municipalities to cope with the need/demand on the ground.
- Rapidly growing towns, cities and populations have created the challenge of forecasting on how much space is needed to be maintained.
- Land unavailability locally and most land is owned by National and Provincial Government (cemetery expansion)
- Lack of integrated planning and coordination, communication, and facilitation amongst government and sector departments (misalignment on activities and budget)
- Budget allocated by both National and Provincial is very limited to meet challenges experienced by small municipalities on the ground.
- Under-collection due to the high rate of unemployment and nonpayment of services.



Employees: Biodiversity; Landscape and 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	46	50	46	4	8%
7 - 9	2	6	2	4	67%
10 - 12	0	0	0	0	0%
13 - 15	1	1	0	1	100%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	51	58	49	9	15%
					T 3.15.1

Capital Expenditure Year 2022/23: Biodiversity; Landscape and Other					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0%	
Machine Parts	200	200	198 000.00		198 000.00
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 3.15.2

### 3.16 Clinics

Primary health care services are a competency of provincial government.

### 3.17 Ambulance services

Ambulance services competency of Provincial Government.

### 3.18 Health Inspection; Food and Abattoir 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)

Employees: Health Inspection and Etc					
Job Level	2021/22	2022/23			
	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	3	3	3	3	100%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	1	100%
19 - 20	0	0	0	0	0%
Total	4	4	4	4	100%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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.</i></p> <p>T 3.18.1</p>					



Financial Performance Year 2022/23: Health Inspection and Etc					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3685	3111	3829	3684	16%
Expenditure:					
Employees	6401	2118	5589	4816	56%
Repairs and Maintenance	176	10	11	19	47%
Other	514	451	376	363	-24%
Total Operational Expenditure	7091	2579	5976	5198	50%
Net Operational Expenditure	3406	-532	2147	1514	135%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.18.2

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	2022/23				
	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 3.18.3

## OVERALL COMMENTS

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.

### 3.19 Security and Safety

#### Traffic & public safety services

The section comprises of the following services:

- Traffic services
- Fire & Rescue services
- VIP protection

The Traffic section derives its mandate from the National Road Traffic act 93/1993, the South African Police Act, the security act and other pieces of legislation, strategies, framework, and policies. Its main purpose is to provide the Traffic services (traffic law enforcement, by-law enforcement, speed law enforcement, execution of warrants, road safety education).





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.
11. Traffic Law Enforcement Activities
12. Traffic Control
13. Escorting of funerals
14. Monitoring and assisting with Special Events
15. Abnormal Load Escort
16. Accident Scene Management
17. Speed Law Enforcement (manually & camera)
18. Road Closures

### **By-Law Enforcement**

Municipal By-Law Enforcement included activities such as:

- Hot spots monitoring
- Public transport compliance
- Liquor outlets compliance
- Film shoots applications
- Comments on consent use applications
- Applications under the Gathering Act/ Pickett applications/ Marches
- Illegal advertisement enforcement



- Events Management
- Hawkers Management

Crime prevention – all activities aimed at the prevention of crime from taking place through engagement with 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.

Employees: Traffic Officers					
Job Level	2021/22	2022/23			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
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	14	14	14	14	100%
13 - 15	3	3	3	3	100%
16 - 18	1	1	1	1	100%
19 - 20	0	0	0	0	0%
Total	19	19	19	18	95%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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 3.19.1					

Capital Expenditure Year 2022/23: Police					
R' 000					
Capital Projects	2022/23 Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	505	766	100%	
VIHECLES	0	505	766	100%	766
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 3.19.2					



Financial Performance 2022/23: Police R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	47748	31011	1011	1224	-2434%
Expenditure:					
Police Officers					
Other employees	17124	16078	16078	13394	-20%
Repairs and Maintenance	843	703	680	710	1%
Other	2341	30148	2016	1931	-1461%
Total Operational Expenditure	20308	46929	18774	16035	-193%
Net Operational Expenditure	-27440	15918	17763	14811	-7%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.19.3

CRIME PREVENTION AND LAW ENFORCEMENT	COMMENTS
Joint Operations - 09  Roadblocks - 17    Okae Molao Operations - 05	<p>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.</p> <p>The primary objective of the crime operations are as follows:</p> <p>To maintain law, order, peace and stability.  To create a conducive environment for all people, partake in social and economic activities.  To enforce all laws and by-laws.  To create a safe and secure environment.</p>
Section 56 Notices - 2176	Hand-written traffic fines served 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.
Events Management – Total 18  Sect 6 (3) applications  Sect 205 applications	<p>The objective of the department to manage the events in line with legislation. The SASREA</p> <p>To provide for measures to safeguard the physical well-being of persons and property at sports, recreation, religious, cultural, exhibition, organizational or similar events held at stadiums, venues or along the route.</p> <p>To provide for the establishment of measures to deal with safety and security at events.</p>



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. The following are the activities conducted: Conducting School Search Cycle Tour Program (whereby Ex offenders motivates learners) Sports Against Crime Pens Down Operation	
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.  Church Visits whereby social issues are discussed with church members. Safety Awareness Campaigns for Sex workers GBVF awareness campaigns Child neglect Awareness campaign Trafficking in Persons (TIP) awareness campaigns Substance Abuse Awareness Anti Gangsterism Awareness Campaign (Initiation Schools)	
Road Safety & Promotion	Campaigns were conducted at schools and within the community: Scholar Patrol Child in Traffic Driver Wellness Campaign Public Transport Workshops Learner Transport Workshops Taxi Ranks operations Pedestrian Awareness Campaigns (N3) Awareness with Liquor Traders	

### 3.20 Fire and Rescue

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.

### COGTA Financial Support

Grant funding received from COGTA for the procurement of Fire engine and other equipment.

Activity	Comments
Grant funding received from COGTA for the procurement of the fire engine to enhance service provision for Heidelberg fire station to improve response times.	An amount of R 4 200 000.00 was procured using COGTA funding to enhance fire services. The Hazmat vehicle was procured but over and above this, the surplus amount from this grant funding was used to procure additional 3 x fire vehicles to ensure improved service provision.

### Disaster Management and Fire & Rescue Services

The provision of Fire Safety and Rescue related service as well as activities aimed at the management of disasters within the municipality.

Activity	Comments
A total of 275 Fire Extinguishers serviced within all the municipal buildings	Necessity to prevent the spread of fire. All fire extinguishers were serviced in line with OHS.
Fire Safety & Prevention Building plans inspected:	Fire compliance is a crucial element of the building to prevent the spread of fire in case the building catches



Total of 230	<p>fire. Buildings plans were scrutinized and approved as requested by the building section.</p> <p>Inspections on building plans</p> <p>Fire prevention bylaws</p>
<p>Fire hydrants inspected and maintained.</p> <p>Total inspection: 157</p>	<p>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.</p>
<p>Motor Vehicle Accidents (MVAs) attended:</p> <p>Total of 216</p>	<p>A quick response to accidents is important to save lives</p>
<p>Structural Fire Calls attended.</p> <p>House Fire Calls</p> <p>Shack Fire Calls</p> <p>Total of 151</p>	<p>Structural Fires remains a challenge that requires serious interventions in order to save lives and property</p> <p>Shack fires calls have also proven to be problematic especially during winter period. The department needs to improve on community outreach in order to reduce these calls.</p>
<p>Average Turn Around Time response (Urban)</p> <p>Average Response Time (Start responding up to scene)</p> <p>Average response – 11,18 minutes</p>	<p>Response to calls must be as minimal as possible to save lives and damage to property.</p>

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.

### COGTA Financial Support

Grant funding received from COGTA for the procurement of Fire engine and other equipment.

Activity	Comments
Grant funding received from COGTA for the procurement of the fire engine to enhance service provision for Heidelberg fire station to improve response times.	An amount of R 4 200 000.00 was procured using COGTA funding to enhance fire services. The Hazmat vehicle was procured but over and above this, the surplus amount from this grant funding was used to procure additional 3 x fire vehicles to ensure improved service provision.

Disaster Management and Fire & Rescue Services

The provision of Fire Safety and Rescue related service as well as activities aimed at the management of disasters within the municipality.

Activity	Comments
A total of 275 Fire Extinguishers serviced within all the municipal buildings	Necessity to prevent the spread of fire. All fire extinguishers were serviced in line with OHS.
Fire Safety & Prevention Building plans inspected: Total of 230	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.  Inspections on building plans  Fire prevention bylaws
Fire hydrants inspected and maintained. Total inspection: 157	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) attended:	A quick response to accidents is important to save lives



Activity		Comments			
Total of 216					
Structural Fire Calls attended.		Structural Fires remains a challenge that requires serious interventions in order to save lives and property			
House Fire Calls		Shack fires calls have also proven to be problematic especially during wither period. The department needs to improve on community outreach in order to reduce these calls.			
Shack Fire Calls					
Total of 151					
Average Turn Around Time response (Urban)		Response to calls must be as minimal as possible to save lives and damage to property.			
Average Response Time (Start responding up to scene)					
Average response – 11,18 minutes					
Employees: Fire Services					
Job Level	2021/22	2022/23			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	20	22	20	2	9%
10 - 12	3	4	3	3	75%
13 - 15	2	3	2	1	33%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	25	29	25	6	21%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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 3.20.1					



Financial Performance Year 2022/23: Fire Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	103	125	6235	6138	98%
Expenditure:					
Fire fighters					
Other employees	12403	12890	12890	16455	22%
Repairs and Maintenance	937	958	338	388	-147%
Other	566	977	959	746	-31%
Total Operational Expenditure	13906	14825	14187	17589	16%
Net Operational Expenditure	13803	14700	7952	11451	-28%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.20.2

Capital Expenditure Year 2022/23: Fire Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4200	6200	5865	28%	
RESCUE VEHICLE	4200	5206	4999	16%	5206
VIHECLES	0	994	866	100%	994
Project C	0	0	0	0%	
Project D	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.20.3

### 3.21 Sport and Recreation

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, and heritage 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.

#	Activities/Programmes	Comments
1.	GBV Awareness & Youth Month FITNESS BOOTCAMP	<p>It was conducted in partnership with Skimpire Fitness with an aim of discouraging LGBV in the area. the following sporting codes or exercise were drawn up as a drive spread the message to community:</p> <ul style="list-style-type: none"> <li>. Aerobics class</li> <li>2. Functional Group Session</li> </ul>



#	Activities/Programmes	Comments
		<p>3. Box-Fit Class</p> <p>4. Zumba Class</p> <p>5. Yoga Class</p> <p>6. Step Class</p> <p>7. Kiddies class</p>
2.	Social Cohesion community Arts festival Auditions.	<p>Talent identification workshop: It was conducted in partnership with ICON Management with an aim of identifying and nurturing talent in aspects of Arts &amp; Culture.</p> <p>Filming workshop: It was conducted by Gauteng Filming Commission with an aim of creating stories around the history of South Africa mainly on human rights clubbed with the South Africa Constitution, 1996.</p> <p>Ishashalazi Theatre: It was initiated by Department of Sports, Recreation Arts, Culture and Heritage with an aim of introducing local artists to auditions for participating in provincial and national competitions and also was to identify talents for nurturing.</p> <p>National Lotteries Commissions Workshop. This workshop was conducted on June 2022 targeting the arts, culture and sports club management including NPO's &amp; NGO. The main aim was to capacitate the stakeholders on how to complete the funding application forms and documents required for the proposal to be considered.</p> <p>Creative Arts Workshop: it encompassed the financial planning for business enhancement on items created to be sold inclusive of general business management for Marketing, Promotions and Advertisement.</p>
3.	Social Cohesion and Community Building Programme through sport and recreation.	Sports for Social Cohesion: it was conducted in partnership with SAPS, Imbumba Youth and Lesedi high Schools. The aim was to promote and discourage drug



#	Activities/Programmes	Comments
		<p>abuse in the Lesedi municipality, and further to communicate crime prevention aspects. 17 June 2022.</p> <p>Leagues Establishment/ Development: it was initiated by department of Sports, Recreation, Arts, Culture and Heritage. The aim was to encourage inclusive participation and to design a competitive route to participated in the competitive sport. It was meant for all active sporting codes.</p> <p>Capacity Building: clubs were allowed to send officials to participate in First Aid training in category 1 &amp; 2. This aimed at attending to minor injuries sustained during the game of play due to nature of games played (contact sport).</p> <p>Indigenous Games: It was conducted by the district with the aim of promoting mass participation in recreational activities for every participant to achieve healthy lifestyle.</p> <p>OR Tambo Sonchini Games 2022. It takes place annually and its aim is to identify participants to represent the region in provincial games, set to form squads to represent the province to the international games called OR Tambo- Sonchini Games.</p>
4.	Rugby Development	The Heidelberg Rugby Club has been engaged for the extension of the sporting code to black community and agreement has been reached. Target group: under 10 – 15 years of age. The aim is to drive social cohesion and transformation. Challenge is a sport facility; however, DSD had been engaged on the donation of the defunct and vandalised sport facility in Emmasdal YCC. Feedback is pending.
5.	Upgrading of Ratanda Sport Facility	The application was submitted to Sport & Recreation of South Africa during 2021/2022 financial year no response to date. The delay could be because of COVID 19 epidemic restrictions. Follow up has been made through Political IGR.
6.	Donation of Emmasdal Rugby Field	A request to donate the facility to the municipality was submitted to Department of Social Development in



#	Activities/Programmes	Comments
		2021/2022 financial year and no response to date. The aim thereof is to develop and promote rugby sporting code in the township. The delay could be because of COVID 19 epidemic restrictions.
7.	Community fitness gyms	<p>An application has been compiled and submitted to Sports, Arts, Culture &amp; Recreation for consideration. This was a response from the invitation for proposal coming from Sport to enhance and promote healthy lifestyle.</p> <p>Ratanda New Park was identified for the installation due to fact that is fenced and guarded 24/7. Business Case compiled by SRACH and submitted to Provincial Treasury for consideration. Outcome is pending.</p>
8	Heritage Conservation and Preservation Strategic Plan.	<p>Appointment of Heritage Architecture to assess each heritage asset around the area of Heidelberg to inform the strategic plan.</p> <p>Source of funding: Municipality</p> <p>Challenge Financial Resources.</p> <p>Business Proposal submitted to Heritage department for consideration/assistance. The feedback is pending.</p>
9	Construction of Arts & Culture Centre for programme coordination for human development.	<p>Construction of the Arts centre adjacent to Ratanda Sport facility.</p> <p>Peace of land had been allocated and approved by council.</p> <p>Source of Funding: Municipality</p> <p>Challenges</p> <ul style="list-style-type: none"> <li>Financial Resources for the construction.</li> </ul>





#	Activities/Programmes	Comments
		The municipality had submitted a business proposal to Department Arts & Culture for consideration/assistance. Outcome is pending.

Employees: Sport and Recreation					
Job Level	2021/22	2022/23			
	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	6	6	6	6	100%
7 - 9	2	2	2	2	100%
10 - 12	0	0	0	0	0%
13 - 15	1	2	1	1	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	10	11	10	9	82%
					T 3.21.1

Financial Performance 2022/23: Sport and Recreation					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	480	16	9	0	0%
Expenditure:					
Employees	4350	3236	3394	3905	17%
Repairs and Maintenance	0	490	250	0	0%
Other	1295	1612	1412	1753	8%
Total Operational Expenditure	5645	5338	5056	5658	6%
Net Operational Expenditure	5165	5322	5047	5658	6%
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 3.21.2

### 3.22 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

### 3.23 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 Municipal Manager as Accounting Officer and other HODs are appointed to manage the different administration functions of the municipality.

Employees: The Executive and Council					
Job Level	2021/22	2022/23			
	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	1	1	0	0%
10 - 12	6	6	4	2	33%
13 - 15	0	0	0	0	0%
16 - 18	1	2	1	1	50%
19 - 20	0	0	0	0	0%
Councillors	26	26	26	0	0%
Ward committee members	121	122	122	0	0%
Total	155	157	154	3	2%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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.</i></p> <p style="text-align: right;">T 3.23.1</p>					



Financial Performance Year 2022/23: The Executive and Council					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7886	7609	5729	4032	-89%
Expenditure:					
Employees	18364	17738	1777	16758	-6%
Repairs and Maintenance	630	520	3160	1766	71%
Other	10286	16298	28113	17784	8%
Total Operational Expenditure	29280	34556	33050	36308	5%
Net Operational Expenditure	21394	26947	27321	32276	17%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.23.2

Capital Expenditure Year 2022/23: The Executive and Council					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	
Project B	0	0	0	0%	
Project C	0	0	0	0%	
Project D	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.23.4

### 3.24 Financial Services

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2022/23		2021/22			2022/23	
	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 %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	148 834 696	85%	155 128 050,44	155 128 050,44	72%	162 574 197	90%
Electricity - B	84 309 123,92	85%	92 031 341,07	92 031 341,07	72%	98 906 082	90%
Electricity - C	227 338 808,21	85%	210 955 515,71	210 955 515,71	72%	226 713 893	90%
Water - B	12 480 172,43	85%	14 169 069,78	14 169 069,78	72%	15 415 948	90%
Water - C	140 923 736,73	85%	158 046 662,53	158 046 662,53	72%	171 954 769	90%
Sanitation - B	14 668 941,49	85%	14 986 973,00	14 986 973,00	72%	15 706 348	90%
Sanitation	21 434 210,00	85%	22 617 400,00	22 617 400,00	72%	23 703 035	90%
Refuse	43 957 633,00	85%	48 328 987,00	48 328 987,00	72%	50 648 778	90%



Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2022/23		2021/22			2022/23	
	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 %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Other	9 526 513,15	85%	4 707 037,46	4 707 037,46	72%	4 932 975	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 3.23.5

Financial Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year -2		Year -1			Year 0	
		Target	Actual	Target		Actual		
		*Previous Year		*Previous Year	*Current Year		*Current Year	Actual
Service Indicators								
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	Target	(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	%of meter audits	95%	90%	95%	95%	89%	95%	90%
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.	100%	87%	100%	100	97%	100%	100%
								T 3.23.6



Employees: Financial Services					
Job Level	2021/22	2022/23			
	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	15	15	0	0%
7 - 9	14	14	14	0	0%
10 - 12	9	12	11	1	8%
13 - 15	3	6	3	2	33%
16 - 18	4	4	2	1	25%
19 - 20	0	0	0	0	0%
Total	37	51	45	6	12%
					T 3.23.7

Financial Performance Year 2022/23: Financial Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	320560	343233	192261	195792	-75%
Expenditure:					
Employees	22501	26645	26645	25734	-4%
Repairs and Maintenance	0	557	18620	23626	0%
Other	83503	72458	67429	117530	38%
Total Operational Expenditure	106004	99660	112694	166890	40%
Net Operational Expenditure	-214556	-243573	-79567	-28902	-743%
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 3.23.8

Capital Expenditure Year 2022/23: Financial Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4200	3900	922	-356%	
COMPUTER HARDWARE (FMG)	200	200	319	37%	
FURNITURE	0	700	603	100%	
OVERHAUL OF FUEL PUMPS	4000	3000	0	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.23.9



### 3.25 Human Resource Services

The Human Resource section as a strategic business partner, provides human capital support to the municipality using current best practices in Human Resources. To achieve this the section is in the process of aligning its activities, policies, and procedures across the Human Resource value chain to the Municipal Staff Regulations and Guidelines which came into effect on 20 September 2021. The Human Resource Section has a valid Human Resource Strategy and Plan together with all other relevant human resource policies in place. Our strategy has been aligned to the South African Board of People Practitioners HRM System Standards Model. There are two fully functional committees, the Skills Development and Transformation Committee and Occupational Health and Safety Committee.

To ensure that employees have a healthy and safe working environment, Lesedi complies with the Occupational Health and Safety Act and has a fully functional Health and Safety Committee. The Committee meets on a quarterly basis to address health and safety issues. Employee Wellness is a priority and although the municipality does not have a formal Employees' Assistance Programme, we have still ensured that we have systems in place. These systems have contributed substantially towards the social and psychological

upliftment of employees' morale and sense of belonging. The OHS and Employee Assistance Practitioner has an informal Employee Assistance Programme which is a workplace-based programme designed to assist in the identification and resolution of productivity and psycho-social problems which may negatively affect the work performance of employees. Serious cases affecting employees and management are outsourced for professional assistance. Lesedi also co-ordinates various employee wellness initiatives throughout the year with the target being one programme per quarter.

Skills Development is undertaken at Lesedi LM. It must be noted that the budget is constrained, and we have not been able to adequately provide sufficient training programmes directed to the development of staff. However, despite the budgetary constraints we have provided 27 bursaries to qualifying staff. These employees were provided with an opportunity to further their formal studies through the Bursary Scheme. This initiative motivates employees to further their studies within their respective vocations to enable them to perform their duties better and promote staff progression to higher levels within the municipality. Skills Development is linked to the annual Workplace Skills Plan (WSP). The





municipality provided training for 29 unemployed youth in Early Childhood Development and 15 employed learners in Municipal Governance. Lesedi LM annually submits its Workplace Skills Plan (WSP) and an Annual Training Report (ATR) as required by the Skills Development Act, to the Local Government Sector Education and Training Authority (LGSETA). Lesedi LM is passionate about capacitating the youth. In the financial year we appointed 7 Financial Management Interns and 6 Corporate Interns. We have partnered with our local Sedibeng TVET College and placed 17 Public Management Interns across the municipality for them to acquire workplace experience to complete their Diploma in Public Management. The municipality has an approved Employment Equity Plan. The Plan is a three-year plan that will terminate on the 31 August 2024. An analysis of our plan undertaken by the Department of Labour has identified the gaps in the various occupational levels. Lesedi currently has an over – representation of Black Males in some of the occupational levels. The Human Resource section has undertaken to compile a Workforce Plan with employment equity targets to ensure that there is a plan in place to align our employee demographics to the Gauteng Economically Active Population statistics, released by Stats SA from

time to time. The Employment Equity Plan is reported on an annual basis and statutory reports (EEA2 & EEA4) are submitted to the Department of Labour within the legislated time frame. In terms of Recruitment, we have appointed a Municipal Manager together with other key management vacancies. All new appointments are vetted in terms of the various Personnel Suitability Checks to ensure that only suitably qualified staff are employed by the municipality. The municipality has aligned its current Recruitment and Selection Policy to the Municipal Staff Regulations and Guidelines, 2021. A project is currently being undertaken by the HR section to align and develop all other HR policies to these Regulations. Staff turnover in the financial year was due to natural attrition. All councillors, Section 57/56 appointees and officials annually disclose their financial interests in terms of Shares and securities in any company/business/partnership, Membership of any close corporation, Interest in any trust, Directorships, Partnerships, Other financial interests in any business undertaking, Other Employment and/or remuneration and/or income, Property development or owing, Pension fund or annuities, Subsidies, grants and sponsorships by any organisation. Shares and securities in any company/business/partnership.



In the coming year, Human Resources will use its resources and staff to become a consulting partner to the municipal employees and management.

Human Resource Services Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2021/22		2022/23		
		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 administration 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	2021/22	2022/23			
	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	2	100%
10 - 12	3	4	3	1	25%
13 - 15	2	3	2	1	33%
16 - 18	0	1	0	1	100%
19 - 20	0	0	0	0	0%
Total	7	10	7	5	50%
T3.25.1					



Financial Performance Year 2022/23: Human Resource Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	702	462	166	204	-126%
Expenditure:					
Employees	5477	6446	3784	2413	-167%
Repairs and Maintenance	0	0	0	0	0%
Other	1256	3177	8013	6277	49%
Total Operational Expenditure	6733	9623	11797	8690	-11%
Net Operational Expenditure	6031	9161	11631	8486	-8%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.2

Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.3

### 3.26 Information and Communication Technology (ICT) Services

ICT systems and infrastructure were stable during the 2022/2023 financial year with no major incidents or security breaches that would adversely impact service delivery.

Information Security continues to be a concern and needs continuous assessment and improvement.

The municipality had embarked with two big projects of the upgrade of Network and VOIP Infrastructure and of Integrated Financial with Payroll System which were both concluded.

The unit has also sourced the assistance of professional service provider for development of ICT strategy that will be align with Municipal IDP for the period of five years. The process is still ongoing.



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	4	4	4	4	100%
10 - 12	0	3	0	3	100%
13 - 15	0	1	0	1	100%
16 - 18	1	1	1	1	4%
19 - 20	0	0	0	0	0%
Total	5	9	5	9	100%
T3.26.1					

Financial Performance Year 2022/23 ICT Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	4027	3172	3172	3002	-6%
Repairs and Maintenance	100	105	2050	3094	97%
Other	14028	17980	16273	18775	4%
Total Operational Expenditure	18155	21257	21495	24871	15%
Net Operational Expenditure	18155	21257	21495	24871	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 3.26.2					

Capital Expenditure 2022/23 : ICT Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	814	814	100%	
COMPUTER HARDWARE	0	17	17	100%	
FURNITURE	0	26	26	100%	
COMPUTER HARDWARE	0	771	771	100%	
T 3.26.3					



### 3.27 Property; Legal; Risk Management and Procurement Service

The Legal division handles all Municipal legal matters of the municipality. Depending on the merits of each matter at hand, the municipality may take a decision to opt to outsource. The risk factors associated with litigation are mitigated through required policies and procedures.

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 the Supply Chain Management Policy.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	2021/22	2022/23			
	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	0	0	0	0	0%
13 - 15	1	1	1	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	1	100%
T 3.26.4					

Financial Performance 2022/23: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	102	5	26	25	80%
Expenditure:					
Employees	8925	10168	10216	9130	-11%
Repairs and Maintenance	0	0	0	0	0%
Other	5959	4035	2929	3035	-33%
Total Operational Expenditure	14884	14203	13145	12165	-17%
Net Operational Expenditure	14782	14198	13119	12140	-17%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.26.5					



Capital Expenditure Year 222/23: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.26.6					



A close-up photograph of a welder's hands holding a welding torch, creating a bright shower of orange and yellow sparks against a dark, industrial background. The sparks are in sharp focus, creating a dynamic and energetic scene. The welder is wearing a dark blue protective suit.

# **CHAPTER 4 : ORGANISATION DEVELOPMENT PERFORMANCE**



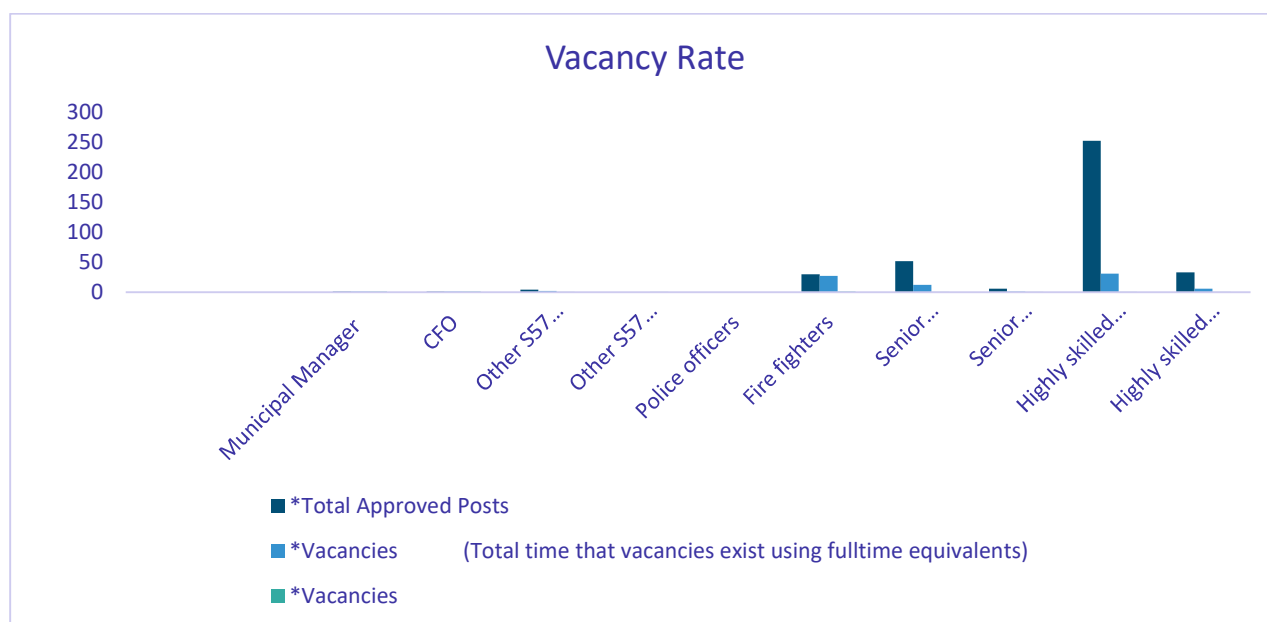
## 4.1 Introduction

The Organisational Development Performance is reported on, based on the strategic objectives and core/support functions of the organisation. Organisational Development within the organisation is linked to the IDP objectives in conjunction with the Vision and Mission Statement of the municipality. Specific Organisational Development Performance that can be reported includes Organisational Structure, Staff Establishment and Workforce Profile.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	0	3	0	0	0	0	0	6
Senior management	4	0	0	0	2	0	0	0	0	0	6
Professionally qualified and experienced specialists and mid-management	15	0	1	1	11	0	1	2	0	0	31
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	94	1	0	8	69	1	1	7	0	0	181
Semi-skilled and discretionary decision making	184	0	0	0	88	1	1	2	0	0	276
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PERMANENT</b>	300	1	1	9	173	2	3	11	0	0	500
Temporary employees	105	0	2	5	131	0	0	5	0	0	248
<b>GRAND TOTAL</b>	405	1	3	14	304	2	3	16	0	0	748



## 4.2 Employee Totals, Turnover and Vacancies



Employees total and vacancies					
Description	2021/22	2022/23			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	45	54	45	9	17%
Wastewater (Sanitation)	30	40	30	10	25%
Electricity	46	63	46	17	27%
Waste Management	16	22	22	0	0%
Housing	11	11	8	3	27%
Wastewater (Stormwater Drainage)	55	93	55	38	41%
Roads	48	51	46	5	10%
Planning	16	17	15	2	12%
Local Economic Development	4	5	3	2	40%
Community & Social Services	143	150	136	14	9%
Social Programmes	9	9	9	0	0%
Health	11	11	11	0	0%
Security and Safety	43	47	41	6	13%
Sport and Recreation	8	15	9	6	40%
Cemetries	33	37	26	11	30%
Corporate Policy Offices and Other.	210	237	220	17	7%
<b>Totals</b>	<b>728</b>	<b>862</b>	<b>722</b>	<b>140</b>	<b>16%</b>



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 of 30 June, as per the approved organogram.

T 4.2.1

Vacancy Rate: 2022/2023			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100%
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	4	2	50%
Other S57 Managers (Finance posts)	0	0	66%
Police officers	0	0	0%
Fire fighters	30	27	90%
Senior management: Levels 13-16 (excluding Finance Posts)	52	12	23%
Senior management: Levels 13-16 (Finance posts)	6	1	16%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	253	31	12%
Highly skilled supervision: levels 9-12 (Finance posts)	33	6	18%
<b>Total</b>	<b>380</b>	<b>81</b>	<b>21%</b>
<p>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.</p>			

T 4.2.2

Turn-over Rate 2022/23			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2019/2020	17	20	118%
2020/2021	24	27	113%
2021/2022	6	23	111%
2022/2023	14	20	118%
<p>* 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</p>			

T 4.2.3

#### 4.2.1 Overall comments on vacancies and turnover

The vacancy rate in the service delivery departments is high. The municipality was unable to recruit staff due to financial constraints in the budget. One of the factors leading to financial constraints was/is the low collection rate of the municipality, a crisis brought on by the Covid-19 pandemic and the resultant job losses/loss of household income. The municipality is however planning on embarking on a mass recruitment drive targeting the





filling of vacancies in the priority departments that are directly responsible for service delivery.

#### **4.2.2 Appointments of Executive Managers**

There is currently 1 vacancy in the senior management positions. The vacancy for the position of the Municipal Manager was finalised and the successful incumbent commenced official duties on the 1 July 2022. The Vacancy HOD LEDP was filled, the successful incumbent commenced official duties on the 1st of October 2023.

The following vacancies exist.

1. Chief Financial Officer: The position of the CFO is vacant and currently we have an acting incumbent. The acting was approved by council. Council undertook to have the incumbent act until the position is filled.

#### **4.3 Managing the Municipal Workforce**

As at the end of the financial year the municipality had a total of 721 employees. To manage the workforce adequately it was imperative that the Human Resource section developed various policies.

- Attraction and Retention
- Code of Conduct for employees
- Delegations, Authorisation & Responsibility
- Disciplinary Code and Procedures
- Employment Equity Plan
- Human Resource Strategy and Plan
- Leave Management Policy
- Long Service Policy
- Recruitment, Selection and Appointment Policy
- OHS Policy
- Remuneration Policy
- Post-Retirement Medical Aid Policy

The HR section together with the Office of the MM is in the process of finalizing the appointment of an Organisational Development ,expert to assist the municipality in reviewing its current staff establishment. The Municipality is in consultation with COGTA to finalize the Staff Establishment Process – A Service Provider has been appointed by Cogta, namely Lokoko Consulting, to assist Municipalities with the Staff Establishment Process as per the Municipal Staff Regulation. Part of this process will be a Skills Audit of the entire permanent staff component. This audit will assist the HR Section on determining the current skills set of the workforce. This analysis will form part of our Learning and Development interventions. To ensure that we have a competent



workforce all new appointments are subjected to Personnel Suitability Checks. All new Section 56 & 57 are required to undertake a competency assessment before an appointment can be finalised.

### 4.3.1 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. The council has approved the Human Resources Policy Manual on the 3rd of August 2023.

HR Policies and Plans				
No	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Attraction and Retention	100%	100%	03 August 2023
2	Code of Conduct for employees	100%	100%	03 August 2023
3	Delegations, Authorisation & Responsibility	100%	100%	03 August 2023
4	Disciplinary Code and Procedures	100%	100%	03 August 2023
5	Employment Equity	100%	100%	03 August 2023
6	Exit Management	100%	100%	03 August 2023
7	Human Resource Strategy	100%	100%	03 August 2023
8	Information Technology	100%	100%	03 August 2023
10	Leave	100%	100%	03 August 2023
12	Recruitment, Selection and Appointments	100%	100%	03 August 2023
13	OHS Policy	100%	100%	03 August 2023
14	Remuneration Policy	100%	100%	03 August 2023
15	Post-Retirement Medical Aid Policy	100%	100%	03 August 2023
16	Other			03 August 2023
Use name of local policies if different from above and at any other HR policies not listed.				T 4.3.2.1

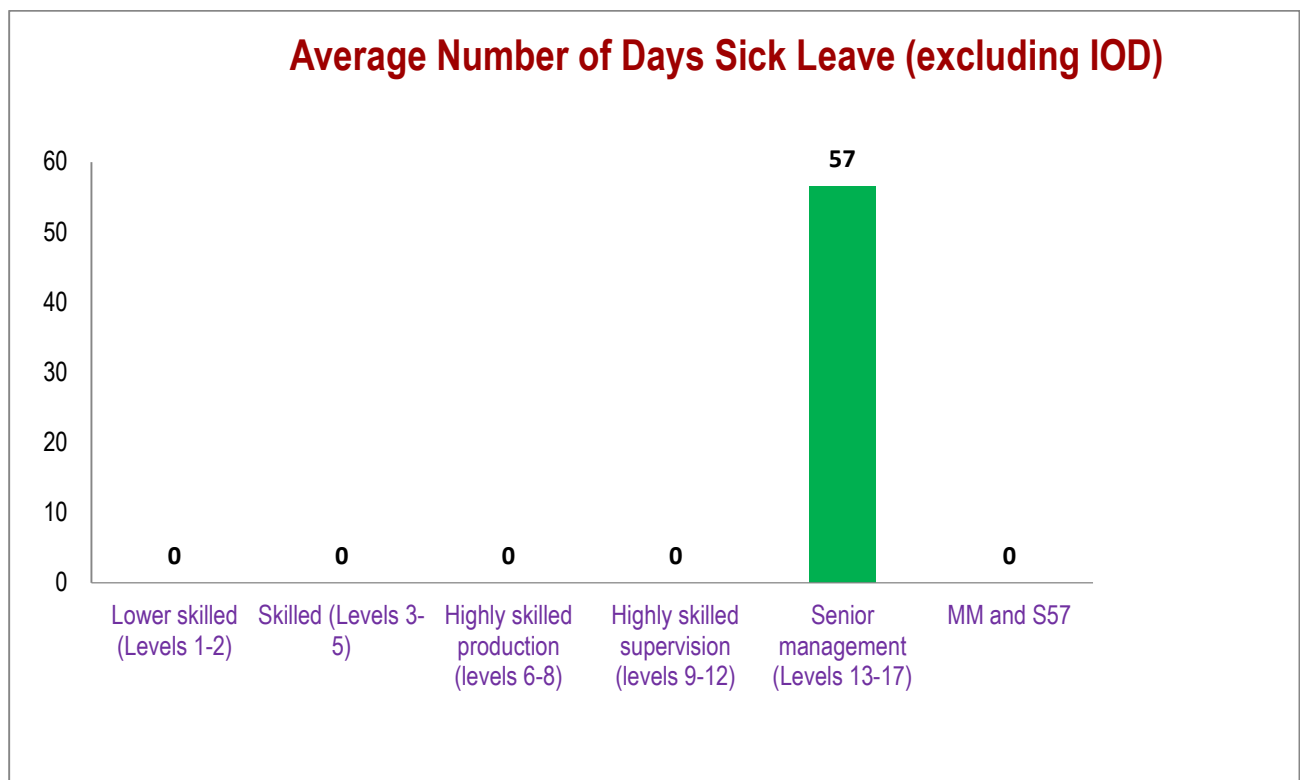
### 4.3.2 Injuries, Sickness and Suspensions.

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	35	11	4	4	131000
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>35</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>131000</b>
					T 4.3.2.2





Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	0	0 %	0	0	0.0	R0.00
Skilled (Levels 3-5)	434	8.5%	18	379	87.32	R538,359.143
Highly skilled production (levels 6-8)	582	7%	30	97	16.66	R420,807.28
Highly skilled supervision (levels 9-12)	210	2.3%	10	67	31.90	R1,063,317.67
Senior management (Levels 13-15)	69	0	5	39	57	R386,643.48
MM and S57	0	0	0	4	0	R0.00
<b>Total</b>	<b>1176</b>	<b>23.91</b>	<b>282</b>	<b>791</b>	<b>31.8</b>	<b>R1,988,741.10</b>
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5 T 4.3.2.3						





### Overall comments

The municipality has been operating without considering 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 workplace.

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

Number and Period of Suspensions – 2022/23				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalized	Date Finalized
Cashier	Financial	06- July-2022	DC Finalised	16 Nov 2022
Skills Development Officer	Financial	07-March-2022	DC hearing scheduled to sit	Still in progress
Town Planner	Financial	05-April-2022	DC hearing scheduled to sit	Still in progress

Disciplinary Action Taken on Cases of Financial Misconduct – 2022/23			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
Cashier	Financial	DC Finalised	Finalised
Skills Development Officer	Financial	Suspended pending outcome of Disciplinary Hearing	Still in progress
Town Planner	Financial	Suspended pending outcome of Disciplinary Hearing	Still in progress



#### 4.4 Skills Development and Training

Management level	Gender	Employees in post as at 2022/23	Number of skilled employees required and actual as at 30 June 2022/23											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual - 2022/23	Actual - 2021/22	Target - 2021/22	Actual - 2022/23	Actual - 2022/23	Target - 2021/22	Actual - 2022/23	Actual - 2021/22	Target - 2021/22	Actual - 2022/23	Actual - 2021/22
MM and s57	Female	3	0	0	0	2	2	2	0	0	0	2		11
	Male	2	0	0	0	1	1	1	0	1	1	0	8	8
Councilors , senior officials and managers	Female	13	10	20	20	16	20	20	16	20	20	16	20	36
	Male	26	12	7	7	5	25	45	5	25	45	5	7	12
Technicians and associate professionals*	Female	87	20	30	30	11	11	11	15	30	30	15	30	45
	Male	134	15	10	10	11	11	11	12	10	10	12	10	22
Professionals	Female	174	19	19	19	0	0	0	0	0	0	0	35	35
	Male	192	5	5	5	0	0	0	0	0	0	0	28	28
Sub total	Female	40	53	96	70	0	0	0	0	0	0	0	96	96
	Male	120	42	39	39	0	0	0	0	0	0	0	39	39
Total		612	176	226	200	46	70	90	48	86	106	50	284	332
*Registered with professional Associate Body e.g CA (SA)														

T 4.5.1

The municipality has an approved WSP for the year under review. Submission was made to LGSETA.



## 4.5 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.

Performance Rewards By Gender 2022/23					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2022/23 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	82	0	n/a	0
	Male	92	0	n/a	0
Skilled (Levels 3-5)	Female	107	0	n/a	0
	Male	98	0	n/a	0
Highly skilled production (levels 6-8)	Female	201	0	n/a	0
	Male	101	0	n/a	0
Highly skilled supervision (levels 9-12)	Female	28	0	n/a	0
	Male	39	0	n/a	0
Senior management (Levels 13-15)	Female	13	0	n/a	0
	Male	26	0	n/a	0
MM and S57	Female	3	0	n/a	0
	Male	1	0	n/a	0
Total		791	0	n/a	
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).</i></p>					

T 4.5.1



Financial Competency Development: Progress Report* - 2022/23						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	0
Chief financial officer	0	0	0	0	0	0
Senior managers	3	0	3	3	3	3
Any other financial officials	44	0	44	0	0	41
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	49	0	49	4	4	44
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

The Municipal Manager, Acting Chief Financial Officer and Executive Manager Infrastructure Services have commenced with the minimum competency training as required by the post that they occupy. Skills Development programmes have been provided to the lower levels of staff as follows.

- Municipal Governance: 13 employed learners are enrolled for the 15-month learnership.
- Early Childhood Development: 29 unemployed learners have completed the 15-month learnership.
- Batho Pele Training attended by Customer Care staff.
- Project Management learnership: 69 unemployed youth have been enrolled. Recruitment processes have been undertaken and finalised. The learnership will run for a period of 12 months.
- Skills Programme in Communication: 20 Learners attended, over a period of 5 days,
- Sedibeng TVET College: 20 Internship Learners was received from Sedibeng for a period of 18 months. Learners have been placed across the municipality.
- Vaal University of Technology. The municipality received the following learners for Work Integrated Learning experience.



1. Human Resource: 1 learner
2. Electrical Engineering: x2 learners
3. Civil Engineering: x2 learners

Skills Development Expenditure 2022/23										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2022/23							
		No.	Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	3	108000	108000	0	0	0	0	0	0
	Male	1	54000	54000	0	0	0	0	0	0
Legislators, senior officials, and managers	Female	7	0	0	75000	75000	0	0	0	0
	Male	5	120000	100000			0	0	0	0
Professionals	Female	13	0	50000	0	0	0	0	0	0
	Male	26	0	40000	0	0	0	0	0	0
Technicians and associate professionals	Female	28	0	20000	100000	75000	0	0	0	0
	Male	39	0	70000	150000	45000	0	0	0	0
Clerks	Female	20	112600	112600	0	0	0	0	0	0
	Male	8	65000	65000	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	15000	15000	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0	0	0	0	0
	Male	61	0	0	0	0	0	0	0	0
Elementary occupations	Female	107	0	0	0	0	0	0	0	0
	Male	98	0	0	0	0	0	0	0	0
Sub total	Female	82	0	0	0	0	0	0	0	0
	Male	92	0	0	0	0	0	0	0	0
Total		618	459600	619600	340000	210000	0	0	0	0
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										





Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).		
T 4.5.4		

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation in 2022/23				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
No employees affected				
T 4.5.5				

Employees appointed to posts not approved in 2022/23				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
NONE				
T 4.5.6				

# CHAPTER 5 : FINANCIAL PERFORMANCE





## 5.1 Introduction

The municipality experienced severe cashflow challenges which resulted in the municipality failing to meet its obligations timeously.

On 30 June 2023 the total outstanding creditors including ESKOM and Rand water amounted to R238 million which is going to impact on the 2023/2024 unfunded budget.

Debt impairment realised was over R209 million, debt impairment figure represents the total amount which is not received from billed revenue.

Cash flow challenges are as a result of reduced income to households because of the economic effects of COVID19, reduced billing on all our large power users because they are using alternative energy and have alternative water resources.

Credit control and debt collection operations are implemented but that is not stopping the increase in the debtor's book and the increase in the debt impairment figure. The average collection rate of the municipality amounted to 66% which is below the targeted 85% collection rate for the year.

The municipality realised a deficit of R273 121 390 for the financial year 2022/2023 and the most contributing factor was debt impairment of R416 910 437. The municipality implemented cost containment measures in some votes such as employee Costs – 23% of

total operating expenditure was saved from the budgeted, this is within the expected norm of 35%.

Repairs and maintenance costs - 5% 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 able 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.



## 5.2 Statements of Financial Performance

The municipality realized a deficit of R273 121 390 for the financial year ended 30 June 2023. The impairment of consumer debtors increased by R210 522 152 (102%) when compared to the prior year. The municipality will continue to implement credit control and debt collection policy to increase the revenue collection and monitor indigent households

Financial Summary R' 000						
Description	2021/22	2022/23		2022/23 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	147 135	153 386	159 045	154 088	100%	96,88%
Service charges	629 216	655 362	678 544	612 338	93%	90%
Investment revenue	50 155	50 331	50 331	50 852	101%	101%
Transfers recognised - operational	178 323	195 593	204 478	199 620	102%	98%
Other own revenue	15 146	41 574	11 574	17 009	41%	147%
<b>Total Revenue (excluding capital transfers and contributions)</b>	1 019 974	1 096 246	1 103 971	1 033 908		
					94%	94%
Employee costs	217 565	231 466	231 466	231 389	100%	100%
Remuneration of councillors	11 728	13 062	13 062	12 523	96%	96%
Depreciation & asset impairment	44 743	43 098	43 098	64 845	150%	150%
Finance charges	6 967	4 248	4 248	20 376	480%	480%
Materials and bulk purchases	399 169	457 893	485 781	388 029	85%	80%
Transfers and grants	-	-	-	-	0%	0%
Other expenditure	424 868	390 134	427 189	675 306	173%	158%
<b>Total Expenditure</b>	1 105 040	1 139 900	1 204 844	1 392 468	122%	116%
<b>Surplus/(Deficit)</b>	(85 065)	(43 654)	(100 872)	(358 560)	821%	355%
Transfers recognised - capital	103 505	91 030	90 932	85 439	94%	94%
Contributions recognised - capital & contributed assets	-	-	-	-	0%	0%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	18 440	47 376	(9 940)	(273 121)		
Share of surplus/ (deficit) of associate	-	-	-	-	-576%	2748%
<b>Surplus/(Deficit) for the year</b>	18 440	47 376	(9 940)	(273 121)	0%	0%
					-576%	2748%
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	-	-	-	-	0%	0%
Transfers recognised - capital	86 646	83 243	90 932	76 677	92%	84%
Public contributions & donations	-	-	-	-	0%	0%



Financial Summary R' 000						
Description	2021/22	2022/23		2022/23 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Borrowing	–	–	–	–	0%	0%
Internally generated funds	4 712	22 000	19 292	5 435	25%	28%
<b>Total sources of capital funds</b>	<b>91 358</b>	<b>105 243</b>	<b>110 224</b>	<b>82 112</b>	<b>78%</b>	<b>74%</b>
<b>Financial position</b>						
Total current assets	336 115	355 166	270 972	168 468	47%	62%
Total non current assets	1 220 029	1 233 933	1 239 233	1 208 521	98%	98%
Total current liabilities	309 248	397 028	388 737	401 626	101%	103%
Total non current liabilities	82 894	85 286	85 286	84 483	99%	99%
Community wealth/Equity	1 164 003	1 106 784	1 036 182	890 881	80%	86%
<b>Cash flows</b>						
Net cash from (used) operating	81 896	111 868	97 555	119 455	107%	122%
Net cash from (used) investing	(94 718)	(105 243)	(110 724)	(82 112)	78%	74%
Net cash from (used) financing	2 233	(4 601)	(4 601)	(6 763)	147%	147%
<b>Cash/cash equivalents at the year end</b>	<b>(10 589)</b>	<b>2 025</b>	<b>(17 769)</b>	<b>30 579</b>	<b>1510%</b>	<b>-172%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	39 972	57	(287)	70 551	124615 %	-24542%
Application of cash and investments	–	–	–	–	#DIV/0!	#DIV/0!
<b>Balance - surplus (shortfall)</b>	<b>39 972</b>	<b>57</b>	<b>32 680</b>	<b>551</b>	<b>124615 %</b>	<b>216%</b>
<b>Asset management</b>						
Asset register summary (WDV)	1 220 029	1 233 933	1 239 233	1 208 521	98%	98%
Depreciation & asset impairment	44 743	43 098	43 098	64 845	150%	150%
Renewal of Existing Assets	–	–	–	–	#DIV/0!	#DIV/0!
Repairs and Maintenance	54 832	57 017	42 935	45 932	81%	107%
<b>Free services</b>						
Cost of Free Basic Services provided	–	–	–	–	%	%
Revenue cost of free services provided	–	48 111	–	–	%	%
<b>Households below minimum service level</b>						
Water:	–	–	–	–	%	%
Sanitation/sewerage:	–	–	–	–	%	%
Energy:	–	–	–	–	%	%
Refuse:	–	–	–	–	%	%
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 2022/23						
R '000						
Description	2021/22	Current: 2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	197 923	158 447	197 409	163 194	103,00%	82,67%
Wastewater (Sanitation)	57 665	45 129	40 959	168 169	372,64%	410,57%
Electricity	443 312	475 988	475 282	516 589	108,53%	108,69%
Waste Management	58 330	51 935	48 526	66 268	127,60%	136,56%
Housing	5 533	8 712	2 922	5 921	67,96%	202,60%
Component A: sub-total	762 763	740 212	765 099	920 140	124,31%	120,26%
Wastewater (Stormwater Drainage)	-	-	-	-	0,00%	0,00%
Roads	33 270	34 014	29 698	27 653	81,30%	93,11%
Transport	-	-	-	-	0,00%	0,00%
Component B: sub-total	33 270	34 014	29 698	27 653	81,30%	93,11%
Planning	-	-	-	-	0,00%	0,00%
Local Economic Development	8 818	19 781	286	43 338	219,09%	15179,04%
Component B: sub-total	8 818	19 781	286	43 338	219,09%	15179,04%
Planning (Strategic & Regulatory)	-	-	-	-	0,00%	0,00%
Local Economic Development	-	-	-	-	0,00%	0,00%
Component C: sub-total	-	-	-	-	0,00%	0,00%
Community & Social Services	40 104	29 206	28 982	47 299	161,95%	163,20%
Environmental Protection	13 304	-	-	14 910	0,00%	0,00%
Health	7 136	6 320	5 405	5 261	83,25%	97,34%
Security and Safety	18 556	61 755	7 246	16 035	25,96%	221,29%
Sport and Recreation	6 932	21 981	9	11 021	50,14%	117629,90%
Corporate Policy	214 157	226 632	358 178	306 812	135,38%	85,66%
Offices and Other	300 189	345 894	399 820	401 338	116,03%	100,38%
Component D: sub-total	300 189	345 894	399 820	401 338	116,03%	100,38%
Total Expenditure	1 105 040	1 139 900	1 194 903	1 392 468	122,16%	116,53%
						T 5.1.2





### 5.3 Grants

Grant Performance R' 000						
Description	2021/22	2022/23			2022/23 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	164 545	184 497	184 497	184 497	0%	0%
Equitable share	157 952	181 319	181 319	181 319	0%	0%
Municipal Systems Improvement	–	–	–	–	0%	0%
Expanded Public Works Program Integrated Grant	1 100	1 228	1 228	1 228	0%	0%
Finance Management Grant	1 750	1 950	1 950	1 950	0%	0%
Other transfers/grants [insert description]	3 742	–	–	–	0%	0%
Provincial Government:	6 621	8 066	11 066	15 613	48%	29%
Health subsidy	–	–	–	–	0%	0%
Libraries plan	4 621	7 000	10 000	8 882	21%	-13%
Human Settlement	–	–	–	5 666	100%	100%
Expanded Public Works Program (Cogta)	1 000	1 066	1 066	1 066	0%	0%
Grap 17 Compliance	1 000	–	–	–	0%	0%
District Municipality:	3 455	5 161	3 685	3 516	-47%	-5%
Health subsidy	3 455	5 161	3 685	3 516	0%	0%
Other grant providers:	702	–	–	1 835	100%	100%
Department of Public Services and Administration	–	–	–	175	100%	100%
Seta	702	–	–	1 660	100%	100%
Bontle Ke Botho	–	–	–	–	0%	0%
<b>Total Operating Transfers and Grants</b>	<b>175 323</b>	<b>197 724</b>	<b>199 248</b>	<b>205 461</b>	<b>4%</b>	<b>3%</b>
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 5.3.1



Grants Received From Sources Other Than Division of Revenue Act (DoRA) - 2022/23						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
NONE						
<b>Foreign Governments/Development Aid Agencies</b>						
NONE						
<b>Private Sector / Organisations</b>						
NONE						
Provide a comprehensive response to this schedule						T 5.2.3

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.

#### 5.4 Asset Management

The following are the LLM 3 largest projects for 2022/2023 that were constructed to enhance and improve the living conditions of our new dwelling to ensure proper service delivery for the community of Lesedi. The projects will also assist in generating revenue through monthly service charge.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED - 2022/2023			
Asset 1			
Name	Electrification - Obed Nkosi		
Description	Infrastructure (Electricity)		
Asset Type	Electrification of Obed Nkosi		
Key Staff Involved	Electrical Department (Infrastructure)		
Staff Responsibilities	Electrical Department (Infrastructure)		
Asset Value	2020-21	2021-22	2022-23
			R15 132 448,12
Capital Implications	INEP		
Future Purpose of Asset	Installation of electricity in a new township		
Describe Key Issues	Providing electricity		
Policies in Place to Manage Asset	Asset maintenance Plans		
Asset 2			
Name	CONSTR ROADS & STORMWATER JAMESON PARK		
Description	Infrastructure		
Asset Type	Infrastructure (Roads and Stormwater)		
Key Staff Involved	Roads and Storm Water		
Staff Responsibilities	Roads and Storm Water		
Asset Value	2020-21	2021-22	2022-23
		R12 407 914,69	0
Capital Implications	MIG (Funding)		



TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED - 2022/2023			
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	Asset maintenance Plans		
Asset 3			
Name	REPLACEMENT OF ASBESTOS PIPES LESEDI P7		
Description	Infrastructure (Water and Stormwater)		
Asset Type	Replacement from asbestos to pvc pipes		
Key Staff Involved	Water Department		
Staff Responsibilities	Water Department		
Asset Value	2020-21	2021-22	2022-23
			R11 619 547,21
Capital Implications	MIG (Funding)		
Future Purpose of Asset	Providing efficient water services to public		
Describe Key Issues	Providing efficient water services to public		
Policies in Place to Manage Asset	Asset Maintenance Plans		

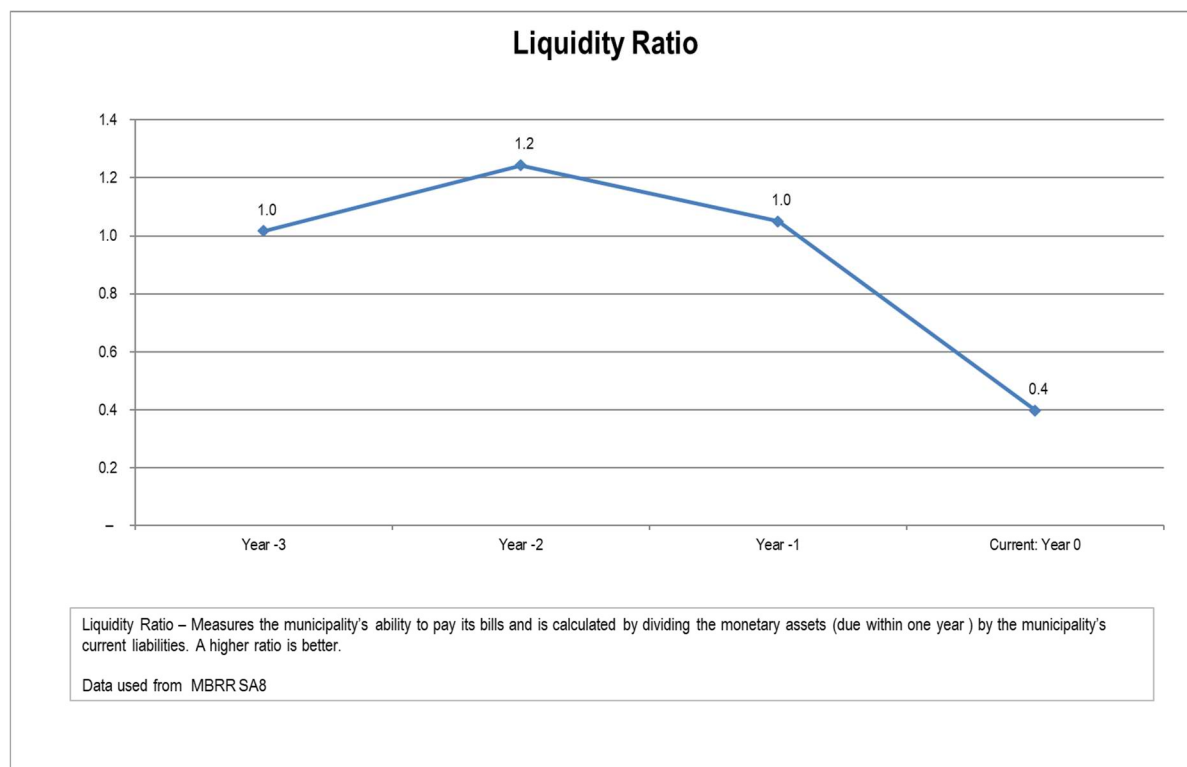
Repair and Maintenance Expenditure:2022/23				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	9893	5223	6878	30%
				T 5.3.4

Repairs and Maintenance expenditure was in line with the budget, however more than 50% of the budget was spend as per the norm.

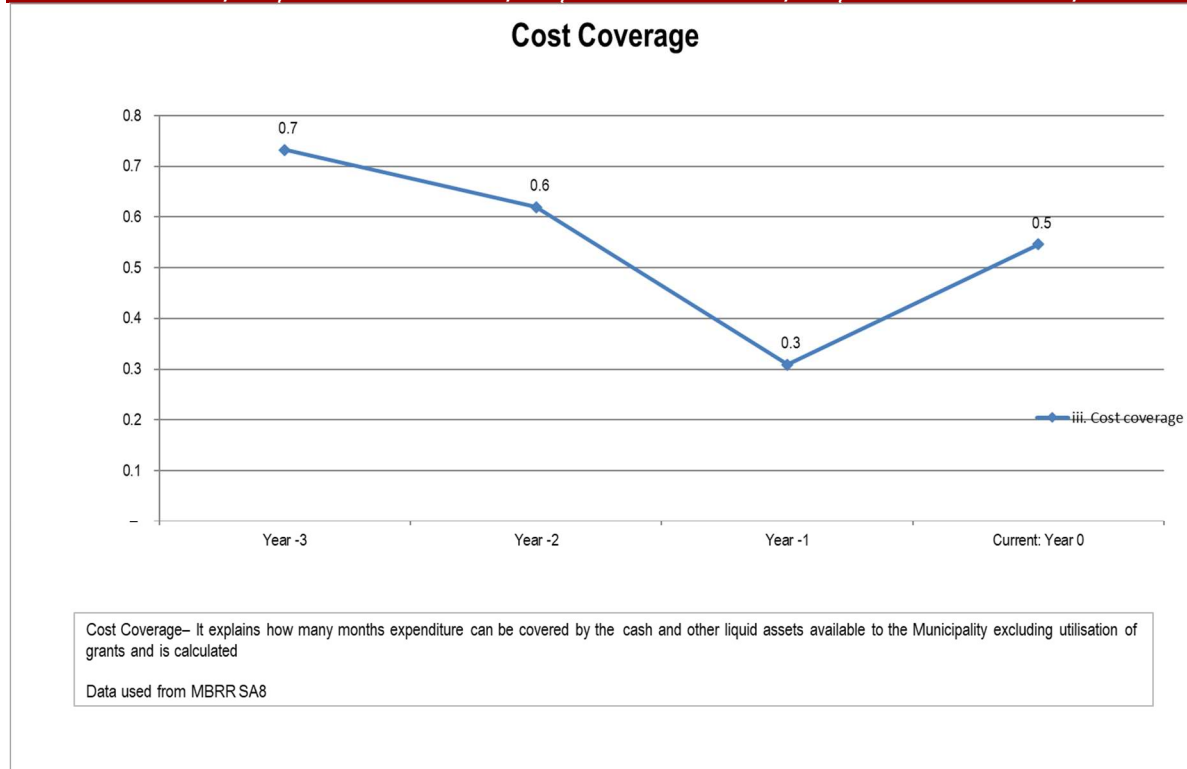


## Financial Ratios Based on Key Performance Indicators

Graph 5.1 Financial ratios



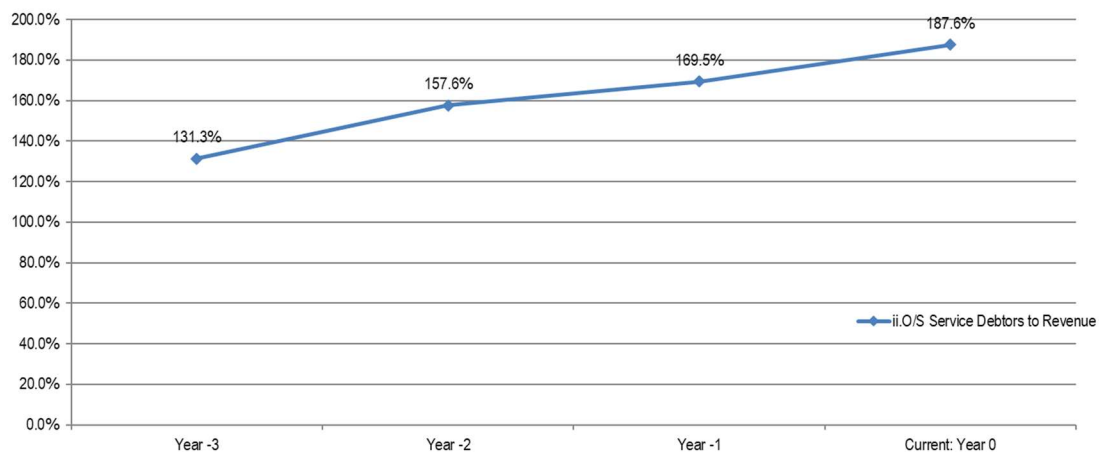
Year 0 = 2022/23; Year 1 – 2021/22; Year 2 = 2020/21; Year 3 = 2019/20



Year 0 = 2022/23; Year 1 – 2021/22; Year 2 = 2020/21; Year 3 = 2019/20



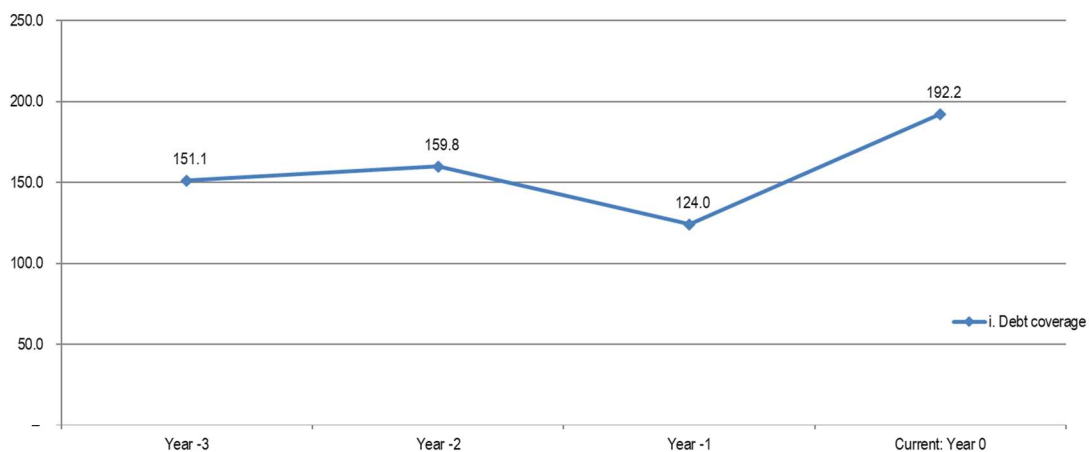
### Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

### Debt Coverage



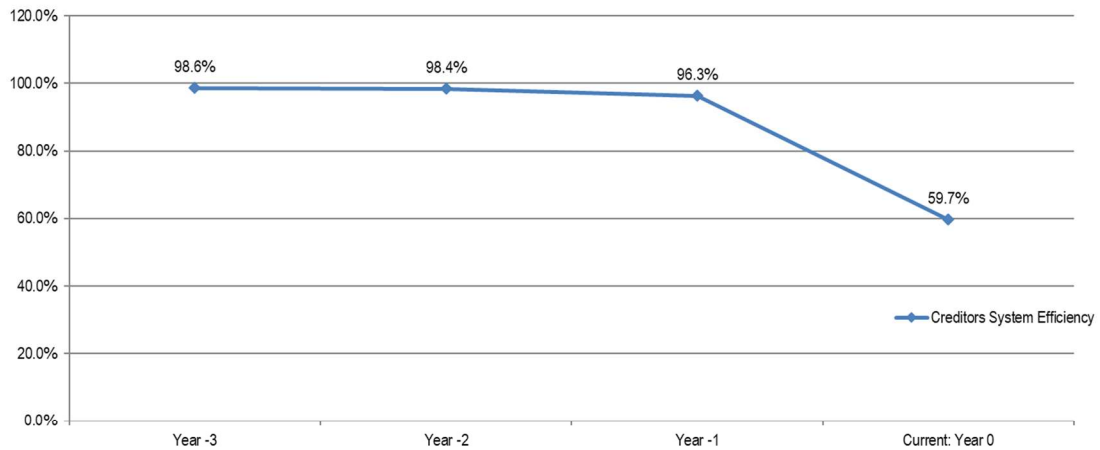
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8



Year 0 = 2022/23; Year 1 = 2021/22; Year 2 = 2020/21; Year 3 = 2019/20

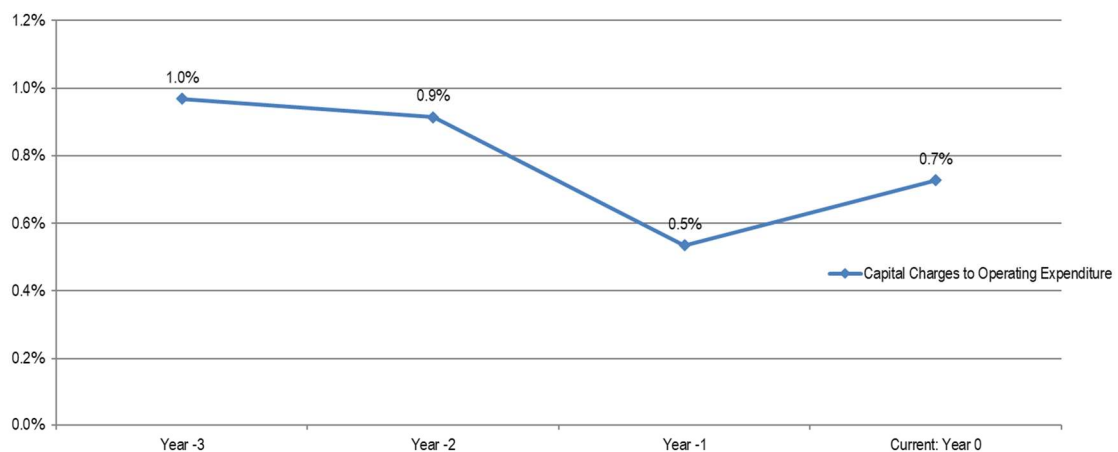
### Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

### Capital Charges to Operating Expenditure



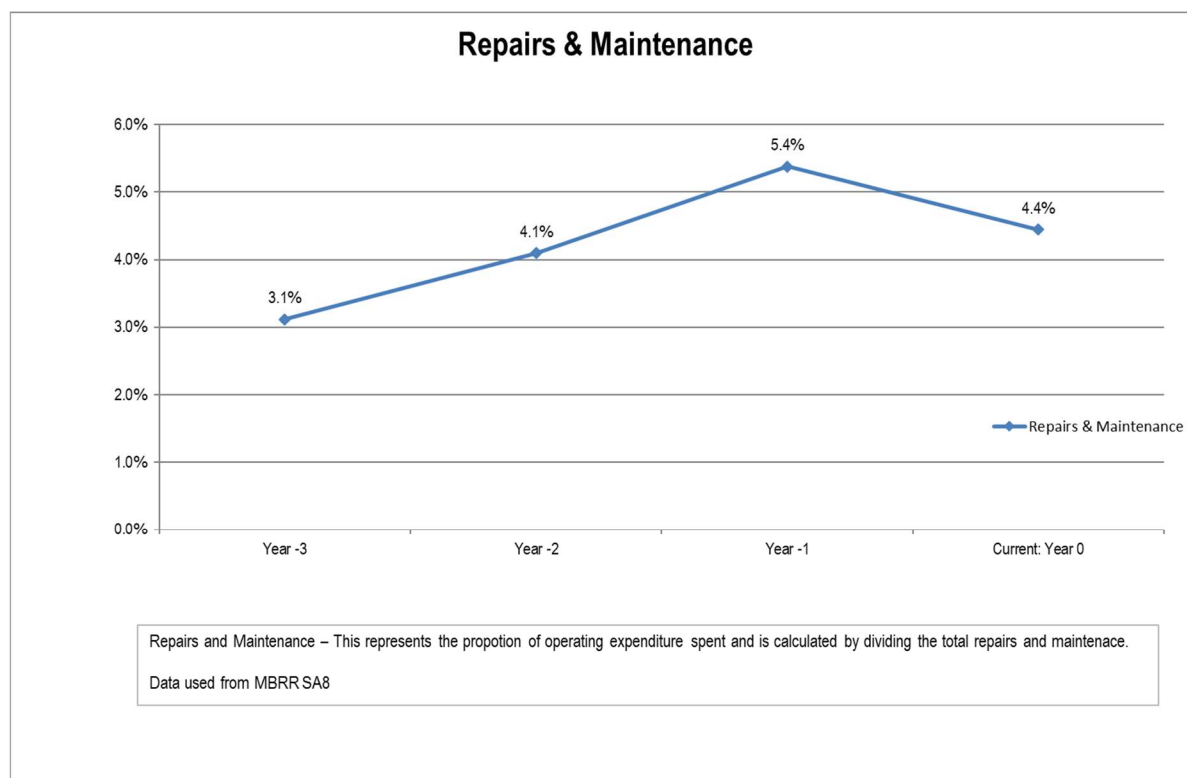
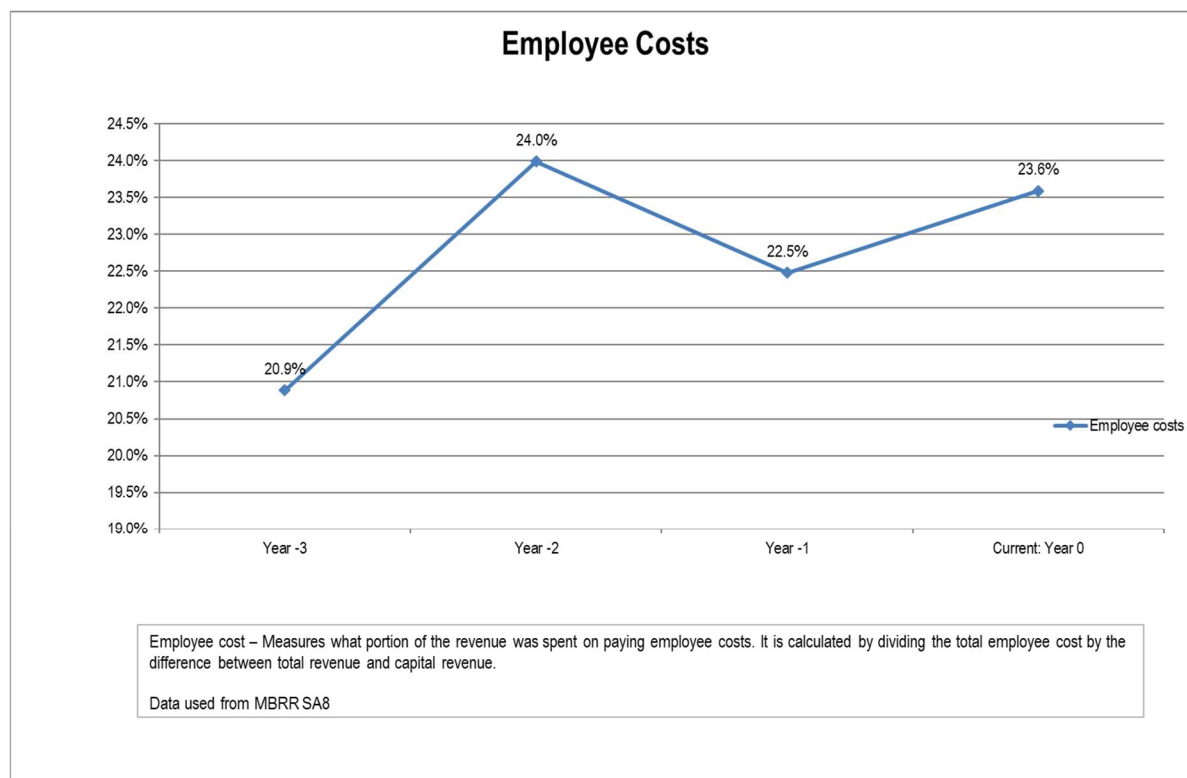
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8





Year 0 = 2022/23; Year 1 = 2021/22; Year 2 = 2020/21; Year 3 = 2019/20





Year 0 = 2022/23; Year 1 = 2021/22; Year 2 = 2020/21; Year 3 = 2019/20

### Overall Comments on the Financial Ratios.

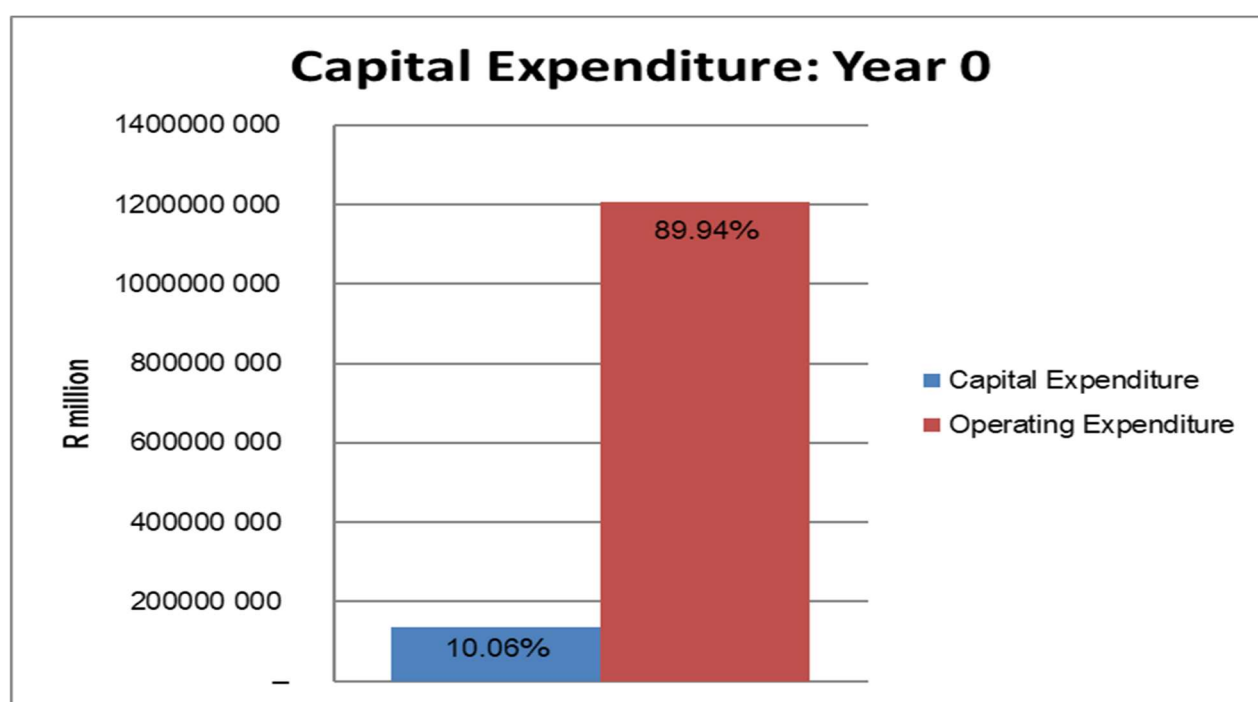
The municipality has minimal long-term debt and this is at very manageable levels. This is evidenced by the coverage ratio of 192 times. In addition, the payments make up only 0.7% of expenditure.

The municipality is experiencing cash flow challenges. The municipality does not have sufficient liquid assets to cover its current liabilities. Available monetary assets cover only 40% of the current liabilities. The effect of the cash flow challenges is noticeable in the current financial period as the creditors efficiency system has declined to 59.7%. The payment of creditors will be carefully monitored to ensure the rate does not deteriorate further.

The failure of the municipality to generate cash is further highlighted in the cost coverage ratio of only 0.5 months, this is a slight improvement on the coverage ratio of 0.3 months in the previous financial period.

The poor collection rate within the municipality has caused the total outstanding service debtors to balloon to 187.6% of revenue. A large portion of these outstanding debtors are over 90 days and the recoverability of this debt is uncertain.

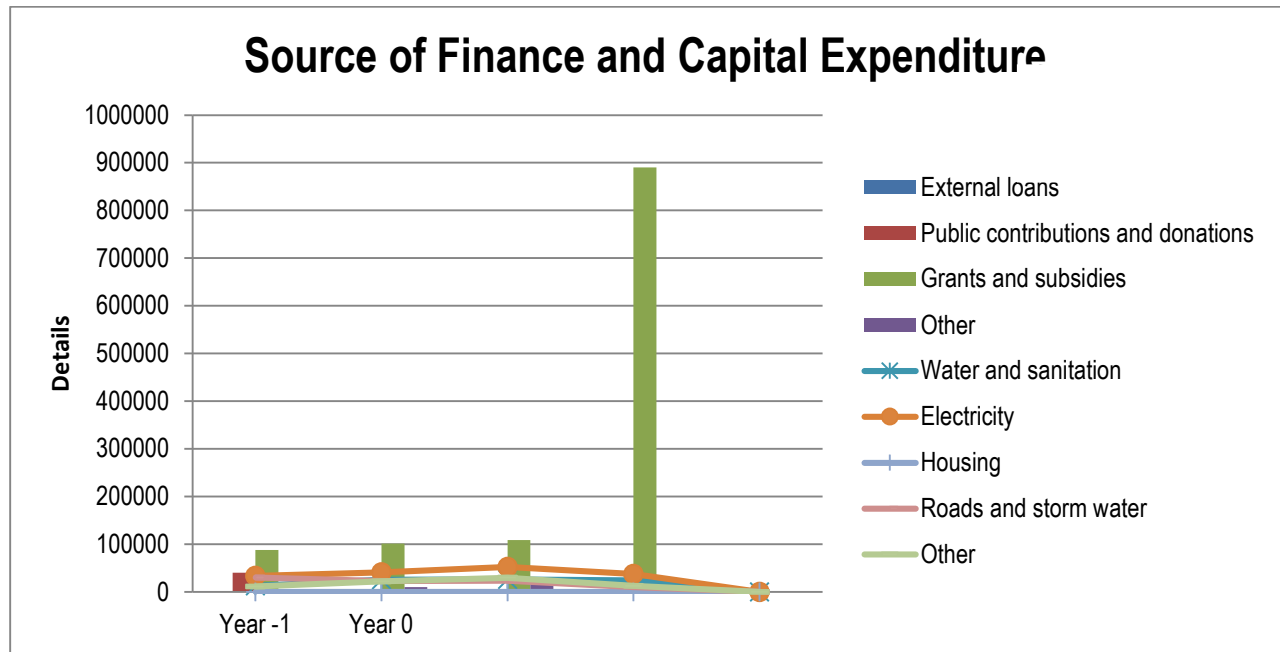
## 5.5 Capital Expenditure





## 5.6 Capital Expenditure - Funding Sources

Capital Expenditure - Funding Sources: 2021/22 to Year 2022/23							
R' 000							
Details		2021/22	Current - 2022/23				
		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	0	0	0	0	0,00%	0,00%
	Grants and subsidies	86 646	83 243	90 932	76 677	9,24%	-7,89%
	Other	4 712	22 000	19 292	5 435	0,00%	0,00%
Total		91 358	105 243	110 224	82 112	9,24%	-7,89%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	94,8%	79,1%	82,5%	93,4%	100,0%	100,0%
	Other	5,2%	20,9%	17,5%	6,6%	0,0%	0,0%
Capital expenditure							
	Water and sanitation	11 349	21 035	22 680	11 620	7,82%	-44,76%
	Electricity	39 288	46 229	39 308	25 343	-14,97%	-45,18%
	Housing	-	-	-	-	-	-
	Roads and storm water	24 510	22 566	24 597	20 274	9,00%	-10,16%
	Other	16 212	15 413	24 138	24 876	56,61%	61,40%
Total		91 358	105 243	110 724	82 112	-	-
Percentage of expenditure							
	Water and sanitation	12,4%	20,0%	20,5%	14,2%	-	-
	Electricity	43,0%	43,9%	35,5%	30,9%	-	-
	Housing	0,0%	0,0%	0,0%	0,0%	-	-
	Roads and storm water	26,8%	21,4%	22,2%	24,7%	-	-
	Other	17,7%	14,6%	21,8%	30,3%	-	-
T 5.6.1							



## 5.7 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 (%)
ELECTRIFICATION- OBED NKOSI	13 736	11400	21 719	-58%	17%
ELECTRIFICATION-IMPUMELELO - MV	11 900	12200	15 087	-27%	-3%
SWITCHING STATION RATANDA	9 500	12400	0	100%	-31%
CONST ROADS & S/W RATANDA 1;3;6 & OBED N	9 216	10779	6 389	31%	-17%
REPLACEMENT OF ASBESTOS PIPES LESEDI	8 000	8 000	14 716	-84%	0%
ELECTRIFICATION (Internally Funded)	0	9 939	0	0%	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 experienced in the future				
Anticipated citizen benefits	Community will be benefiting from the project				
Name of Project - B	Construction of Roads and Stormwater in Heidelberg Ext 23 and 26				
Objective of Project	Access to proper roads and stormwater				
Delays	No delays				
Future Challenges	No future challenges to be experienced in the future				
Anticipated citizen benefits	Community will be benefiting from the project				
Name of Project - C	Electrification Obéd Nkosi Phase 4				
Objective of Project	Providing of electrification to a newly established township				



Delays	No delays				
Future Challenges	No future challenges to be experienced 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 established township				
Delays	No delays				
Future Challenges	No future challenges to be experienced in the future				
Anticipated citizen benefits	Community will be benefiting from the project				
Name of Project - E	Highmast				
Objective of Project	Lighting for the New established				
Delays	No delays				
Future Challenges	No future challenges to be experienced in the future				
Anticipated citizen benefits	Community will be benefiting from the project				
T 5.7.1					

## 5.8 Basic Service and Infrastructure Backlogs

### 5.9.1 WASTEWATER TREATMENT WORKS (WWTW)

Project Name	Location	Ward	Project Duration	Bulk Sewer Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Expansion of Devon WWTW	Devon	13	Multiyear	3ML to 8ML	8ML	MIG/RBIG	Feasibility studies underway and sourcing of funding R112 000 000.00
Construction of WWTW KwaZenzele	KwaZenzele	12	Multiyear	6ML	6ML	MIG/RBIG	WULA is in its final stage. Feasibility studies would commence once funding is confirmed. R131 000 000.00
Expansion of Ratanda WWTW	Ratanda	5	Multiyear	10ML	10ML	MIG/RBIG	Feasibility would commence once funding is confirmed. R131 000 000.00
Sewer Reticulation in Kaydale Township	Kaydale	10	I year	550 stands	550 stands	WSIG	Funding confirmation of R25 000 000.00



### 5.9.2 BULK WATER STORAGE

Project Name	Location	Ward	Project Duration	Water Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Construction of a 15ML Reservoir Ext 26 Heidelberg	Extension 26	11	Multiyear	15ML	15ML	Human Settlement	Construction completed project awaiting commissioning
Refurbishment of the Vischuil Reservoir	Vischuil	12	1 year	5ML	5ML	WSIG/ Human Settlement	Minor refurbishment and commissioning of the reservoir. R2 500 000.00

### 5.9.3 BULK WATER SUPPLY PIPELINES

Project Name	Location	Ward	Project Duration	Bulk Water and Reticulation Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Reticulation of 550 units Kaydale	Kaydale	10	1 year	550 stands	550 stands	WSIG	Project would be implemented in 2023/2024 R18 000 000.00
New Bulk water pipeline (From Bloemendal Pump Station (Randwater) to the Reservoir)	KwaZenzele	12	1 year	6km	6km	RBIG	Funding R7 500 000.00
Expose, Test and Replace bulk supply water pipeline from Reservoir to KwaZenzele Extension 1	KwaZenzele	12	1 year	3km	3km	Human Settlement	Funding requirements R6 000 000.00
Water Pump Station in the vicinity of Heidelberg Command Reservoirs	Heidelberg	9	1 year	1	1	Human Settlement/ WSIG	Funding Requirements R18 500 000.00
Bulk Water Pump line from Command Reservoirs to Ext 26 Tower & Reservoir Site	Heidelberg	11	1 year	1	1	Human Settlement / WSIG	Funding Requirements R28 000 000.00
Bulk Gravitational Water Pipeline from Ext 26 to Obed Nkosi Township	Ext26 and Obed Nkosi	11	1 year	15km	15km	Human Settlement/ WSIG	Funding Requirements R25 700 000.00





Project Name	Location	Ward	Project Duration	Bulk Water and Reticulation Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Refurbishment of old water supply pipeline	Lesedi	All	Multiyear	10km	10km	Human Settlement / WSIG	Funding Requirements R19 450 000.00

## 5.9.4 WATER SUPPLY TO RURAL AREAS

Project Name	Location	Ward	Project Duration	Water Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Ground water Supply Simpiwe Village	Simphiwe Village & Sedaven	1	1 year	3	3	WSIG/ Ntirisano	2 boreholes drilled and awaiting commissioning. 1 could not yield enough water.
Ground water Supply Houtpoort	Houtpoort	11	1 year	2	2	WSIG/ Ntirisano	2 boreholes drilled and awaiting commissioning.
Ground water supply Laangzekoiegt	Laangzekoiegt	12	1 year	2	2	WSIG/ Ntirisano	2 boreholes drilled and awaiting commissioning.

## 5.9.5 WASTE MANAGEMENT SERVICES

Project Name	Location	Ward	Project Duration	Waste Management Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Houtpoort Farm portion	Houtpoort Farm Portion	8, 23 & 26	Multiyear	1	1	DEA	Feasibility study phase. Funding still not confirmed. R56 000 000.00
Rehabilitation and Closure of Portjie site	Portjie	10	1 year	1	1	DEA	Funding to be sourced. R8 500 000.00
Rehabilitation and Closure of Devon site	Devon	13	1 year	1	1	DEA	Funding to be sourced. R8 500 000.00
Lesedi Wide 240l bins Rollout	Lesedi	1 - 13	1 year	40 000	40 000	DEA	Funding required R60 000 000.00
Separation at source	Lesedi	1 - 13	1 year	40 000	40 000	DEA	Funding Required R30 000 000.00

## 5.9.6 ROADS AND STORMWATER SERVICES



Project Name	Project Location	Ward	Current Roads Conditions	Roads and Stormwater infrastructure Requirements			
				Project Duration	Target	Source of Funding	Funding Required
Construction of Roads and Stormwater at Obed Nkosi Township	Obed Nkosi	1	Majority Gravel	Multi-year	85.5km	MIG	R 470 250 000
Construction of Roads and Stormwater at Ratanda	Ratanda	1,3&6	Gravel, Tar and Paving	Multi-year	25.5km	MIG	R 140 250 000
Construction of Roads and Stormwater at Jameson Park	Jameson Park	10	Gravel, Tar and Paving	Multi-year	17.5km	MIG	R 96 250 000
Construction of Roads and Stormwater Extensions 23&26	Heidelberg Extensions 23&26	7&11	99% Paved	Multi-year	0.1km	MIG	R 550 000
Construction of Roads and Stormwater Extension 2 at Impumelelo	Impumelelo Extension 2	13	19% Paved	Multi-year	12.9km	DRDLR	R 70 950 000
Construction of Roads and Stormwater at Impumelelo	Impumelelo Extensions 3 & 4	13	100% Gravel	Multi-year	7.6km	DRDLR	R 41 800 000
Construction of Roads and Stormwater Extension 1 at Kwazenzele	Kwazenzele Extension 1	12	Gravel and Paving	Multi-year	2.0km	MIG	R 11 000 000
Construction of Road and stormwater at Laangzekoiegt	Laangzekoiegt	12	Gravel	Multi-year	0.4km	DRDLR	R 3 000 000
Construction of Roads and Stormwater at Aston Lake	Aston Lake	12	Gravel	Multi-year	3.1km	MIG	R 17 050 000

### 5.9.7 ELECTRICITY SUPPLY

Project Name	Location	Ward	Project Duration	Electricity Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Electrification of Obed Nkosi	Obed Nkosi	1	Multiyear	11 000	11 000	DMRE	R297 000 000.00
Electrification of Impumelelo	Impumelelo	13	Multiyear	4400	4400	DMRE	R154 000 000.00
Electrification of KwaZenzele	KwaZenzele	12	Multiyear	6000	6000	DMRE	R210 000 000.00
Electrification of Kaydale	Kaydale	10	1 year	550	550	DMRE	R19 000 000.00
Electrification of Laangzekoiegt	Laangzekoiegt	12	1 year	70	70	DMRE/ Eskom	R2 500 000.00
Electrification of Komau				24	24	DMRE	R840 000.00

### 5.9.8 PUBLIC AND AREA LIGHTING

Project Name	Location	Ward	Project Duration	Electricity Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Installation of High Mast Lights in Lesedi	Lesedi	1 to 13	Multiyear	80	80	MIG/ DMRE	R44 000 000.00
Installation of Street Lights	Lesedi	1 to 13	Multiyear	200	200	Internal / MIG	R3 000 000,00



### 5.9.9 ROADS AND STORM WATER

Project Name	Location	Ward	Project Duration	Roads and stormwater Capacity Requirements			
				Proposed Capacity	Target	Source of funding	Current interventions and required funding
Construction of roads and stormwater in Obed Nkosi	Obed Nkosi	1	Multi-year	80km	80km	MIG	R720,000,000
Construction of roads and stormwater in Ratanda	Ratanda	1,3,6	Multi-year	20km	20km	MIG	R180,000,000
Construction of roads and stormwater in Jameson Park	Jameson Park	10	Multi-year	15km	15km	MIG	R135,000,000
Construction of roads and stormwater in Impumelelo	Impumelelo	13	Multi-year	5,6km	5,6km	MIG	R50,400,00
Construction of roads and stormwater in KwaZenzele	KwaZenzele	12	Multi-year	18km	18km	MIG	R162,000,000
Construction of roads and stormwater in Kaydale	Kaydale	10	Multi-year	25km	25km	MIG/DRDLR	R225,000,000
Construction of roads and stormwater in Laangzekoeigat	Laangzekoeigat	12	Multi-year	0,4km	0,4km	DRDLR	R3,600,000
Construction of roads and stormwater in Aston Lake	Aston Lake	12	Multi-year	3,1km	3,1km	MIG	R27,900,000

### OVERALL COMMENTS ON INFRASTRUCTURE BACKLOG

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 need 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 backlog



Service Backlogs as of 30 June 2023 Households (HHs)				
Services	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	39 245	94%	3000	6%
Sanitation	39 245	94%	3000	6%
Electricity	38 585	92%	3182	8%
Waste management	35 188	84%	4157	16%
% HHs are the service above/below minimum standards as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T 5.9.9				

Municipal Infrastructure Grant (MIG)* Expenditure Year 2022/23 on Service backlogs R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	22566	23715	23715	5%	0,00	
Storm water	0	0	0	0%	0%	
Infrastructure - Electricity						
Generation	0	0	0	0%	0%	
Transmission & Reticulation	0	0	0	0%	0%	
Street Lighting	2971	2849	1839	-0,62	-0,55	
Infrastructure - Water						
Dams & Reservoirs	0	0	0	0%	0%	
Water purification	0	0	0	0%	0%	
Reticulation	0	0	0	0%	0%	
Infrastructure - Sanitation						
Reticulation	2161	601	601	-2,60	0%	
Sewerage purification	0	0	0	0%	0%	
Infrastructure - Other						
Waste Management	0	0	0	0%	0%	
Transportation	0	0	0	0%	0%	
Gas	0	0	0	0%	0%	
Other Specify:	2000	2533	2533	21%	0%	
<b>Total</b>	<b>29698</b>	<b>29698</b>	<b>28688</b>	<b>-4%</b>	<b>0%</b>	
* 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						

## 5.9 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 a decreased cash flows from operating activities during the current financial year. increase in the previous financial year



this includes payments to suppliers, employee costs and finance costs, actual cash paid for operating the municipality.  
financial year.

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.

Cash Flow Outcomes 2022/23				
R'000				
Description	2021/22	Current: 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	566 813	762 594	760 844	603 753
Government - operating	169 145	195 593	204 239	196 652
Government - capital	104 413	91 030	83 246	86 030
Interest	8 811	1 804	1 804	6 285
Dividends		-	-	
Payments				
Suppliers and employees	(764 547)	(934 905)	(948 330)	(755 771)
Finance charges	(2 740)	(4 248)	(4 248)	(17 494)
Transfers and Grants		-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>81 896</b>	<b>111 868</b>	<b>97 555</b>	<b>119 455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of PPE	-	-	-	0
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Payments				
Capital assets	(94 718)	(105 243)	(110 724)	(82 112)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(94 718)</b>	<b>(105 243)</b>	<b>(110 724)</b>	<b>(82 112)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-
Payments				
Repayment of borrowing	(2 233)	(4 601)	(4 601)	(6 763)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 233)</b>	<b>(4 601)</b>	<b>(4 601)</b>	<b>(6 763)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(15 056)</b>	<b>2 025</b>	<b>(17 769)</b>	<b>30 579</b>



Cash Flow Outcomes 2022/23				
R'000				
Description	2021/22	Current: 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash/cash equivalents at the year begin:	55 028	47	17 905	39 972
Cash/cash equivalents at the year-end:	39 972	2 071	136	70 551
Source: MBRR A7				T 5.10.1

## 5.10 Borrowing and Investments

Actual Borrowings: 2020/21 to 2022/23			
R' 000			
Instrument	2020/21	2021/22	2022/23
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	41 806	39 572	30 658 382
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	-	-	-
<b>Municipality Total</b>	<b>41 806</b>	<b>39 572</b>	<b>32 809</b>
<b>Municipal Entities</b>	-	-	-
Long-Term Loans (annuity/reducing balance)	-	-	-
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	-	-	-
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
T 5.11.1			





Municipal and Entity Investments R' 000			
Investment* type	2022/23	2021/22	2020/21
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	0	0	0
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0
T 5.10.4			

## OVERALL COMMENTS ON MUNICIPAL BORROWINGS

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 favorable 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 : AUDITORS REPORT





## 6.1 Auditor General of South Africa's Report 2022/23

The Constitution, Section 188(1)(b), states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. The Municipal Systems Act, Section 45, states that the results of performance measurement must be audited annually by the Auditor-General.

The Annual Financial Statements are set out in Appendix U of the Annual Report. These statements have been audited by the Auditor-General. The Auditor-General's Report is also included in this Annual Report.

Auditor-General Report on Service Delivery 2022/2023	
Status of audit report:	No material findings identified on KPA: Basic service delivery
Non-Compliance Issues	Remedial Action Taken
None	N/A
T 6.1.2	

Auditor-General Report on Financial Performance 2022/2023	
Status of audit report:	Unqualified with material findings on compliance with laws and regulations
Non-Compliance Issues	Remedial Action Taken
Financial statement management - Noncompliance with section 122.	<ul style="list-style-type: none"><li>- 6 months AFS interim audit is scheduled to be performed.</li><li>- Year in process that will feed to year end process will be implemented and monitored by office of the MM.</li></ul>
Procurement and supply chain management Noncompliance with SCM regulation 19 (a) and 36(1)	<ul style="list-style-type: none"><li>- Performance will be cascaded to Supply chain manager and expenditure management which include ensuring that no UIFW expenditure is incurred, to achieve a goal congruence where staff objectives are aligned with the accounting officers and S56 managers objectives and promoting a zero-tolerance culture for non-compliance.</li><li>- UIFW expenditure investigations 1<sup>st</sup> part was in progress as of 30 June 2023 and was completed 30 August 2023 and have been reported as subsequent events.</li><li>- Disciplinary process to those that were identified in the report, where applicable is in progress and where applicable write off has been recommended to council</li></ul>
Expenditure management noncompliance with section 65(2)(e) and section 62(1)(d) of the MFMA.	
Consequence management Noncompliance with 32(2)(b) of the MFMA	
Unqualified with no material findings on performance information or compliance with laws and regulations (clean), unqualified with material findings on performance information or compliance with laws and regulations, qualified, adverse or disclaimer.	
T 6.1.3	



## 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 (ACFO) .....  ..... Dated: 30 January 2024





## 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 appendix V of the annual report pages 1 to 76, which comprise the appropriation statement, statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
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 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (South African Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 responsibilities of the auditor-general 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 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2023.



### Material uncertainties relating to contingent liabilities

8. With reference to note 48 to the financial statements, the municipality is the defendant in various claims disclosed as contingent liabilities. The municipality is opposing the claims, as it believes that the claims are not valid. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

### Material impairment – trade debtors

9. As disclosed in note 6 to the financial statements, material losses of R1 464 995 916 (2021-22: R1 139 026 751) were incurred as a result of a write-off of irrecoverable consumer debtors.

### Material losses – electricity

10. As disclosed in note 37 to the financial statements, material electricity losses of R48 507 880 (2021-22: R59 218 778) were incurred, which represents 22.48% (2021-22: 25.40%) of total electricity purchased. Technical losses amounted to R11 219 614 (2020-21: R12 122 142) 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 R37 288 266 (2021-22: R47 096 636) and were due to negligence, tampering with meters and illegal connections.

### Material losses – water

11. As disclosed in note 37 to the financial statements, material water losses of R31 758 730 (2021-22: R36 125 465) were incurred, which represents 33.12% (2021-22: 39.84%) of total water purchased. Technical losses amounted to R5 178 497 (2021-22: R4 896 886) and were due to physical loss through the water distribution network. Non-technical losses amounted to R26 580 233 (2021-22: R31 228 579) 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 particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.





### Responsibilities of the accounting officer for the financial statements

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 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.

### Responsibilities of the auditor-general 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

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
19. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area (KPA)	Page numbers	Purpose
Basic service delivery	Appendix U, page 2 to 63	To improve access to sustainable basic services through proactive maintenance of infrastructure, and to ensure that basic services are progressively expanded in all communities through proper planning.



20. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over - or underachievement of targets / measures taken to improve performance.

22. I performed the procedures only for the purpose of reporting material findings; and not to express an assurance opinion or conclusion.

23. I did not raise any material findings on the reported performance information for the selected key performance area of the selected subject matter.

#### **Other matter**

24. I draw attention to the matter below.

#### **Achievement of planned targets**

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.





## Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements

30. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

## 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 were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

## Expenditure management

32. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
33. Reasonable steps were not taken to prevent irregular expenditure amounting to R6 496 305 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 supply chain management processes.
34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R187 976 602, 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.

35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14 161 447, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments.

### Consequence management

36. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### Other information in the annual report

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 has 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. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

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.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
43. The accounting officer did not always exercise adequate oversight responsibility regarding financial reporting and compliance with laws and regulations.



44. Senior management did not always ensure that adequate controls were in place over the preparation of accurate and complete financial reporting as well as compliance with laws and regulations. In addition, action plans were developed but were not regularly monitored to ensure adequate implementation.

### Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

### Material irregularities identified during the audit

46. The material irregularities identified are as follows:

#### Payment made to an incorrect beneficiary

47. The municipality made payments to an incorrect service provider between August 2021 and January 2022 due to ineffective processes for the approval and authorisation of payments as required by section 65(2)(a) of the MFMA.
48. The non-compliance is likely to result in a material financial loss of R2,1 million for the municipality if not recovered. The financial loss is disclosed in note 55 to the 2021-22 annual financial statements.
49. The accounting officer was notified of the material irregularity on 18 April 2023 and was invited to make a written submission on the actions that will be taken to address the matter.
50. The accounting officer has taken the following actions to address the material irregularity:
- A service provider was appointed in April 2022 to conduct an investigation, which was finalised in October 2022.
  - Three employees were recommended for disciplinary process based on the outcome of the investigation report.
  - Two of the three employees entered into a plea agreement with the municipality in January 2023 and sanctions agreed upon range from final written warnings, forfeiture of 10 % basic salary and any notch, annual and increment increase for a period of six and 12 months respectively. In addition, employees attended accountability and ethical training in February 2023.
  - Employees were moved to other positions within the municipality.
  - The two employees will qualify for annual and notch increases in July 2024 and January 2025 respectively.





- The third employee was suspended in May 2022. Suspension was extended in August 2022 which was to remain valid until finalisation of the disciplinary process against the employee.
- In June 2023, the chairperson ruled that the third employee was not guilty of charges brought against him.
- A new standard operating procedures was developed for changing banking details to prevent a recurrence. Changes in banking details will be approved by the chief financial officer or delegated official on the financial management system.
- A third person who is not employed by the municipality was found to have sent a fraudulent request to the municipality for payments to be made to an account that does not belong to any of the service providers of the municipality.
- A criminal case was opened with the South African Police Service in October 2022. The accused pleaded guilty in February 2023 and was sentenced to six years imprisonment wholly suspended for five years on condition that he is not convicted of committing the same offence. In light of the sentence imposed on the party not employed by the municipality, the accounting officer requested and obtained copies of court and transcripts in June 2023 and is awaiting a police docket of the matter. These would be analysed to determine if the accounting officer can apply to reopen the criminal case.
- Inconsistencies identified in the oral evidence given by the third employee were shared with the investigation officer for possible reopening of the case.
- Ongoing investigation and possible reopening of the criminal case will determine appropriate steps for the recovery of the financial loss suffered by the municipality.
- In June 2023, the chairperson ruled that the third employee was not guilty of charges brought against him. The accounting officer filed papers with the Labour Court in October 2023 to appeal the ruling of the chairperson against the third employee.
- Due to the irregularities identified in sharing of the outcome of the disciplinary hearing with all affected parties, the accounting officer has initiated a digital forensic investigation to determine circumstances that led to the leaking of the chairperson's verdict.

51. I will follow up on the implementation of commitments during my next audit.

#### **Payments made to incorrect bank accounts**

52. The municipality made transfers to bank accounts that do not belong to the municipality in August 2021 and September 2021 due to an ineffective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds as required by section 65(2)(a) of the MFMA.
53. The non-compliance is likely to result in a material financial loss of R7 million for the municipality if not recovered. The financial loss is disclosed in note 55 to the 2021-22 annual financial statements





54. The accounting officer was notified of the material irregularity on 19 May 2023 and invited to make a written submission on the actions taken or that would be taken to address the matter.

55. The accounting officer has taken the following actions to address the material irregularity:

- The municipality recouped a partial refund of R4,5 million from the bank in August 2022.
- A criminal case was opened in September 2021 with the South African Police Service and is still ongoing.
- The bank account to which payments were made has been closed.
- Commitment to engage the banking ombudsman to recover the remaining financial loss; however, due to established processes that must be followed, the accounting officer issued a letter of demand in October 2023 and gave the bank 14 business days to make good the remaining financial loss suffered.
- An investigation finalised in January 2022 by an external service provider concluded that mails sent to the bank requesting transfer of funds were fraudulent. As a result, no one at the municipality could be held accountable for mails sent to the bank requesting a transfer of funds.
- A process of amending the standard operating procedure was initiated to ensure that transfer requests sent to banks are authorised by the accounting officer and can only be processed by banks after confirmation with the accounting officer. The process is expected to be finalised by November 2023.

56. I will follow up on the implementation of commitments during my next audit.

*Auditor-General*

Johannesburg

30 November 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

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 areas (KPA's) and on the municipality's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii),





Legislation	Sections or regulations
	29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

A black and white photograph of a truck lane on a highway. Several semi-trucks are visible, with the one in the foreground on the right being the most prominent. It has a large side mirror and a circular 'L' logo on its grille. The road has white dashed lines, and the background shows more trucks receding into the distance. A solid red rectangular box is superimposed over the center of the image, containing the word 'APPENDICES' in white, bold, sans-serif capital letters.

# APPENDICES



# **APPENDIX A – AUDIT COMMITTEE (AC) REPORT FOR THE YEAR ENDED 30 JUNE 2023**





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People Centered & Performance Driven Municipality

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ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR THE YEAR ENDED 30 JUNE 2023 TO BE INCLUDED INTO THE MUNICIPALITY FINAL ANNUAL REPORT FOR 2023 FINANCIAL YEAR FOR THE ORDINARY COUNCIL MEETING SCHEDULED TO BE HELD ON 31 JANUARY 2024 IN THE COUNCIL CHAMBERS.

LESEDI LOCAL MUNICIPALITY AUDIT COMMITTEE MEMBERS WHO SERVED FROM 01 JULY 2022  
TILL 30 JUNE 2023:

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Mr. Mzonke Nondwangu – Chairperson

Ms. Ayanda Noah – Member and Chairperson of Risk Management Committee

Ms. Nomalindela Dhlamini – Member

Mr. Kwena Mokgokong – Member and Chairperson of Performance Management

Committee

Mr. Tshegofatso Motseto – Member and Chairperson of the Disciplinary Board



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## 1. INTRODUCTION

- 1.1. The Audit Committee (AC) has the pleasure of 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 2023. 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.



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- 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 by the municipality.
- 2.3.2. In addition, sections 166(2) (b) (c) (d) and (e) require 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, EFFICIENCY 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 conducting 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 to 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. Consult with the internal audit of the municipality and
  - 2.3.3.3. Consult 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 the municipal council, management, and audit committee members.
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### 3. GOVERNANCE OF THE AUDIT COMMITTEE

- 3.1. The Audit Committee held eight meetings with management, AGSA and oversightbodies reviewing the 2022/2023 fiscal year audit work on the dates listed below:

New AC members Date	Mr. K Mokgokong	Ms. A Noah	Mr. T Motseto	Ms. N Dhlamini	Mr. M Nondwangu
05 August 2022	Present	Present	Present	Present	Present
29 August 2022	Present	Present	Present	Present	Present
31 August 2022	Present	Present	Present	Present	Present
03 November 2022	Present	Present	Apology	Present	Present
28 November 2022	Present	Present	Present	Present	Present
31 January 2023	Present	Present	Present	Present	Present
03 April 2023	Present	Present	Apology	Present	Present
30 May 2023	Present	Apology	Present	Present	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 would be improved going forward. In that regard, management developed two Audit Improvement Plans; however, the actions plans were not fully implemented resulting in AGSA and Internal Audit reporting various instances of control deficiencies and non-compliance 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 Disciplinary Committee has been constituted chaired by a member of the audit committee and already has cases of UIFW that have been referred to it by the office of the Municipal Manager and Council.
- 4.4. The table below provides an overview of the results of the internal audits conducted during the 2022/23 fiscal year:

**ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR  
THE YEAR ENDED 30 JUNE 2023**

**SUMMARY OF FINAL INTERNAL AUDIT REPORTS ISSUED TO MANAGEMENT IN 2022/23 FINANCIAL YEAR**

Number	Project	Status	Overall conclusion
1.	2022/23 FY Quarter 4 Performance Information Review	Completed	Weak
2.	2022/23 FY Annual Financial Statements (AFS) Review	Completed	Weak
3.	2022/23 FY Annual Performance Report (APR) Review	Completed	Acceptable
4.	2022/23 Quarter 1 Performance information Review	Completed	Good
5.	2022/23 Quarter 2 Performance information Review	Completed	Good
6.	SCM & Contract Management	Completed	Weak
7.	UIFW & E	Completed	
8.	2022/23 Quarter 3 Performance Information Review	Completed	Weak
9.	ICT Review on Application controls	Completed	Acceptable
10.	ICT Munsoft financial system review	Completed	Acceptable
11.	Annual Inventory Management Review	Completed	Good

- 4.5. A concerted effort to address the findings raised by Internal Audit will be required to improve the system of internal control. This will require management to develop, implement and monitor a robust action plan to address both Internal Audit and AGSA audit findings which action plan will be based on an in-depth root cause analysis.

## **ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR THE YEAR ENDED 30 JUNE 2023**

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- 4.6. The plan is being monitored weekly 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 fiscal year to consider including a Risk Management Unit under the leadership of a resolute 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 with National CoGTA, and the municipality was still under financial constraints. The limited resources in the Risk Management Unit resulted in limited coverage of the risk scope and although the Risk Management Committee did 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.



## **ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR THE YEAR ENDED 30 JUNE 2023**

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### **6. PERFORMANCE MANAGEMENT**

- 6.1. The Audit Committee congratulated the municipal leadership on the unqualified audit opinion of the Annual Performance Report made by the Auditor-General. The AC noted the Internal Audit regarding the Performance Management Information reviews of the municipality and encourages that the internal audit recommendations be implemented adequately and effectively during the 2023/24 fiscal year.
- 6.2. Furthermore, the Audit Committee advised management to immediately address all the material findings reported by both Internal Audit and AGSA through concrete Audit Implementation Action Plan which is called "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 fully functional during the 2022/23 fiscal year.

## **ANNUAL REPORT OF THE AUDIT COMMITTEE (AC) OF LESEDI LOCAL MUNICIPALITY (LLM) FOR THE YEAR ENDED 30 JUNE 2023**

### **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, Municipal policy and GRAP, and advised management to adequately implement the recommendations made by the Auditor-General of SA.

### **9. PERFORMANCE EVALUATION**

- 9.1. The performance evaluation of Section 56/57 Managers reporting directly to the Municipal Manager and the one for Municipal Managers for the reporting period ended 30 June 2023 will be finalised in January upon receipt of APR from AGSA.
- 9.2. The Audit Committee advised management to address all performance evaluation challenges during 2022/2023 fiscal year.

### **10. OTHER ISSUE(S) THAT THE AUDIT COMMITTEE IS CONCERNED ABOUT AND REQUIRE MUNICIPAL COUNCIL SUPPORT GOING INTO 2023/2024**

- 10.1 The issue of filling vacancies in the Municipality was slow but it is improving having concerns though, on the on key appointments of CFO and CRO.
- 10.2 The Unauthorized, Irregular, Fruitless and Wasteful Expenditure investigation includes the historical and the current matters which were and are still being investigated by Internal Audit supported by COGTA.
- 10.3 Revenue collection for services provided to communities as well as losses incurred from exchange transactions (water and electricity)
- 10.4 AC Meeting arrangements that result in reports serving at council before the audit committee.
- 10.5 AC Chairperson, on behalf of AC members does not present the AC reports to the Council as result AC does not get feedbacks from the Council submission and this situation limit the mandatory role of AC to the Council.

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

- 11.1. The Audit Committee reviewed the Annual Financial Statements (AFS) and the Annual Performance Report (APR) for the year ended 30 June 2023 as presented by



management at the Audit Committee meetings held on the 28, 29 and 31 August 2023. 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 on the AFS which resulted in the Unqualified 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 2022 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. The Municipal Council,
- 13.1.2. Speaker,
- 13.1.3. Executive Mayor,
- 13.1.4. The Municipal Manager,
- 13.1.5. Executive Managers,
- 13.1.6. Acting Chief Financial Officer,
- 13.1.7. Management including the entire municipal staff,
- 13.1.8. Gauteng Provincial Government: Auditor-General of South Africa,
- 13.1.9. Gauteng Provincial Government: Treasury,



- 13.1.10. Gauteng Provincial Government: CoGTA
- 13.1.11. Gauteng Provincial Government: SALGA and
- 13.1.12. Internal Audit.

*M Nondwangu*

\_\_\_\_\_ Date: January 2024

**Mr. Mzonke Nondwangu**

**Chairperson of the Audit Committee: Lesedi Local Municipality**



# APPENDIX B – 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	Executive Mayor, Mayoral Committee Chairperson	PR	100	0
CLlr M Motsepe	FT	Speaker, Council Chairperson (July 2021- October 2021)	Ward	88	12
CLlr PR Mpemvu	FT	Speaker- Council Chairperson (November 2021- June 2022)	Ward	100	0
CLlr TS Moremi	FT	MMC Legal & Corporate Service (July 2021- October 2021)	PR	75	25
CLlr M Motsepe	FT	MMC Legal & Corporate (November 2021- June 2022)	Ward	88	12
CLlr Z Twala	FT	MMC Community Services (July 2021- October 2021)	Ward	100	0
CLlr T Mashinini	FT	MMC Community Services (November 2021- June 2022)	PR	92	8
CLlr T Motsepe	FT	MMC LED & Planning	PR	100	0
CLlr TE Ramothibe	FT	MMC Finance (July 2021- October 2021)	Wards	100	0
CLlr M Lukhele	FT	MMC Finance (November 2021- June 2022)	Ward	100	0
CLlr K Rakitla-	FT	MMC Infrastructure (July 2021- October 2021)	Ward	100	0
CLlr E Magazi	FT	MMC Infrastructure (November 2021-June 2022)	Ward	100	0



## 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
				%	%
Cll MP Mtshonyane	PT	Section 80: Legal & Corporate (July 2021- October 2021)	Ward	100	0
Cllr PR Mchunu	PT	Section 80: Community Services ( July 2021- October 2021)	Ward	75	25
Cllr T Gama	PT/FT	Section 80: Finance, Infrastructure, MPAC and Petition (Sec 79) (July 2021- October 2021). Chief Whip of Council (November 2021- June 2022)	Ward	100	0
Cllr T Mofokeng	PT	Section 80: Community Services, LED & Planning and Petition (Sec 79) (July 2021- October 2021)	Ward	100	0
Cllr MA Mulder	PT	Section 80: Finance & Community Services	Ward	94	6
Cllr G Holtzhausen	PT	Section 80: Finance, LEDP & MPAC	Ward	100	0
Cllr S Paul	PT	Section 80: Legal & Corporate & MPAC	PR	75	25
Cllr S Mnyakeni	PT	MPAC Chairperson	Ward	100	0
Cllr D Tsotetsi	PT	Petition Committee Chairperson, Section 80 Finance & Infrastructure	Ward	100	0
Cllr B Mogorosi	PT	Section 80: Legal & Corporate, Infrastructure, LEDP & Petitions	PR	94	6





### 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 RS Hlatshwayo	PT	Section 80: Infrastructure, LED & Planning (July 2021- October 2021)	PR	25	75
Cllr Z Abdullah	PT	Section 80: Finance and MPAC (Sec 79) (July 2021- October 2021)	PR	25	75
Cllr M Boshoff	PT	Section 80: Infrastructure, LEDP, Petitions and MPAC	PR	100	0
Cllr M Malefela	PT	Section 80: Legal & Corporate (July 2021-October 2021)	PR	100	0
Cllr LS Gamede	PT	Section 80: Finance, Infrastructure& MPAC	PR	100	0
Cllr L Sibaya	PT	Section 80 Infrastructure and Petition	PR	100	0
Cllr T Nyembe	PT	Section 80: Community Services and Petition (Sec 79) (July 2021- October 2021)	PR	100	0
Cllr M Sabasaba	PT	Section 80: Finance and MPAC (Sec 79) (July 2021- October 2021)	PR	25	75
Cllr G Naidoo	PT	Section 80 Community Services, Infrastructure & Petitions	Ward	92	8
Cllr L Matchitje	PT	Section 80 Legal & Corporate, Community Services & Petitions	PR	100	0
Cllr M Langa	PT	Section 80 Finance & MPAC	PR	100	0
Cllr L Moloi	PT	Section 80 Infrastructure	PR	92	8
Cllr C Simelani	PT	Section 80 LEDP	PR	83	17



### 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 B Mkhize	PT	Section 80 Legal & Corporate, Community Services & MPAC	Ward	100	0
Cllr MJ Kubheka	PT	Section 80 Legal & Corporate & LEDP	Ward	100	0
Cllr FJ Khumalo	PT	Section 80 Community Services & LEDP & Petitions	Ward	100	0
Cllr J Coetzee	PT	Section 80 Legal & Corporate and Community Services	PR	83	17
Cllr C Collen	PT	Section 80 Finance	PR	83	17
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>



# APPENDIX C – 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 and 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 D –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure		
Directorate	Title	Director/Manager
Municipal Manager Office	Municipal Manager	Mr. S'busiso Dlamini
	Senior Manager Monitoring & Reporting	Ms. Cindy Masikane
	Internal Audit Manager	Mr. Lizo Ndabeni
Executive Mayor Office	Executive Mayor	Cllr Mluleki Nkosi
	Manager Office of the Executive Mayor	Mr. Jabu Marwa
Corporate Services	Executive Manager Corporate Services	Mr. Andrew Machitje
	ICT Manager	Ms. Yvonne Ratombo
	Human Resource Manager	<b>Vacant</b>
	Manager Facilities and Maintenance	Jankie Khumalo
	Manager Administration Support	Ms. Sylvia Bam
Finance services	CFO	Ms. Gugu Mncube (Acting)
	Manager Expenditure	Mr. Rizwaan Mansoor
	Manager SCM	Mr. Paul Malgas
	Manager Asset and Insurance	<b>Vacant</b>
	Manager Management Accounting	Ms. Gugu Mncube
	Manager Revenue	Ms. Sindiswa Boyi
Infrastructure Services	Executive Manager Infrastructure Services	Ms. Thobeka Zondi



### Third Tier Structure

Directorate	Title	Director/Manager
	Senior Manager Roads, Stormwater and Public Service	<b>Vacant</b>
	Senior Manager Water, Sanitation and Water Management	Mr. Star Moholobela
	Senior Manager Electrical	Ms. Jacqueline Mbebwe
LED & Planning Services	Executive Manager LED & Planning	Mr. Sizwe Mazibuko
	Manager Local Economic Development	Mr Phello Mollo
	Assistant Manager IDP & Planning	<b>Vacant</b>
	Manager Regional & Town Planning	<b>Vacant</b>
Community Services	Executive Manager Community Services	Dr. Nompumelelo Khawula
	Manager Health & Social Services	Ms. Zanele Tshabalala
	Manager Traffic & Public Safety	Mr. Meshack Makhubu
	Manager Facilities & Amenities	Mr. Solly Sibaya
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).		T C



# APPENDIX E – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL 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
Childcare facilities	Yes	n/a
Electricity and gas reticulation	Yes	n/a
Firefighting services	Yes	n/a
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 / Entity Functions

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
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 wastewater 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
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



## Municipal / Entity Functions

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
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



## APPENDIX F – WARD REPORTING

### Functionality of Ward Committees

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	<p>(Nov 2021 to June 2022) Cllr MJ Kubheka, Ward Committee members: H. Nyawuza, L Ngoepe, B Nkosi, V Mira, T Phangwa, T Mazibuko, MJ Sebilane, T Dlamini, J Tshabalala and M Vilikazi.</p> <p>(July 2021 to October 2021) 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</p>	Yes	4	3	7



### 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 2	<p>(Nov 2021 to June 2022) Cllr D Tsotetsi. Ward Committee members, S Nyembe, S Lephuting, F Mokoena, L Tsoari, J Dleza, F Thabethe, S Makhubo, T Tsotetsi, M Malinga and T Maduna.</p> <p>(July 2021 to October 2021) 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</p>	Yes	3	3	6
Ward 3	<p>(Nov 2021 to June 2022) Cllr BM Mkhize, Ward Committee members, J Zondo, M Makhale, B Mabi, S Mnguni, N Motloun, M Yika, N Mfene, X Dlamini, S Kubheka, and B Mayaba</p>	Yes	3	3	4



### 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
	(July 2021 to October 2021) 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				
Ward 4	<p>(Nov 2021 to June 2022) Cllr E Magazi. Ward Committee members: L Kganye, M Makgale, T Motsepe, K Nhlapho, T Makgake, S Sekkhoto, S Moloi, N Dlamini, M Nchabeleng and N Mlondolosi.</p> <p>(July 2021 to October 2021) Cllr E Magazi. Ward Committee members: F. Dibate, B. Mahlangu, I. Ketsekile, S. Motloaka, M. Molefe, M. Manave, N. Motespe, T. Nhlanhla, M. Motloun, S. Malakoane.</p>	Yes	3	3	5



### 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 5	<p>(Nov 2021 to June 2022) Cllr T. Gama. Ward Committee members: T Nkomo, OR Senogo, J Zulu, M Masilela, T Makhanya, T Moalusi, M Molaba, K Maumela, M M Nguni and J Nlapho.</p> <p>(July 2021 to October 2021) 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</p>	Yes	5	3	6
Ward 6	<p>(Nov 2021 to June 2022) Cllr FEJ Khumalo, Ward Committee members: N Sibiya, V Nkunka, P Mofokeng, B Mthethwa, R Ramalema, B Moloi, F Shabangu, I Mofokeng, S Sibaya and M Mongwegi.</p>	Yes	3	2	3





### 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
	(July 2021 to October 2021) 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.				
Ward 7	<p>(Nov 2021 to June 2022) Cllr PR Mpemvu, Ward Committee members: R Mokoena, V Mofokeng, B Mazibuko, T Motsele, K Sitoto, N Zwane, E Ndaba, J Maseko, T Tsaori and T Vincent.</p> <p>(July 2021 to October 2021) 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</p>	Yes	5	5	7



### 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	<p>(Nov 2021 to June 2022) Cllr M. Mulder. Ward Committee members: T More, B Moshoadiba, S Ngema, M Morapedi, T Ndaba, Y Khan, P Grobler and Nelly Dube.</p> <p>(July 2021 to Octo be2021) 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.</p>	Yes	2	2	5
Ward 9	<p>(Nov 2021 to June 2022) Cllr G. Holtzhause. Ward Committee members: SJ Bester, S Venter, P Weenheim, HJ Britz, P Jones, D Du Plooy, M Holtzhausen, Christopher and MK Van Nierop.</p>	Yes	2	2	4



### 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
	(July 2021 to October 2021) Cllr G. Holtzhouse. 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.				
Ward 10	<p>(Nov 2021 to June 2022) Cllr CG Naidoo. Ward Committee members: M Moloi, S Khumalo, T Mkhize, N Ndlovu, NJ Mbatha, S Skhosana, N Mabanga, S Vilakazi, E Macala and K Coopsamy.</p> <p>(July 2021 to June 2021) 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.</p>	Yes	6	6	8



### 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 11	<p>(Nov 2021 to June 2022) Cllr M. Motsepe. Ward Committee members: N Msipha, A Mabula, SR Moloi, M Mqwabo, H Khumalo, M Tshabalala/Moloi, N Mokgele, D Shabangu, D Qhinebe and L Miya.</p> <p>(July 2021 to October 2021) Cllr M. Motsepe. Ward Committee members: T. Kubheka, T. Mbele, H. Olifant, C. Motaung, S. Manana, M. Tshabalala, M. Kekana, A. Radebe, D. Tshabangu</p>	Yes	3	3	4
Ward 12	<p>(Nov 2021 to June 2022) Cllr S. Mnyakeni. Ward Committee members: J Mngwevu, D Kili, S Twala, S Nkosi, L Nyokong, RN Makgotsi, H Nkambule, M Mtsweni and M Skhosana.</p>	Yes	3	3	4



### 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
	(July 2021 to October 2021) Cllr S. Mnyakeni. Ward Committee members: Q. Mkhonto, P.Nhlapho, S. Nkosi, C. Mkhonza, P. Mngwevu, C. Mbonani, M. Mkhonza, J. Mngwevu. D. Mlangeni.				
Ward 13	<p>(Nov 2021 to June 2022) Cllr M. Lukhele. Ward Committee members: M Mobe, S Mbebe, EA Masango, S Zondo, G Mofokeng, JJ Tshili, N Makanku, M Mbonani and P Nkosi.</p> <p>(July 2021 to October 2021) Cllr M. Lukhele. Ward Committee members: B. Madala, J. Mnguni, B. Motaung, S. Zondo, F. Mobe, T. Mphafudi, B. Makanku, M. Mbonani, P. Nkosi</p>	Yes	3	3	3
T E					



# APPENDIX G – WARD INFORMATION

Project Name	Latitude	Longitude	Ward	Unit	Department	Project Description	Function	Expenditure	Class (Infrastructure/ Non-infrastructure)	MTREF 2022/23
SOLAR PANELS FOR LIBRARIES	26°29'47.51"S	28°21'38.84"E	9	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	R50 000,00
	26°29'49.45"S	28°21'37.43"E	9	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	
	26°30'53.30"S	28°21'18.97"E	8	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	
	26°33'13.64"S	28°19'35.97"E	3	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	
	26°20'58.41"S	28°46'9.16"E	13	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	
	26°31'33.03"S	28°22'17.82"E	8	Community Services	Library	RFID Gates	Community and Social Services	Capital	Infrastructure	
NEW BOOKS	26°29'47.51"S	28°21'38.84"E	9	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	R1 469 898,00
	26°29'49.45"S	28°21'37.43"E	9	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	
	26°30'53.30"S	28°21'18.97"E	8	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	
	26°33'13.64"S	28°19'35.97"E	3	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	





Project Name	Latitude	Longitude	Ward	Unit	Department	Project Description	Function	Expenditure	Class (Infrastructure/ Non-infrastructure)	MTREF 2022/23
	26°20'58.41"S	28°46'9.16"E	13	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	
	26°31'33.03"S	28°22'17.82"E	8	Community Services	Library	Furniture	Community and Social Services	Capital	Non-infrastructure	
ELECTRIFICATION OBED NKOSI	26°32'20.02"S	28°20'44.69"E	1	Engineering	Infrastructure services	Electrification	Engineering Services	Capital	Non-infrastructure	R450 000
ELECTRIFICATION KWAZENZEL E RDP	26°17'5.79"S	28°33'43.44"E	12	Engineering	Infrastructure services	Electrification	Engineering Services		Infrastructure	R4 625 000
ELECTRIFICATION OF KWAZENZEL E WALK UPS	26°16'47.39"S	28°34'15.89"E	12	Engineering	Infrastructure services	Electrification	Engineering Services	Capital	Infrastructure	R2 576 000
Const.Roads & S/W Ratanda 1,3,6 & Obed Nkosi	26°32'0.06"S	28°20'13.39"E	1	Engineering	Infrastructure services	Electrification	Engineering Services	Capital	Infrastructure	



# APPENDIX H – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/23

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
05 August 2022 –	Ordinary AC meeting - ICT Review 2022 Recommendation: The Committee resolved to note the report	Yes
05 August 2022	Ordinary AC meeting - Audited Q3 Performance Management Information Report Recommendation: The Committee resolved to note the report	Yes
05 August 2022	Ordinary AC meeting - Q4 Risk Management Committee Report Recommendation: The Committee resolved to note the report	
		Yes
05 August 2022	Ordinary AC meeting - Q4 ICT Steering Committee Report Recommendation: The Committee resolved to note the report	
		Yes
05 August 2022	Ordinary AC meeting - Q4 Finance report	



## Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	Recommendation: The Committee raised concerns about the spending on grants, resolved to note the report	
		Yes
05 August 2022	Ordinary AC meeting - Audit Improvement Plans	No, Deferred to the next meeting.
05 August 2022	1. Municipal Managers' status report was presented and noted by the Committee	Yes
05 August 2022	2. The Committee noted and approved the following projects: Q4 AoPO, APR and AFS	Yes
05 August 2022	3. Year-end process plan was noted	Yes
29 and 31 August 2022 – Special AC meeting	1. Review of the AFS and the APR for 2022	
	The Committee resolved to allow the municipal management to submit the AFS subject to the integration of recommendations of the Audit Committee	Yes
	The Committee resolved to allow the APR to be submitted to AGSA	Yes
	The Committee resolved to write the letter to the AGSA and get clarity on concern raised with AGSA in the meeting, which could not be responded to with satisfactory answers at the time	Yes
03 November 2022 – Q1 Ordinary AC meeting	1. AGSA status report as at 02 November 2022:	



## Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
		Appendix G
	The Committee resolved to note the report	Yes
03 November 2022	The Committee resolved to request Management to submit the revised scheduled of AC meeting which was to be aligned with MFMA Calendar.	Yes
03 November 2022	2.1 Q1 Risk Management Committee Report	Yes
	2.2 Q1 ICT Steering Committee Report	Yes
	2.3 Q1 Finance Report	Yes
	2.4 Municipal Status report	Yes
	The Committee accepted and noted the reports	
	2.6 Draft Internal Audit Charter, Draft Audit Committee Charter, and Draft Annual Audit Plan for 2022/23 FY	Deferred to the next meeting
	2.7 Audit Improvement Plans	Deferred to the next meeting
28 November 2022 – Special AC meeting	The committee review the draft Management Report and noted the report	Yes
31 January 2023 – Special AC meeting	1.1 Audit improvement plans	In progress
	1.2 Road map to clean audit	In progress
	1.3 Compliance to legislation	In progress
	1.4 DRP and BCP	Yes
	1.5 Municipal support action plans	



## Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	1.6 Draft Internal Audit Charter, Draft Audit Committee Charter and Draft AAP	Yes
	The committee reviewed and approved and noted the above-mentioned reports	Yes
03 April 2023 – Q2 ordinary AC sitting	1. Road map to clean audit	In progress
	2. Q2 Municipal Managers status report	
	3. Q2 Finance report	AC recommended Finance Recovery and Enhancement strategy
	4. Q2 Risk Management Committee Report	Yes
	5. Mid-term Performance Management Report audited	Yes
	6. Internal Audit progress report against plan	Yes
	The Committee accepted and noted the above-mentioned reports	Yes
30 May 2023 – Q3 ordinary AC meeting	1. Road map to clean audit	In progress
	2. Summary of Audit Improvement plans	In progress
	3. Risk Management Committee Report	Not yet held
	4. Draft SDBIP	Yes
	5. Finance report	Yes
	6. MM status report	Yes
	The Committee accepted and note the above-mentioned reports	
T G		



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

### TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
1	65/2022	Appointment of a Environment Assessment Practitioners to Assist with the Identification of Land, Rank and Compile Feasibility Study for New Landfill at Lesedi Local Municipality.	Competitive Bidding	Mamadi and Company (Pty)Ltd	R 950 000.00 Excl Vat.	19/08/2022
2	72/2022	Tender for the Management and Operation of the Devon Landfill Site for a Three (3) Year Period	Competitive Bidding	Botlhale Hlompho(Pty)Ltd	Rates as per bid document excl. VAT.	19/08/2022





## TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
3	06/2022	Construction of Roads and Stormwater in Impumelelo	Competitive Bidding	Mahlatji Mmetji and Projects' (Pty) (Ltd)	R5 243 102.43 Vat.Incl	01/11/2022
4	07/2022	Construction of Roads and Stormwater in Kwazenzele (Phase 2) Ethel Road, Gauteng	Competitive Bidding	Mahlatji Mmetji and Projects (Pty) (Ltd)	R3 987 881.45 Vat.Incl	21/11/2022
5	08/2022	Construction of Roads and Stormwater in Jameson Park	Competitive Bidding	Khosanto Holdings	R8 578 810.61 Vat.Incl	01/11/2022
6	80/2022	Construction of Pavilion Roof Structure, Heidelberg Ext 23 Sports Complex	Competitive Bidding	Aaron D Projects (Pty) Ltd	R1, 938,460.70	08/12/2022
7	11/2022	Advertising Services on local and National newspapers	Competitive Bidding	Nomthy Projects (Pty) Ltd	Rates	08/12/2022
8	19/2022	Supply, delivery and packaging of library books.	Competitive Bidding	984 Infinite Enterprise	Rates	12/12/2022
9	000048 (RT57 Contract)	Procurement of a Rescue Vehicle	Competitive Bidding	Phambili Services	R1 978 149.50	10/10/2022



## TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
10	000061(R T57 Contract)	Acquisition for a Hazmat Vehicle	Competitive Bidding	NMI Durban South Motors	R3 021 050	19/10/2022
11	000083(R T57 Contract)	Supply and delivery of Utility Vehicle	Competitive Bidding	Volkswagen S. A	R579 013.48	30/11/2022
12	000084(R T57 Contract)	Supply and delivery of Ford Ranger Double Cab	Competitive Bidding	Ford Motor Company S. A	R415 103.39	01/12/2022
13	14/2022	Supply and Delivery of Circuit Brakers for a period of Three (3) Years	Competitive Bidding	LM Investment Group	Rates as Indicated in the Tender Document. Vat Incl	27/01/2023
14	16/2022	Supply and Delivery of PPE As and When Required for a period of Three (3) Years	Competitive Bidding	Thusi Business Solutions	Rates as Indicated in the Tender Document Vat Incl	27/01/2023



## TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
15	47/2022	Supply, Delivery and Off-Loading of Low Voltage Cables and Medium Voltage Cables for LLM, on an As and When Required Basis for a Period of Three (3) Years	Competitive Bidding	Motseing Holdings (Pty)Ltd	Rates as Indicated in the Tender Document. Vat Incl	27/01/2023
16	57/2022	Supply and Delivery of Bitumen Products and Gravel Material as and when Required for a Period of Three (3) Years	Competitive Bidding	Great Spaces Interior and Construction (Pty)Ltd	Rates as Indicated in the Tender Document. Vat Incl	27/01/2023
17	18/2022	Appointment of a Contractor for the Replacement of Asbestos Cement (AC)Pipes with UPVC Pipes in Heidelberg, Gauteng, Phase 7	Competitive Bidding	Dwellers Trading & Projects (Pty)Ltd	R8 997 019,58 Vat Incl.	10/02/2023
18	19/2022	Valuation Roll for LLM FOR A Period of Five (5) Years	Competitive Bidding	NDK Valuers (Pty)Ltd	Rates as Indicated in the Tender Document. Vat Incl	10/02/2023



## TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
19	85/2022	Appointment of Consultants for the Design, and Project Management of Water and Sanitation Projects on behalf of LLM for a period of Three (3) Years	Competitive Bidding	Watson Consulting Engineers (Pty)Ltd	Rates as Indicated in the Tender Document. Vat Incl	10/02/2023
20	62/2022	Plant Hire for Roads Construction As and When Required for a Period of Three (3) Years	Competitive Bidding	Impoqo Trading cc	Rates as Indicated in the Tender Document. Vat Incl	23/02/2023
21	14/2022	Supply and Delivery of Circuit Brakers for a period of Three (3) Years	Competitive Bidding	LM Investment Group	Rates as Indicated in the Tender Document. Vat Incl	27/01/2023
22	16/2022	Supply and Delivery of PPE As and When Required for a period of Three (3) Years	Competitive Bidding	Thusi Business Solutions	Rates as Indicated in the Tender	27/01/2023


**TENDER AWARDS FOR THE 2022/23 FINANCIAL YEAR**

NO	BID NO	BID DESCRIPTION	BIDDING PROCESS	COMPANY	AMOUNT	DATE AWARDED
					Document Vat Incl	
23	01/2023	Supply, Delivery, Installation and Maintenance of Air Conditioners in Lesedi Libraries	Competitive Bidding	Palm Springs Engineering	R 464 600,00	23/02/2023
25	38/2022	Cleaning of Municipal amenities for three years	Competitive Bidding	JHB Best General Traders- (Pty) Ltd	Rates	30/03/2023
26	RT46- 2020	Tracking and Vehicle Monitoring System for the State for the Period Ending 31 March 2026: Category D: Tracking and Monitoring Systems	Transversal Contract	EKS Vehicle Tracking	Rates as per Category D.	08/04/2023



# APPENDIX J – MUNICIPAL SERVICE PROVIDER PERFORMANCE SCHEDULE

Colour Codes	Meaning
	Not Yet started
	Good
	Satisfactory
	Poor

Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
65/2021	INFRASTRUCTURE	MAMADI & COMPANY	ENVIRONMENTAL ASSESSMENT PRACTITIONERS TO ASSIST WITH THE IDENTIFICATION OF LAND, RANK AND COMPILE A FEASIBILITY STUDY FOR A NEW LANDFILL SITE AT LESEDI LOCAL MUNICIPALITY	01-Nov-22	28-Feb-25		Good	Good	Good	





Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
72/2021	INFRASTRUCTURE	BOTLHALE HLOMPHO (PTY) LTD	MANAGEMENT AND OPERATION OF THE LANDFILL SITE FOR A PERIOD OF THREE YEARS	01-Feb-22	01-Feb-25	Good	Good	Good	Good	
000048 (RT57)	CORPORATE AND LEGAL	PHAMBILI SERVICES	PROCUREMENT OF A RESCUE VEHICLE	10-Oct-22	30-Jun-23		Good	Good	Good	
000061 (RT57)	CORPORATE AND LEGAL	NMI DURBAN DURBAN SOUTH AFRICA	ACQUISITION OF A HAZMAT VEHICLE	19-Oct-22	30-Jun-23		Good	Good	Good	
000083 (RT57)	CORPORATE AND LEGAL	VOLKSWAGEN SOUTH AFRICA	SUPPLY AND DELIVERY OF UTILITY VEHICLE	30-Nov-22	30-Jun-23		Good	Good	Good	
000084 (RT57)	CORPORATE AND LEGAL	FORD MOTOR COMPANY SOUTH AFRICA	SUPPLY AND DELIVERY OF FORD RANGER DOUBLE CAB	01-Dec-22	30-Jun-23		Good	Good	Good	
RT57	CORPORATE AND LEGAL	VOLKSWAGEN SOUTH AFRICA	SUPPLY AND DELIVERY OF UTILITY VEHICLE				Good	Good	Good	
07/2022	INFRASTRUCTURE	MAHLATJI MMETJIE TRADING AND	CONSTRUCTION OF VARIOUS ROADS AND S/W IN KWAZENZELE (PHASE 2), ETHEL ROAD	04-Jan-23	31-Aug-23			Good	Good	



Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
		PROJECTS-roads kwazenze								
08/2022	INFRASTRUCTURE	KHOSANTO HOLDINGS (PTY) LTD-roads Jamson Park	CONSTRUCTION OF ROADS AND S/W IN JAMESON PARK (PETUNIA ROAD)	04-Jan-23	31-Aug-23			Good	Good	
53/2021	FINANCE	RAEAGA SECHABA TRADING ENTERPRISE	CREDIT CONTROL AND REVENUE MANAGEMENT SERVICES FOR A PERIOD OF THREE YEARS	24-Aug-22	24-Aug-25	Satisfactory	Satisfactory	Good	Good	
06/2022	INFRASTRUCTURE	MAHLATJI MMETJIE TRADING AND PROJECTS-roads impumelelo	CONSTRUCTION OF VARIOUS ROADS AND S/W IN IMPUMELELO EXT 2, PHASE 2, DEVON	04-Jan-23	31-Aug-23			Good	Good	
09/2022	INFRASTRUCTURE	NEP CONSULTING ENGINEERS	APPOINTMENT OF A SERVICE PROVIDER FOR THE SOURCING OF FUNDS AND	21-Nov-22	21-Nov-25					



Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
			IMPLEMENTATION OF INFRASTRUCTURE PROJECTS							
11/2022	CORPORATE AND LEGAL	NOMTHY PROJECTS (PTY) LTD	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE ADVERTISING SERVICES ON LOCAL AND NATIONAL NEWSPAPERS FOR LESEDI LOCAL MUNICIPALITY	13-Jan-23	12-Jan-26			Satisfactory	Satisfactory	THE SERVICE PROVIDER SHOULD IMPROVE ON THE TURN AROUND IN TERMS OF FEED BACK AND RESPONSES- AND THEY MUST SUBMIT THEIR



Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
										INVOICE ON TIME
19/2022	COMMUNITY SERVICES	984 INFINITE ENTERPRISE PTY LTD	THE SUPPLY, PACKAGING AND DELIVERY OF LIBRARY BOOKS	01-May-23	30-Jun-23				Satisfactory	
80/2022	INFRASTRUCTURE	AARON D PROJECTS (PTY) LTD	THE CONSTRUCTION OF A PAVILLION STRUCTURE FOR HEIDELBERG EXT 23 SPORTS COMPLEX	13-Jan-23	31-Dec-23			Satisfactory	Satisfactory	
16/2022	FINANCE	THUSI BUSINESS SOLUTIONS	SUPPLY AND DELIVERY OF PPE AS AND WHEN REQUIRED FOR A PERIOD OF THREE YEARS FOR LLM.	13-Feb-23	31-Jan-26			Good	Good	
47/2022	FINANCE	MOTSEING HOLDINGS (PTY) LTD	SUPPLY AND DELIVERY AND OFF-LOADING OF LOW VOLTAGE CABLES AND MEDIUM VOLTAGE CABLES ON AN AS AND WHEN REQUIRED	13-Feb-23	12-Feb-26			Good	Good	



Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
			FOR A PERIOD OF THREE YEARS.							
57/2022	INFRASTRUCTURE	GREAT SPACES INTERIOR AND CONSTRUCTION- BITUMEN	SUPPLY AND DELIVERY OF ROADS MATERIALS: BITUMEN PRODUCTS AND GRAVEL MATERIAL AS AND WHEN REQUIRED FOR A PERIOD OF THREE YEARS.	01-Apr-23	31-Mar-26				Good	
19/2022	FINANCE	NDK VALUERS (PTY) LTD	VALUATION ROLL HEIDELBERG, GAUTENG							
18/2022	INFRASTRUCTURE	DWELLERS TRADING AND PROJECTS- replacement of asb cement water pipes	APPOINTMENT FOR CONTRACTOR FOR THE REPLACEMENT OF ASBESTOS CEMENT (AC) WATER PIPES IN HEIDELBERG, PHASE 7	27-Feb-23	31-Aug-23			Satisfactory	Good	An acceleration Plan submitted
85/2022	INFRASTRUCTURE	WASTON CONSULTING ENGINEERS	APPOINTMENT OF CONSULTANTS FOR THE DESIGN AND PROJECT MANAGEMENT OF WATER AND	13-Jan-23	12-Jan-26				Good	



Contract No.	Department	Name of service provider	Description of supply/service	Start date.	End date	Assessment of service provider performance				Comment
						Q1	Q2	Q3	Q4	
			SANITATION PROJECT ON BEHALF OF LLM FOR A PERIOD OF 3 YEARS							
62/2022	INFRASTRUCTURE	IMPOQO TRADING CC	PLANT HIRE FOR ROADS CONSTRUCTION AS AND WHEN REQUIRED FOR A PERIOD OF THREE YEARS	01-May-23	30-Apr-26				Good	
38/2022	COMMUNITY SERVICES	JHB BEST GENERAL TRADERS (PTY) LTD	CLEANING OF MUNICIPAL AMENITIES FOR LLM FOR A PERIOD OF 3 YEARS	01-May-23	30-Apr-26				Good	
14/2022	FINANCE	LM INVESTMENT GROUP (PTY) LTD	SUPPLY AND DELIVERY OF CIRCUIT BREAKERS FOR A PERIOD OF THREE YEARS AS AND WHEN REQUIRED.	01-Mar-23	28-Feb-26				Good	
TR46-2020	CORPORATE AND LEGAL	EKS VEHICLE TRACKING (PTY) LTD	APPOINTMENT OF TRACKING AND VEHICLE MONITORING SYSTEM TO THE STATE FOR THE PERIOD OF 3 YEARS	08-Apr-23	31-Mar-26				Good	



[illegible]



# APPENDIX K – DISCLOSURES OF FINANCIAL INTERESTS

## Disclosures of Financial Interests

Period 1 July 2022 to 30 June 2023

Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Cllr R Maluleke	a) Shares Wife Tshirela Investments CC, Wife Murble Gold Pty(Ltd); Wife Mlinko Agricultural Projects; Mkhulu Entreprises Pty (Ltd) - daughter Mlilo Agricultural Projects, M & W Registration on Projects,
Member of MAYCO / Exco	MS Lukhele	a) - j) N/A
	Cllr M Motsepe	a)-j)N/A
	Cllr T Motsepe	a)-j)N/A
	ME Magazi	N/A
	C Simelane	N/A
	T Mashinini	Malwande Trading
Councillor	LS Gamede	e) By Mkhulu Entreprises CC
	M Kubheka	N/A
	PR Mpemvu	N/A



### Disclosures of Financial Interests

Period 1 July 2022 to 30 June 2023

Position	Name	Description of Financial interests* (Nil / Or details)
	T Mashini	
	L Machitje	N/A
	M Langa	N/A
	D Tsotetsi	N/A
	K.B Moloi	N/A
	F Khumalo	James Primary Co-Op, Bantungwa Projects, Emthuzini Pub & Grill
	PR Mchunu	a)-d) N/A e)Zmatororo Car Wash f)-j) N/A
	J Coetsee	Employed: Sanca Greater Heidelberg
	G Naidoo	N/A
	MVM Malefela	N/A
	TJ Gama	a)No b)No c)No d) Gamzeni Enterprise PTY f)Taxi Owner g)No h)No i)No j)No
	TP Nyembe	a)-j)N/A
	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



### Disclosures of Financial Interests

Period 1 July 2022 to 30 June 2023

Position	Name	Description of Financial interests* (Nil / Or details)
	MK Rakitla	a)-j)N/A
	T Motsepe	a)-b)N/A
	SHAC Paul	a)-h)No i)Salam,Old Mutual j)No
	SJ Mnyakeni	a) - j) N/A
	ZS Twala	a)-d)No f)Manyamande Catering & Cleaning
	AZ Abdullah	a)-j)N/A
	JM Sabasaba	a)-j)No
	Boshoff	Sunset Point Properties, Mari Properties
	Holtzhausen	N/A
	Mulder	N/A
	MP Mtshonyane	Mzansi Family Trust
	Chanel Collen	Employment: Cosmopolitan Projects
	NE Sibaya	d)Directotship NEC Trading
<b>Municipal Manager</b>	Nompumeleo Khawula	NPC - Thabasande
<b>Chief Financial Officer</b>	G Mncube (Acting)	N/A
<b>Executive Manager: Community Services</b>	Advocate Gugulethu Thimane	Directorship Board Member Routs Regulations



## Disclosures of Financial Interests

Period 1 July 2022 to 30 June 2023

Position	Name	Description of Financial interests* (Nil / Or details)
Executive Manager: Infrastructure	Thobeka Zondi	Financial Interest: Easy Equity
	Nompumeleo Khawula	NPC - Thabasande
	Thobeka Zondi	Financial Interest: Easy Equity
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
T J		



# APPENDIX L – REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE

Revenue Collection Performance by Vote - 2022/23 R' 000						
Vote Description	2021/22	Current: 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Municipal Governance and Administration	333 038	352 519	358 178	361 304	2%	1%
Vote 2 - Community and Public Safety	27 629	65 778	44 565	37 190	-77%	-20%
Vote 3 - Economic and Environmental Services	23 008	29 984	29 984	30 325	1%	1%
Vote 4 - Trading Services	739 805	738 995	762 177	690 527	-7%	-10%
Total Revenue by Vote	1 123 480	1 187 276	1 194 903	1 119 347	(0)	(0)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
						TK.1





Revenue Collection Performance by Source - 2022/23						
R '000						
Description	2021/22	2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustment s Budget
Property rates	147 135	153 386	159 045	154 088	0%	-3%
Property rates - penalties & collection charges	–	–	–	–	0%	0%
Service Charges - electricity revenue	397 853	416 257	429 528	360 246	-16%	-19%
Service Charges - water revenue	159 033	164 058	167 944	176 984	7%	5%
Service Charges - sanitation revenue	33 139	36 125	36 612	34 249	-5%	-7%
Service Charges - refuse revenue	39 192	38 921	44 460	40 858	5%	-9%
Service Charges - other	–	–	–	–	–	–
Rentals of facilities and equipment	6 548	6 105	6 105	6 551	7%	7%
Interest earned - external investments	1 703	1 804	1 804	5 220	65%	65%
Interest earned - outstanding debtors	48 453	48 527	48 527	45 632	-6%	-6%
Dividends received	–	–	–	–	0%	0%
Fines	1 570	31 000	1 000	1 200	-2483%	17%
Licenses and permits	84	11	11	130	91%	91%
Agency services	–	–	–	–	0%	0%
Transfers recognised - operational	178 323	195 593	204 478	199 620	2%	-2%
Other revenue	6 945	4 457	4 457	9 128	51%	51%
Gains on disposal of PPE	–	–	–	–	0%	0%
Environmental Protection	–	–	–	–	0%	0%



Revenue Collection Performance by Source - 2022/23						
R '000						
Description	2021/22	2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustment s Budget
Total Revenue (excluding capital transfers and contributions)	1 019 974	1 096 246	1 103 971	1 033 908	-6,03%	-6,78%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>This table is aligned to MBRR table A4.</i>						
						T K.2



# APPENDIX M: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG 2022/23						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Equitable share	181319	181319	181319	0%	0%	
Finance Management Grant	1950	1950	1950	0%	0%	
Expanded Public Works Program Integrated Grant	1228	1228	1228	0%	0%	
Libraries plan	7000	10000	8881	21%	13%	
Expanded Public Works Program (Cogta)	1066	1066	1066	0%	0%	
Integrated National Electrification Grant	25458	25458	25458	0%	0%	
Recapitalization of Community Libraries Grant	12800	16199	10414	-23%	56%	
Water Services Infrastructure Grant	18874	13874	13874	-36%	0%	
Cogta Fire and Rescue Services Grant	4200	6200	5995	30%	3%	
<b>Total.</b>	<b>253 895,00</b>	<b>257 294,00</b>	<b>250 185,00</b>	<b>-1%</b>	<b>3%</b>	
<p><i>* 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.</i></p>						
						TL



# APPENDIX N: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Capital expenditure by Asset Class							
Infrastructure - Total	–	83	97	62	80	48	–
Infrastructure: Road transport - Total	–	27	21	15	23	25	–
Roads, Pavements & Bridges		26 677	20 877	15 097	22 566	24 882	
Storm water		0	0				
Infrastructure: Electricity - Total	–	40	50	23	46	24	–
Generation		40 400	50 339	22 672	46 299	23 500	
Transmission & Reticulation				0			
Street Lighting				0			
Infrastructure: Water - Total	–	8	16	15	9	–	–



## Capital Expenditure - New Assets Programme\*

R '000

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Dams & Reservoirs		8 000	16 000	14 716	9 000	–	
Water purification				0		–	
Reticulation				0			
Infrastructure: Sanitation - Total	–	8	10	9	2	–	–
Reticulation		5 000	5 000	9 109			
Sewerage purification		2 850	4 839	0	2 160		
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management				0			
Transportation				0			
Gas				0			
Other				0			
Community - Total	–	6		11	9	4	–
Parks & gardens				0			
Sportsfields & stadia				0	2 000		
Swimming pools				0			
Community halls				0			



Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Libraries		2 300	7 027	10 867	3 042	3 944	
Recreational facilities		2 100	200	0			
Fire, safety & emergency		2 000	2 000	0	4		
Security and policing				0			
Buses				0			
Clinics				0			
Museums & Art Galleries							
Cemeteries				0			
Social rental housing				0			
Other							
Table continued next page							
Table continued from previous page							
Capital Expenditure - New Assets Programme*							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings				0			
Other				0			
Investment properties - Total	-	-		-	-	-	-



# Capital Expenditure - New Assets Programme\*

R '000

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Housing development				0			
Other				0			
Other assets	-	13		136	6	6	-
General vehicles		11 450	16 510	0			
Specialised vehicles				108 360			
Plant & equipment		577	577		50	50	
Computers - hardware/equipment				18 466			
Furniture and other office equipment		275	0	9 326	1 469	1 469	
Abattoirs				0			
Markets				0			
Civic Land and Buildings		500	500	0	4 000	4 000	
Other Buildings				0			
Other Land				0			
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class			0				





# Capital Expenditure - New Assets Programme\*

R '000

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Biological assets	-	-		-	-	-	-
List sub-class			0				
Intangibles	-	1		14	-	-	-
Computers - software & programming		793	2 246	14 085			
Other (list sub-class)				0			
Total Capital Expenditure on new assets	-	103		223	95	58	-
Specialised vehicles	-	-		100	-	-	-
Refuse				0			
Fire				99 506			
Conservancy				0			
Ambulances				0			
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1



Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							



## Capital Expenditure - New Assets Programme\*

R '000

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							



Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
Table continued next page							
Table continued from previous page							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Capital expenditure by Asset Class							



# Capital Expenditure - New Assets Programme\*

R '000

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
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							



Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-



Capital Expenditure - New Assets Programme*							
R '000							
Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2





# APPENDIX O: CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: 2022/23 R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
UPGRADING TELEMETRY SYSTEM	0	300	0	0%	0%
TRUCK	0	2400	0	0%	0%
REPLACEMENT OF ASBESTOS PIPES LESEDI P4	8000	16000	14716	-9%	46%
TOOLS & EQUIPMENT	300	0	0	0%	0%
WATER TANKER AND PLUMBER TRUCKS	2400	0	0	0%	0%
Sanitation/Sewerage					
TRAILERS	0	850	0	0%	0%
DRY SANITATION TOILET UNITS (RURAL AREA)	2850	4839	0	0%	0%
UPGR SEWER PIPELINE RATANDA EXT 2	5000	5000	4786	-4%	-4%
UPGR & INSTAL OF ZONAL METERS AND PRV'S	6000	6000	4323	-39%	-39%
COMBINATION UNIT AND RODS TRAILER	850	0	0	0%	0%
Electricity					
SWITCHING STATION_RATANDA	9500	1800	0	0%	0%
SWITCHING STATION_IMPUMELELO	5264	8400	0	0%	0%
ELECTRIFICATION- OBED NKOSI	13736	18000	21719	17%	37%
ELECTRIFICATION- IMPUMELELO	11900	12200	15087	19%	21%



Capital Programme by Project: 2022/23  
R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
TOOLS & EQUIPMENT	400	400	0	0%	0%
VEHICLE LDV PATROL		178	154	-16%	100%
VEHICLE CHERRY PICKER		1500	0	0%	0%
ELECTRIFICATION		9939	0	0%	0%
Housing					
"Project A"	0	0	0	0%	0%
"Project B"	0	0	0	0%	0%
Refuse removal					
REFUSE COLLECTION TRUCK	4000	2800	2296	-22%	-74%
LDV	1400	1100	0	0%	0%
REFUSE COLLECTION TRUCK	0	2640	2296	-15%	100%
Stormwater					
CONST ROADS & S/W RATANDA 1;3;6 & OBED N	9216	7129	6389	-12%	-44%
CONSTR ROADS & STORMWATER JAMESON PARK	6899	5103	0	0%	0%
CONSTR ROADS & STORMWATER EXT 23	4761	4601	3552	-30%	-34%
CONSTR ROADS & STORMWATER KWANZENZELE P1	1889	1044	0	0%	0%
Economic development					
"Project A"	0	0	0	0%	0%
"Project B"	0	0	0	0%	0%
Sports, Arts & Culture					
INSTALLATION OF GRAND STAND PAVILLION IN HED EXT 23 & 26 SPORTS COMPLEX	2100	200	0	0%	0%
Environment					



Capital Programme by Project: 2022/23  
R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
BUSH CUTTERS; CHAINSAWS; BLOWERS	177	177	24	-638%	-638%
TRACTORS (GRASS CUTTING)	600	600	428	-40%	-40%
Health					
VEHICLE	900	900	869	-4%	-4%
Safety and Security					
VEHICLE	0	1599	0	0%	0%
ICT and Other					
ICT and Other	12964	20068	92	-21713%	-13991%
T N					



## APPENDIX P – CAPITAL PROGRAMME BY PROJECT BY WARD 2022/23

Project Description	Amount	Ward
1. Electrification of houses in Obed Nkosi	R15 000 000,00	1
2. Construction of 1km Roads and stormwater in Jameson Park	R9 800 000,00	10
3. Construction of 0.5km Roads and stormwater in KwaZenzele	R5 300 000,00	13
4. Construction of 0.6km Roads and stormwater in Impumelelo	R5 500 000,00	12
5. Replacement of asbestos pipeline	R9 000 000,00	8 & 11



# APPENDIX Q: SERVICE BACKLOGS: SCHOOLS AND CLINICS.

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
NONE*	N/A	N/A	N/A	N/A
Clinics (NAMES, LOCATIONS)				
NONE**	N/A	N/A	N/A	N/A
<p><b>*Schools</b> – Municipality only provide land if and when it is approved by council; this facilitates access to land use process. So, the custodian would typically be the Department of Education and DID (Province). LED is partially responsible as it receives request for construction of Infrastructure; and the response is usually based on the existing allocation of land use; as per the land use plan.</p> <p><b>**Clinics</b> - Primary Health Care (PHCs) were provincialized and is no longer the local municipality's prerogative. The municipality is only responsible for the provision of access to infrastructure &amp; assets. This is done through a signed 3-year agreement, which must be council approved. The municipality still owns the Clinics / PHCs infrastructure / building.</p>				

Table P.1



# APPENDIX R – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<b>Housing:</b>		
Impumelelo housing project	<ul style="list-style-type: none"> <li>2021/2022 Target: 700 units</li> <li>Achieved: 800</li> </ul>	There is no backlog on this project. We are over supplying houses. We are currently having a high number of beneficiaries coming from neighbouring municipalities because of over supplying. A lot of number of houses that has been finished and not yet located to beneficiaries
Obed Nkosi Housing project	<ul style="list-style-type: none"> <li>2021/2022 Target: 1000</li> <li>Achieved: 1200</li> </ul>	There is no backlog on this project. We are over supplying houses. We are currently having a high number of beneficiaries coming from neighbouring municipalities because of over supplying. A lot of number of houses that has been finished and not yet located to beneficiaries.



# APPENDIX S – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2022/23				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality.	Nature of project	Conditions attached to funding	Value 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





# APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Ongoing projects to upgrade water, sewer and electricity projects supported by National Treasury through provision of Grants.	94 – 100%
Output: Implementation of the Community Work Programme	The CWP is annually implemented throughout the municipality and created about 1100 jobs.	100%
Output: Deepen democracy through a refined Ward Committee model	The municipality has established 13 Ward Committees out of 13 Wards. The Ward Committees meets monthly as per the policy approved by Council. Out of 156 ward committee meetings expected 72 meetings held. Ward Committee members are invited to be part of the stakeholders during IDP/Budget consultation public meetings.	46%
Output: Administrative and financial capability	The municipality has managed to maintain an unqualified audit opinion from AGSA and plans are in place to address the matters raised during internal and external audits.	
<i>* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.</i>		
		T S



# **APPENDIX U: AUDITED ANNUAL PERFORMANCE REPORT 2022/23**



## 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 2022 to 30 June 2023 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 2022/2023.

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) 2022/2023

The SDBIP 2022/23 has formed the basis of developing the Annual Performance Report 2022/23. The SDBIP 2022/23 was approved by the Mayor on the 26 JULY 2022 (LC.MC-148/07/2022)

which was subsequently adjusted on the 24 JANUARY 2022 (LC.MC - 14/01/2023) to align with changes resulted from Budget adjustment process and the findings from both Internal and external Auditors.

The following adjustments have been affected with regard to certain Key Performance Indicator (KPI) to ensure that such are fully compliant with the SMART principles.

Department	Original KPI	Revised KPI/ Description.	Portfolio of Evidence	Reasons for Adjustment
MM	Number of quarterly reports regarding indigent households receiving free basic services submitted to Council	The indicator is discontinued.	n/a	KPI is a duplicate. The same indicator is reported by Finance.
MM	The percentage Implementation of an approved internal audit plan and reported on quarterly basis.	The indicator is discontinued.	n/a	The KPI is not attainable.
MM	Number of job opportunities created in line quarterly with GEYODI.	The indicator is discontinued.	n/a	The KPI is not attainable.
CORSER	Number of quarterly Case Management reports submitted to Council	Number of (Biannually) Case Management reports submitted to Council	n/a	Reviewed to address the SMART principle. Realistic reporting.
CORSER	Percentage of vehicles repaired/serviced within 5 days of reporting at the municipal mechanical workshop.	Percentage of vehicles repaired/serviced within 30 Calendar days of reporting at the municipal mechanical	n/a	Reviewed to address the SMART principle. Attainable reporting.



Department	Original KPI	Revised KPI/ Description.	Portfolio of Evidence	Reasons for Adjustment
Community	Percentage of quarterly potable Water Samples compliant with SANS 241	Percentage of quarterly potable Water Samples compliant with SANS 241 The indicator is non-cumulative and expressed in a percentage form.	n/a	Reviewed to address the SMART principle
Community	Number of quarterly developmental & support programs conducted in line with environment and health status of the community	Number of quarterly support programmes implemented with the aimed of improving the environment and health status of the community. These programmes will include the following; awareness programmes, food safety educational programmes, water conservation and greening.	n/a	Reviewed to address the SMART principle
Community	Number of quarterly support programs provided to vulnerable groups of the community	Number of quarterly support programs provided to vulnerable groups of the community. The support programmes will include the following; awareness/ outreach of GBV, Domestic violence, substance abuse, child /human trafficking, child protection. Other programmes will involve Youth Skills development. These programmes are conducted in partnership with other sector departments.	n/a	Reviewed to address the SMART principle
Infrastructure	Percentage of new houses electrified within 45 days of the application	Percentage of new houses electrified within 45 working days after the receipt of the application.	n/a	Reviewed to address the SMART principle.
Infrastructure	Number of new houses with minimum access to refuse removal services provided annually	Number of new houses with minimum access to refuse removal services provided annually	KPI Remains unchanged – only POE enhanced. Refuse removal Acknowledgement register.	The POE was enhanced to cater for desired register as per the KPI.
Infrastructure	Percentage of new houses with access to water within 30 days of the receipt of the applications.	Percentage of new houses with access to water within 30 working days of the receipt of the applications.	n/a	Reviewed to address the SMART principle



Department	Original KPI	Revised KPI/ Description.	Portfolio of Evidence	Reasons for Adjustment
Infrastructure	Percentage completion of the construction of a switching station at Impumelelo X3. (Cumulative)	The indicator is discontinued.	n/a	Submitted change control and it has been approved. No physical work on site to take place, only planning and design for 2022/2023 FY.

Department	Original KPI	Revised KPI/ Description.	Portfolio of Evidence	Reasons for Adjustment
Infrastructure	Percentage completion on electrification of Impumelelo Ext 3 (Cumulative)	The indicator is discontinued.	n/a	Submitted change control and it has been approved. No physical work on site to take place, only planning and design for 2022/2023 FY.
Infrastructure	Percentage completion of upgrading of at the Devon Waste Water Treatment Plant (Cumulative)	Percentage completion of upgrading of mechanical and electrical equipments at the Devon Waste Water Treatment Plant (Cumulative)	n/a	Reviewed to address the SMART principle
Infrastructure	Number of jobs opportunities created quarterly through EPWP initiative. (non-cumulative)	Number of jobs opportunities created quarterly through EPWP initiatives. (projects and incentives grants). The indicator non-cumulative.	n/a	Reviewed to address the SMART principle
Infrastructure	Percentage of water distribution losses- average minimally curbed.	Percentage of water distribution losses- quarterly average minimally curbed.	n/a	Reviewed to address the SMART principle
Infrastructure	Percentage of electricity distribution losses average minimally curbed.	Percentage of electricity distribution losses quarterly average minimally curbed.	n/a	Reviewed to address the SMART principle
Infrastructure	Percentage completion of the upgrading of the road intersection (John Langalebalele Street and R549). (Cumulative)	Indicator Discontinued		Delays in approval of designs by GAUTRANS



Department	Original KPI	Revised KPI/ Description.	Portfolio of Evidence	Reasons for Adjustment
LEDP	Number of notices issued to discourage illegal land use within 28 days of reporting in accordance with the Land Use Management Scheme, 2018 and National Building Regulations Act.	Number of notices issued to discourage illegal land use and illegal building work within 28 working days of reporting in accordance with the Land Use Management Scheme, 2018 and National Building Regulations Act.	Illegal building work/ Illegal Land use register and Illegal building work and Illegal land use notices	Reviewed to address the SMART principle
LEDP	Number of building plans approved within 30 days for ( $\leq 500\text{m}^2$ ) and 60 days for ( $\geq 500\text{m}^2$ ) buildings.	Number of building plans approved within 30 Calendar days for (less or equal to $500\text{m}^2$ ) and 60 days for (greater $500\text{m}^2$ ) buildings.	building plans report / building plans register	The POE was enhanced to cater for desired register as per the KPI.
LEDP	Percentage of the approved SPLUMA related applications in accordance with turnaround times stipulated in the By-law	The indicator is discontinued	n/a	Indicator not SMART, its not Attainable and Realistic.
LEDP	Number of investors attracted within the municipality	Number of investors attracted within the municipality bi-annually.	n/a	Reviewed to address the SMART principle
LEDP	Number of LED and Tourism Summit conducted on annual basis.	The indicator is discontinued	n/a	Discontinued due to budgetary constraints.





Following changes were made to annual Targets;

Department	KPI	Original Annual Target	Revised Annual Target	Revised Targets for the last term		Reasons for adjustment
				Quarter 3	Quarter 4	
Finance	The percentage of quarterly collection of debtors in respect to billings	78%	70%	70%	70%	Due to decline in collection trends at midterm.
Finance	Percentage of quarterly service charge revenue billed against approved budget	100%	80%	65%	80%	Load shedding and illegal connections contributed to the decline of billing for electricity.
Finance	The percentage of invoices paid within 30 days of receipt.	85%	50%	50%	50%	Due to cash flow constraints.
CORSER	Number of (Biannually) Case Management reports submitted to Council.	4	2	n/a	1	Cases take long than a quarter to show progress or to be resolved, hence reporting biannually.
Community	Targets remain the same.					
Infrastructure	Percentage Replacement of 2250m Water pipe mains in Lesedi	100%	100%	40%	100%	Delays in procurement processes, the procurement process is on 14 days' notice to award.
Infrastructure	Percentage completion of 0.6Km roads and storm water upgrades at Impumelelo X2 (Cumulative)	100%	100%	50%	100%	Due to delays in procurement process
Infrastructure	Percentage completion of 0.5km roads and stormwater upgrades at Kwazenzele Phase 1 (Cumulative)	100%	100%	50%	100%	The budget was adjusted because other projects were discontinued.
Infrastructure	Percentage completion of upgrading of mechanical and electrical equipments at the Devon Waste Water Treatment Plant (Cumulative)	100%	100%	45%	100%	Change of scope due to non-approval by Eskom on the proposed capacity upgrade.
Infrastructure	Percentage completion of the installation of a pavilion roof at Heidelberg X26 Sports Complex.	100%	100%	35%	100%	Due to delays in procurement
Infrastructure	Percentage implementation of OPCA audit action plans for 2021/22FY submitted to OPCA committee (cumulative)	100	90%	30%	90%	Due to funding constraints to address gaining infrastructure.
LEDP	Number of town planning policies developed and submitted to council on quarterly basis.	12	8	1	1	Target was adjusted downward due to capacity constraints.

**NB. Targets for quarter 1 and 2 remain unchanged.**



#### 4. 2022/23 Annual Organisational Performance Results Per Department

##### Performance Statistics summary

DEPARTMENT	Total Number of KPIs as of 30th June 2023	KPIs Not Reportable as of 30th June 2023	Total KPIs reported as of 30th June 2023	No of KPIs Met	No of KPIs Not Met	No of KPIs Achieved %	No of KPIs Not Achieved %
Community Services	16	0	16	12	4	75%	25%
Corporate Services	19	0	19	14	5	74%	26%
LED and Planning	17	0	17	15	2	88%	12%
Finance	19	0	19	14	5	74%	26%
Infrastructure Services	23	0	23	13	10	57%	43%
Municipal Manager	9	0	9	7	2	78%	22%
<b>TOTAL</b>	<b>103</b>	<b>0</b>	<b>103</b>	<b>75</b>	<b>28</b>	<b>73%</b>	<b>27%</b>

**Performance Achieved** This is when the verified Annual performance exceed the quarter 3 target.

**Performance Not achieved** This is when the verified Annual performance does not exceed the quarter 2 target.

**Not for reporting** This is when there was no target for the Annual Performance. Even when there was a performance, since there was no target it is rated as not for reporting

#### 5. 2022/23 Quarterly

**Performance schedules. Attached as Annexure.**



## 6. Lesedi Local Municipality Annual Performance Report (APR) 2022/2023.

### 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
MM	Number of Annual internal audit plans developed and approved by Audit Committee.	The indicator measures the development and approval of the internal audit plan by the AC within the last quarter of the year and not later than 30 June 2023.	A1	1	0	0*	1	0	-1	Meeting Calendar for the AC meeting was not properly aligned with the approval of the Annual Audit Plan	Internal Audit section has now aligned the approval of the Annual Audit Plan with the calendar of AC meeting to prevent late approval of AAP.	Approved Annual Internal Audit Plan	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
MM	The percentage achieved on the overall Municipal performance within each quarter in line with the approved SDBIP.	The indicator measures the quarterly overall achievement of the municipal performance in line with the approved SDBIP. As expressed in a percentage. Calculation will be based on the following formula; Number of KPIs achieved/ number of KPIs reported x 100.	A3	65%	74%	52%	65%	73%	8%	This was due monthly monitoring of departmental performance by the MM through SMT meetings.	n/a	Quarterly Performance Information Summary 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
MM	Percentage spend on grant funded capital projects on quarterly basis. (Cumulative)	The indicator measures the expenditure on Grant funded capital projects (GFC) expressed in a percentage. Formula: The total Expenditure incurred on GFC/ Total Budget of GFC x 100. The indicator is cumulative.	D1	90%	91%	86%	90%	98%	8%	A Capital projects War room was established to monitor all grant expenditure closely	n/a	Grant Funded Capital Project 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
MM	Number of quarterly Strategic Risk mitigation reports submitted to M&R unit.	The indicator measures the number of quarterly reports mitigating the strategic risks.	E1.4	4	4	4	4	4	0	n/a	n/a	Copy of the strategic risk mitigation report signed by M&R	Performance is Achieved
MM	Number of annual Strategic risk assessments conducted	This indicator measures the annual assessment of the current risk to develop a new register that will be reviewed in the next FY. The strategic risk assessment should be conducted in the fourth quarter and not later than 30 June 2023	E1.4	1	1	1	1	1	0	n/a	n/a	Strategic Risk Assessment Report for 2023/24	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
MM	Number Mid-year performance assessment reports submitted to the mayor by the 25th January 2023 (Financial and Non-financial)	This indicator measures Number of submissions of midyear finance and non-financial performance reports to Mayor by 25 January 2023 in compliance with Section 72 of the MFMA	E1.4	2	2	2	2	2	0	n/a	n/a	Report signed by the mayor or Mayoral Resolution	Performance is Achieved
MM	Number of AFS and annual performance reports submitted to AGSA for audit by 31 August 2022	This indicator measures the number of submissions of AFS and APR to AGSA by 31 August 2022 in compliance with MFMA	E1.4	1	1	1	1	1	0	n/a	n/a	Receipt of AFS/APR Acknowledge letter signed by AG	Performance is Achieved
MM	Number of final Annual Reports submitted to Council by 31 January 2023	This indicator measures compliance with MFMA with regard to the preparation and submission of Annual report to Council by 31 January 2023	E1	1	1	1	1	1	0	n/a	n/a	Council Resolution	Performance is Achieved
MM	Percentage Implementation of OPCA audit action plans for 2021/22FY (cumulative)	The indicator measures progress in implementing AGSA audit action plans as expressed in a percentage. Formula: The number of findings resolved/the number of findings applicable x 100.The action plan is developed and approved together with the annual report by the 31 January annually.	E1	90%	51%	0*	100%	50%	-50%	The UIFW investigation has been conducted and concluded to determine the person liable for financial misconduct and for consequence management, however it has not been tabled in Council and MPAC.	Going forward UIFW report to be submitted to Council and MPAC for consideration	Signed OPCA 2021/22 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	The percentage 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%	100%	69%	100%	99%	-1%	There were some complaints that infrastructure that took longer to resolve	There will be timeous follow up with other departments	Complaints Register	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	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 annually.	The indicator measures the annual Registered Indigent supplied with free basic services. The indicator shall be reported in Q4	B1	3500	4603	3532	3500	5175	1675	Economic situation has resulted in household income decreasing and high indigent approvals.	n/a	Indigent Register	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of SCM compliance workshops held annually for SMMEs 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. The workshop will be held in the fourth quarter and not later than 30 June 2023.	C1	1	1	0	1	0	-1	External stakeholders such as National Treasury for CSD and CIDB compliance and were not available for the workshop	Early planning of the workshop with the relevant stakeholder such as National Treasury and CIDB will take place to ensure that the workshop is scheduled for when all parties are available.	Workshop Agenda, Report and 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	The percentage of quarterly collection of debtors in respect to billings	This indicator measures the percentage of quarterly average collection rate planned to be attained. It is non- cumulative and measured in percentage. The collection rate is included in the section 52d report. Formula: Actual collected cash/ Actual Billed x 100.	D1.2	78%	85%	85%	70%	70%	0%	n/a	n/a	Section 52d 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of monthly progress reports in implementing the projects as per the approved procurement plan submitted to the MM	The indicator measures the number of monthly progress reports in implementing projects on the approved procurement plan submitted to the MM.	D1	12	8	0*	12	12	0	n/a	n/a	Procurement report Signed by MM.	Performance is achieved
Finance	Percentage of quarterly service charge revenue billed against approved budget (Cumulative)	The indicator measures the performance of service charge revenue billed against the budgeted service charge revenue expressed as a percentage. The quarterly service charges is included in the section 52d report. FORMULA actual services figures/ budgeted amount X 100)	D1	100%	100%	100%	80%	93%	13%	Higher consumption of services resulted in billing being ahead of budget.	n/a	Section 52d 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Percentage of pre- paid electricity meters audited against total number of lows and non-purchases for 90 days	This indicator measures the number of meter audits conducted of electricity pre-paid meters audited against lows and non-purchases for 90 days. It is non-cumulative and measured in percentage (number of electricity pre- paid meters/total number of lows and non-purchases of 90 days X100)	D1.3	85%	82%	80%	80%	93%	13%	More households from previously inaccessible areas (no go zones) were accessed for meter audits.	n/a	Meter Audit Report	Performance is not achieved
Finance	Number of SCM quarterly deviation reports submitted to MM.	This indicator measures the number SCM quarterly deviation reports in compliance with SCM Regulation 36(2) submitted to the MM. It is non-cumulative and measured in number.	D1	4	4	4	4	4	0	n/a	n/a	SCM Quarterly deviation Report Signed by MM	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of contract management reports submitted to MM on quarterly basis.	The indicator measures the number of quarterly contract management reports submitted to MM in compliance with section 116 of MFMA	E1	4	4	4	4	4	0	n/a	n/a	quarterly contract management report Signed by MM	Performance is achieved
Finance	The percentage of invoices paid within 30 days of receipt.	The indicator measures payment of invoices paid within 30 days of receipt as per MFMA requirements. Formula: Invoices paid/invoices received x 100	D1	100%	97%	100%	50%	0%	-50%	The Municipality experienced cash flow constraints due to poor collection of billed revenue from certain areas.	Credit control will be intensified in order to improve on the cashflow of the municipality.	Signed 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of Operational Risk mitigation reports submitted to M&R unit, within 10 days after the end of the quarter	The indicator measures the number of reports mitigating the departmental risk. The risk mitigation shall be conducted in Q2, Q3 and Q4 of the current financial year	E1.4	3	3	4	3	3	0	n/a	n/a	Copy of the operational risk mitigation report	Performance is achieved
Finance	Number of annual 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. The risk assessment shall be conducted in the 1st Quarter of each financial year, be concluded on/ or before the 30 September.	E.1.4	1	1	1	1	1	0	n/a	n/a	Operational Risk assessments Register for 2022/23	Performance is achieved
Finance	Number of sections 52d Quarterly reports submitted to MM, within 10days after the end of the quarter.	The indicator measures the number of sections 52d quarterly reports in compliance with MFMA.	D1	4	4	4	4	4	0	n/a	n/a	Section 52d report signed by MM	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of annual financial statements submitted to the AG by the 31 August.	This indicator measures the submission of the AFS to AG in compliance with MFMA	D1	1	1	1	1	1	0	n/a	n/a	Receipt of AFS Acknowledge letter signed by AG	Performance is achieved
Finance	The percentage Implementation of OPCA audit action plans for 2022/23FY submitted to OPCA Committee. (cumulative)	The indicator measures progress in implementing AGSA audit action plans submitted to OPCA Committee. expressed as a percentage. Formula: number of finding resolved/ finding applicable x 100.	E1	100%	76%	0*	70%	52%	-18%	Some of the actions are due on compilation and review of AFS and were thus not yet due on compilation of the APR.	Actions will be reviewed to ensure that progress is noticeable by the end of the 4th quarter of the financial year.	Signed OPCA 2022/23 progress report report.	Performance is not achieved
Finance	Number of UIFW reduction plan report submitted to the MM, within 10days after the end of the quarter.	The indicator measures the number of UIFW reduction plan reports submitted to the MM, within 10days after the end of the quarter. UIFW (Unauthorised, Irregular Fruitless and Wasteful Expenditure)	E1	n/a	n/a	0*	4	0	-4	The Municipality didn't have the resources to conduct the investigations	Assistance sought from CoGTA to assist with reductio of the UIFW	UIFW reduction plan report signed by MM..	Performance is not achieved
Finance	Number of UIFW quarterly reports submitted to MM, within 10days after the end of the quarter.	The indicator measures the number of UIFW (Unauthorised, Irregular Fruitless and Wasteful Expenditure) quarterly reports submitted to MM in compliance with MFMA	E1	4	4	4	4	4	0	n/a	n/a	Section 52d 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of (Draft and final) budgets approved by Council within the stipulated timeframes, 31 March and 31 May 2023 respectively	This indicator measures the approval of the 2023/24 budgets (draft and final) by the 31st March and 31st May 2023. It is non-cumulative and measured in number	D1.1	2	2	2	2	2	0	n/a	n/a	Council Resolution	Performance is achieved



Key Performance Area: E	Good governance and Public participation												
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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Finance	Number of annual Draft Budget consultations conducted with the public	The indicator measures the number of budget consultations, as per the MFMA requirements. Consultations should take place in fourth quarter and not later than May 2023.	D1.1	3	3	1	3	13	10	There was a request for the municipality to reach a wider audience in different areas of the municipality for the budget consultation.	n/a	Public Notice and attended registers	Performance is achieved



## 1.1 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Percentage of calls for services complaints received at the Customer Care Service Centre and dispatched within 20 min to relevant departments for solution	The indicator measures the number of complaints dispatched against the number of complaints received. (complaints dispersed ÷ complaints received x100)	A1.1	100%	100%	97%	100%	100%	0%	n/a	n/a	Call Centre Reports	Performance is achieved
CORSER	Number of interventions implemented biannually to ensure compliance with record management policy.	This indicator measures the number of interventions implemented (Trainings and record awareness programmes) biannually to ensure compliance to the policy. The indicator shall be implemented in Q1 and Q3 of each financial year.	A2	3	3	4	2	3	1	There was a need to provide more intervention in line with the upgrading of processes concerning record management.	n/a	Signed record management intervention report	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Number of biannual reports on the implementation of HR strategy submitted to Council	The indicator measures the number of implementations reports of the approved HR Strategy submitted to Council biannually. The indicator shall be implemented in Q2 and Q4 in each financial year.	A2	4	2	0*	2	2	0	n/a	n/a	Quarterly HR strategy implementation report and Council resolution	Performance is achieved
CORSER	Number of Work Skills Plan developed and submitted to LG SETA for approval	The indicator measures the number of annual WSP developed and submitted to LG SETA for approval. The WSP shall be developed in the 4th Quarter of each financial year and be concluded by end of September. It is non-cumulative and measured in number.	A2	1	1	1	1	1	0	n/a	n/a	Approval letter from LG SETA	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Number of the quarterly implementation reports of the Municipal Staff Regulations and Guidelines submitted to Council.	The indicator measures the number of the quarterly Implementation Reports of the Municipal Staff Regulations and Guidelines submitted to Council	A2	0*	0*	0*	4	2	-2	Non- achievement was due to Capacity problems due to a vacant position in the HR office	The process of recruiting and appointing a HR manager is underway	Municipal Staff Regulations & Guidelines Implementation Report and Council resolution	Performance is not achieved
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. Training shall be conducted in Q3 and Q4.	A2.1	12	23	10	16	61	45	There was a need to train more officials as and when there was funding made available	n/a	Attendance Registers	Performance is achieved
CORSER	Number of quarterly wellness programmes conducted	The indicator measures the number of wellness programmes to be conducted for the employees. It is non-cumulative and measured in number	A2	4	4	4	4	4	0	n/a	n/a	Report & Attendance Register	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
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 be 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. The indicator shall be implemented in Q3 and Q4 of the Financial year	A2	12	6	12	16	12	-4	There was a moratorium on filling vacant positions due financial constraints	Reprioritization of critical positions list will be managed in the new financial year.	Signed List of Prioritised posts and Letters of Appointment	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: 30 June 2023	By	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Percentage of vehicles repaired/serviced within 30 calendar days of reporting at the municipal mechanical workshop.	The indicator measures the number of vehicles repaired or serviced within 30 calendar days when reported at the municipal mechanical workshop, and the indicator is expressed as a percentage. Formula: vehicles repaired or serviced/ vehicles reported x 100%. The indicator is non-cumulative.	B1	0*	0*	0*	100%		43%	-57%	Implementation of cost containment measures operating behaviors, vehicle age and shop efficiency.	Improve collection decommission old vehicles and recruitment of staff in vacant positions	Signed mechanical workshop journal	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target : By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Number of Learnerships and Internships created internally and reported on quarterly basis.	The indicator measures the number of learnership, and internships created on quarterly basis. The indicator is non-cumulative and measured in number.	C1	45	33	16	16	77	61	There was a need from our partners to place more participants for learnership and internship.	n/a	Quarterly 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Percentage of Quarterly 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. The indicator is accumulative	D1	100%	80.65%	90%	100%	119%	19%	Overspending was caused by underbudgeting, and due to justifiable needs of the municipality a minimal budget was approved.	n/a	Signed quarterly Capital 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Number of quarterly Council committee meetings coordinated according to MSA	The indicator measures the number of quarterly Council meetings coordinated	E1.3	4	7	4	4	11	7	There was a need from the council to organise and facilitate more meeting in line with the emerging operations.	n/a	Signed copies of Council notice and attendance registers	Performance is achieved
CORSER	Number of quarterly reports on Council resolutions' implementation submitted to MM	The indicator measures the numbers of council resolutions implementation quarterly reports submitted to MM	E1	4	4	4	4	4	0	n/a	n/a	Signed quarterly Resolution implementation Report	Performance is achieved
CORSER	Number of MPAC meetings coordinated according to MSA	The indicator measures the number of MPAC meetings coordinated. The meetings shall take place in Q1, Q2 and Q3 of the current FY.	E1.4	3	5	3	3	6	3	There was a need to facilitate meetings outside the calendar, as requested by MPAC.	n/a	Attendance Registers	Performance is achieved
CORSER	Number of quarterly OHS compliance audits conducted	The indicator measures the numbers of OHS quarterly compliance audits conducted	E1	4	3	0*	4	8	4	There was a need to conduct more OHS compliance audits, due to risk assessments	n/a	Signed OHS quarterly compliance report	Performance is achieved
CORSER	Number of operational risk mitigation reports submitted to M&R unit within 10 days after the end of the quarter	The indicator measures the number of reports mitigating the departmental risk. Submitted within 10 days after the end of the quarter.	E1.4	3	3	4	3	3	0	n/a	n/a	Copy of the risk mitigation 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
CORSER	Number of annual operational risk assessments conducted.	This indicator measures the number of assessments of the current risk to develop new register that will be reviewed in the current FY. The risk assessment shall be conducted in the 1st Quarter of each financial year, be concluded on/ or before the 30 September.	E1.4	1	1	1	1	1	0	n/a	n/a	Signed Operational Risk Register for 2022/23	Performance is achieved
CORSER	Percentage Implementation of OPCA audit action plans for 2021/22FY submitted to OPCA Committee. (cumulative)	The indicator measures progress in implementing AGSA audit action plans, relevant to the department and submitted to OPCA Committee. expressed as a percentage. Formula: number of finding resolved/ finding applicable x 100.	E1	100%	66.67%	0*	100%	48%	-52%	The remainder of findings not resolved depend on the procurement of IT services externally	The process of SCM is underway to resolve the findings.it will be finalised in Q1.	Signed OPCA 2021/22 progress report	Performance is not achieved
CORSER	Number of Case Management reports submitted to Council biannually.	The indicator measures the number of legal reports submitted to Council on biannual basis which is Q2 and Q4.	E1	1	1	4	2	1	-1	Capacity problems due to a vacancy created in the legal office.	the Legal adviser appointment was finalised in Q2	Quarterly case management reports and Council Resolution	Performance is not achieved



## 1.2 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Percentage of basic services complaints attended to within 30 days related to Community Services.	The indicator measures the number of complaints attended to, against received. Formula: $\text{complaints resolved} \div \text{complaints received} \times 100$	A1.1	100%	100%	97%	100%	95%	-5%	<p>The complaint received was outside the scope of the EHP's.</p> <p>The request was to 'inspect' the house as there was alleged unbecoming activities undertaken by squatters in the property.</p>	<p>Note: The complaint was self-resolved. Squatters vacated; confirmation was received from the complainant.</p> <p>Encourage engagements between CCC and the department so that queries are closed at first time call; and those that fall outside the EHPs jurisdictions are immediately referred to the correct Department / Sector Department</p>	Complaints Register & Notices issued	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of quarterly library outreach programmes conducted	Indicator measures the number of programmes implemented regarding the library services reported on quarterly basis. The indicator is non- cumulative and a minimum of 3 programmes shall be implemented per quarter.	B1.9	12	48	5	12	13	1	n/a	n/a	Report & Attendance 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of quarterly support programs provided to vulnerable groups of the community	The indicator measures Number of support programs aimed at improving the livelihood of the vulnerable groups. Vulnerable groups would include (children in care / compromised, substance misuse, GBV, physically challenged, learning disabilities, homelessness, youth in transition. The support programmes will include the following; awareness/ outreach of GBV , Domestic violence, substance abuse, child /human trafficking, child protection. Other programmes will involve Youth Skills development. These programmes are conducted in partnership with other sector departments. The indicator is non-cumulative and a minimum of 3 programmes shall be implemented per quarter	B1	12	18	10	12	13	1	The reported number of programs reflect internally implemented programs as well as programs conducted in conjunction with other sector departments	n/a	Report & Attendance 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of quarterly developmental & support programs conducted in line with environment and health status of the community	Indicator measures the number of quarterly support programmes implemented with the aimed of improving the environment and health status of the community. These programmes will include the following: awareness programmes, food safety educational programmes, water. conservation and greening.	B1	4	8	4	4	5	1	The reported number of programs reflect internally implemented programs as well as programs conducted in conjunction with other sector departments.	n/a	Report & Attendance 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of quarterly environmental health inspections conducted in line with the National Norms and Standards	<p>The indicator measures number of quarterly Environmental Health Inspections conducted in line with national environmental health norms and standards for premises and acceptable monitoring standards for environmental health practitioners.</p> <p>This indicator also include: food samples, building plans, initiation schools, surveillance of premises, tobacco control and outbreak investigations .</p>	B1	6000	6032	5533	6000	6143	143	The over-achievement is due to re-inspections conducted due to non-compliance and inspections conducted pre: issuing of relevant certificates / notices	n/a	Inspection Reports Notices Certificates Registers	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Percentage of quarterly potable Water Samples compliant with SANS 241	Indicator measures the number of water sample taken per SANS 241. (1 sample point per 15 000 population) The indicator is non-cumulative and expressed in a percentage form.	B1	100%	100%	100%	100%	100%	0%	n/a	n/a	NHLS Report	Performance is achieved
Community	Percentage of logged disasters, fire and rescue incidents responded and attended to, within 20min in urban areas and 48min in rural areas.	The indicator measures the number of disasters, fire and rescue incidences responded to against the number of incidences logged within the LLM jurisdiction, expressed as percentage. Formula: incidence responded to ÷ incidences logged x100.	B1.15	100%	100%	100%	100%	100%	-0%	n/a	n/a	Incidence Report	Performance is achieved
Community	Number of quarterly community safety awareness campaigns conducted	Indicator measures the number of quarterly community safety awareness campaign implemented to provide a safe and sound environment. The indicator is non-cumulative and a minimum of 2 programmes shall be implemented per quarter	B1	8	19	18	8	9	1	The reported number of programs reflect internally implemented programs as well as programs conducted in conjunction with other sector departments.	n/a	Community safety awareness campaign reports	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non- Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of traffic fines issued per quarter. (non-cumulative)	Indicator measures the number of traffic fines issued to transgressors to enhance the traffic law enforcement. A minimum of 1000 traffic fines shall be issued per quarter. The indicator is non-cumulative, and it is measured in number.	B1	4000	3200	1935	4000	2176	-1824	<p>Personnel not sufficient to carry out the function due to: Secondment to perform VIP duties on long term basis. Secondment to perform VIP duties on personnel relief bases.</p> <p>Reduction in personnel numbers due to interdepartmental transfers (admin / CCC); as a result of fitness concerns</p> <p>TOs had to take block Annual Leave after the festive season, since none of them were granted leave during the festive season; due to the nature of their job (essential / law enforcement planned activities are implemented throughout the festive season).</p> <p>No Traffic Management System to augment current personnel</p>	<p>Review structure to be reflective of the needs from the Traffic &amp; Safety Section (incl. VIP Protection)</p> <p>Procurement of the TMS in progress through the R32. Documents from the participating municipality have been submitted to LLM. During adjustment to include</p>	Reports & Sections 56 notices issued	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	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 and reported on quarterly basis.	The indicator measures the number of job opportunities created through social programmes and projects reported on quarterly basis. The indicator is non-cumulative and measured in number.	C1	45	58	47	45	72	27	The number of jobs created are inclusive of special projects funded by province (LIS). This is over and above the internally funded (Day Mothers) project	n/a	Report & Signed 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Percentage of quarterly OPEX spent on maintenance within allocated budget (Cumulative)	The indicator measures the maintenance budget expenditure on quarterly basis 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%	20.6%	90%	100%	87%	-13%	Cost containment which is due to budget constraints; some projects/programs that would have been undertaken, using the Opex had to be reprioritized; hence reducing the expenditure	1. Finance to extrapolate & provide maintenance related budget only as currently the financial information provided includes the entire Ops Budget (Salaries, Insurance, etc.). 2. Review and adjust the indicator to be reflective of the current municipal budget ability. 3. Suggest that the indicator is excluded during adjustment until such time that the municipality is financially stable.	Signed Detailed quarterly maintenance Expenditure Report	Performance is not achieved
Community	Percentage of quarterly CAPEX spent within allocated budget (Cumulative)	The indicator measures the CAPEX budget spent within Community Services expressed in percentage. Formula: CAPEX spent/ CAPEX allocated x 100	D1	100%	32.25%	42%	100%	83	-17%	Outstanding invoices have been processed and will be reflected once all expenditure reports are finalized.	For Granting Funded Projects: Ensure that the procurement process (Intention to Advertise Requests, Spec Development & Advert, et.) takes place as soon as the funding is gazette. On Internal Funded Projects: Exclude from reporting until there is sufficient internal budget to OR review and adjust the indicator to be reflective of the current municipal budget ability	Signed Detailed quarterly CAPEX Expenditure Report	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: 30 June 2023	By	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Percentage of amenities services requested and approved within 14 days.	Indicator measures the number of fully compliant applications for the usage of community halls and cemeteries against approved applications. The applications shall be processed within 14 days of receipt. (Number of applications approved ÷ Number of applications received x 100).	D1	100%	100%	100%	100%		100%	0%	n/a	n/a	Application Forms/Bookings Register & Receipts issued	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Number of operational risk mitigation reports submitted to M&R unit within 10 days after the end of the quarter	The indicator measures the number of reports mitigating the departmental risk submitted to M&R unit within 10 days after the end of the quarter. The report will be compiled and submitted in Q2, Q3 and Q4.	E1.4	4	3	4	3	3	0	n/a	n/a	Signed Copy of the operational risk mitigation report	Performance is achieved
Community	Number of annual 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. The risk assessment shall be conducted in the 1st Quarter of each financial year, be concluded on/ or before the 30 September.	E1.4	1	1	1	1	1	0	n/a	n/a	Signed Operational Risk Register for 2022/23	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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Community	Percentage Implementation of OPCA audit action plans for 2021/22FY submitted to OPCA Committee. (cumulative)	The indicator measures progress in implementing AGSA audit action plans, relevant to the department and submitted to OPCA Committee. expressed as a percentage. Formula: number of finding resolved/ finding applicable x 100.	E1	0*	0*	0*	100%	100%	0%	n/a	n/a	Signed OPCA 2021/22 progress report	Performance is achieved



### 1.3 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage of calls for services complaints responded to within 14 days.	The indicator measures the number of complaints resolved against received within 14 days, expressed as percentage, Formula: complaints resolved ÷ complaints received x 100).	A1.1	90%	97%	95%	90%	95%	5%	Complaints were prioritized as other maintenance activities could not be performed due to financial constraints.	n/a	Complaints Register	Performance is Achieved
Infrastructure	Percentage of new houses electrified within 45 working days after the receipt of the application.	The indicator measures number of houses electrified against the number of applications received and the indicator is expressed as percentage. (Number of houses electrified within 45 working days ÷ Number of applications received x 100). The applications shall be resolved within 45 working days of receipt	B2.25 B2.26 B2.27 B2.28	100%	92.86%	100%	100%	53.85%	-46,15%	This was due to financial constraints in the municipality. The stores did not hold material to execute this function due financial constraints.	To improve revenue Management in the Municipality.	Application register and meter registration forms	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Number of new houses with minimum access to refuse removal services provided annually	The indicator measures number of new houses with access to refuse removal services. Minimum access includes communal collection points. This provision shall be measured in the 4th Quarter of each financial year and be reported on/ before the 30th June.	B2.25 B2.26 B2.27 B2.28	320	696	320	500	1004	504	The department requested support from Provincial department (GDARD) of 240L wheel bins which could be used by 12 units instead of the 20L bins per units, which improved the rate in refuse removal service.	n/a	Refuse removal Acknowledgement register	Performance is Achieved
Infrastructure	Percentage of new houses with access to water within 30 working days of the receipt of the applications.	Number of new houses with access to water against the number of applications received within 30 working days as expressed in a percentage (Number of houses with access to water ÷ Number of applications received x 100) the application shall be resolved within 30 working days of receipt.	B2.25 B2.26 B2.27 B2.28	100%	100%	100%	100%	88%	-12%	Financial Constrains from the municipality. Material at the stores was not available to address this activity.	To improve revenue Management in the Municipality.	Application register and meter registration forms	Performance is not 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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage Replacement of 2250m Water pipe mains in Lesedi	The indicator measures the replacement of new water pipelines installed expressed as a percentage. Indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June	B3.3	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress Reports/ Completion Certificates	Performance is Achieved
Infrastructure	Percentage completion of 0.6Km roads and storm water upgrades at Impumelelo X2 (Cumulative)	The indicator measures the percentage of road completed against the program. The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2.19	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress report and completion certificate	Performance is Achieved





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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage completion of 0.5km roads and stormwater upgrades at Kwazenzele Phase 1 (Cumulative)	The indicator measures the percentage of road completed against the program. The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2.18	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress report and completion certificate	Performance is Achieved
Infrastructure	Percentage completion of 1km roads and stormwater at Jameson Park. (cumulative)	The indicator measures the percentage of road completed against the program. The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress report and completion certificate	Performance is Achieved



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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage completion on electrification of Obed Nkosi township. (Cumulative)	The indicator measures the percentage completion against the program. Formula: electrified houses/DoE allocation x 100) The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress Report & Completion Certificate	Performance is Achieved
Infrastructure	The number of highmast lights installed annually in Lesedi. (non-cumulative)	The indicator measures the number of highmast lights installed in Lesedi. The indicator is non-cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2.59	0*	0*	0*	5	5	0	n/a	n/a	Progress Report & Completion Certificate	Performance is Achieved



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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage completion of upgrading of mechanical and electrical equipment's at the Devon Wastewater Treatment Plant (Cumulative)	The indicator measures the percentage completion of mechanical and electrical equipment's (Genset, rotating drum, sludge system, aerators, mixers and pump system) at Devon WWTP against the program. The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2.1	0*	0*	0*	100%	0%	-100%	Project was Cancelled due to Eskom Bulk Infrastructure challenges.	Project to be included in the SDBIP once bulk infrastructure upgrade has been completed.	Progress Report & Completion Certificate	Performance is not Achieved
Infrastructure	The number of Ventilation Dry Sanitation (VDS) Units provided.	The indicator measures the number of VDS units provided to the deserving communities. The indicator is cumulative. The project shall be completed in the 1ST quarter of the current FY, on / before 30 September.	B2	250	283	300	100	117	17	There were no challenges with the project, and there was high dedication from the contractor in fast tracking the project.	n/a	Progress Report and Completion Certificate	Performance is Achieved



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 2021/22FY	Actual results for 2021/22FY	Baseline 2022/23	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage completion of the installation of a pavilion roof at Heidelberg X26 Sports Complex. (cumulative)	The indicator measures the percentage completion of the installation of a pavilion roof against the program. The indicator is cumulative. The project shall be completed in the 4th quarter of the current FY, on / before 30 June.	B2	0*	0*	0*	100%	100%	0%	n/a	n/a	Progress Report / Completion Certificate	Performance is Achieved
Infrastructure	Number of jobs opportunities created quarterly through EPWP initiative. (non-cumulative)	The indicator measures the number of jobs created quarterly through EPWP initiatives (Projects and incentives grants). The job opportunities will be created in Q1, Q2 and Q3 of the current FY.	C1	200	159	194	200	152	-48	Most of projects were discontinued which resulted in the low intake of EPWP Participants	Ensure that all projects linked to Eskom bulk infrastructure have sufficient capacity to ensure projects are not discontinued.	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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage of quarterly 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 percentage. Formula: OPEX spent/OPEX Budget x 100. The indicator is cumulative. The indicator is cumulative and measured on quarterly basis.	B3.2	100%	85.2%	94%	100%	62%	-38%	This was due to Financial Constrains from the municipality. Material at the stores was not available to address this activity.	To improve revenue Management in the Municipality.	Signed Detailed maintenance Expenditure Report	Performance is not Achieved
Infrastructure	Percentage of quarterly 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. Formula: OPEX spent/OPEX Budget x 100. The indicator is cumulative and measured on quarterly basis.	B3.2	100%	148.6%	90%	100%	100%	0%	n/a	n/a	Signed Detailed maintenance Expenditure 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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Percentage of quarterly 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. Formula: OPEX spent/OPEX Budget x 100. The indicator is cumulative and measured on quarterly basis.	B3.2	100%	94.8%	100%	100%	89%	-11%	Financial Constrains from the municipality. Material at the stores was not available to address this activity.	To improve revenue Management in the Municipality.	Signed Detailed maintenance Expenditure Report	Performance is not Achieved
Infrastructure	Percentage of water distribution losses- quarterly average minimally curbed.	The rational of the indicator is to curb the water distribution losses at 28% quarterly average. The indicator measures the percentage of Water lost in Kilolitres using the water balance formula.	D1	28%	39.84%	33%	28%	33,12%	-5,12%	There was an Increase in the water interruption that resulted in the increased to authorized but unbilled consumption	Rand water to manage water interruption at Lesedi. There is a project that underway to install back-up generator at Randwater reservoir, and its 70% complete.	Quarterly water distribution losses schedule	Performance is not achieved
Infrastructure	Percentage of electricity distribution losses quarterly average minimally curbed	The rational of the indicator is to curb the electricity distribution losses at 21,5% quarterly average. The indicator measures the number of electricity units (kwh) sold against the	D1	21,5	25.4%	23,3%	21,5%	22,48%	-0,98%	Due to financial Constraints, there is Lack of material to immediately replace meters	To improve revenue Management in the Municipality.	Electricity distribution losses report to ensure that meters are	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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
		Number of electricity units (Kwh) purchased less non-revenue, expressed as a percentage.										available.	





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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Number of Operational Risk mitigation reports submitted to M&R unit, within 10 days after the end of the quarter.	The indicator measures the number of reports mitigating the departmental risk submitted within 10 days after the end of the quarter. The report shall be compiled for Q2, Q3 and Q4.	E1.4	3	3	4	3	3	0	n/a	n/a	Operational Risk quarterly Review Report.	Performance is Achieved
Infrastructure	Percentage implementation of OPCA audit action plans for 2021/22FY submitted to OPCA committee (cumulative)	The indicator measures progress in implementing AGSA audit action plans submitted to OPCA Committee. expressed as a percentage. Formula: number of finding resolved/ finding applicable x 100.	E1	0*	0*	0*	100%	33%	-67%	Challenges of water interruptions and Electricity loadshedding, theft and vandalism has resulted in an increase in unbilled water losses and high electricity losses. If the water and electricity losses are reduced below the norm this item would be resolved in OPCA	Continue attending maintenance repairs in order to reduce distribution losses. Include this Losses management as part of revenue management committee	Signed OPCA 2021/22 progress 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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
Infrastructure	Number of annual 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. The risk assessment shall be conducted in the 1st Quarter of each financial year, be concluded on/ or before the 30 September.	E1.4	1	1	1	1	1	0	n/a	n/a	Signed Operational Risk Register for 2022/23	Performance is Achieved



#### 1.4 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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
LEDP	Percentage of basic services complaints resolved against complaints received within 30 days.	The indicator measures the number of complaints resolved against received within 30days. (complaints resolved ÷ complaints received x 100)	A1.1	100%	100%	100%	100%	100%	0%	n/a	n/a	Complaints Register	Performance is achieved
LEDP	Number of notices issued to discourage illegal land use and illegal building work within 28 working days of reporting in	The indicator measures number of notices issued to discourage illegal land use and illegal	C1	101	102	0*	101	102	1	We managed to achieve 101 incidents however in one of those incidents. involved two.	n/a	Illegal building work register and Illegal Land use register	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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	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 bi-annually.	The indicator measures the number of investors that have been attracted by means of engagements within the municipality bi-annually. These engagements shall be measured in Q2. and Q4.	C1	2	2	0*	2	2	0	n/a	n/a	Minutes of the Engagement meetings and attendance registers.	Performance is achieved
LEDP	Number of SMMEs trained in business management on annual basis.	The indicator measures the number of SMMEs trained in business management on annual basis. The Training shall be conducted in Q4	C1.13d	20	51	50	50	50	0	n/a	n/a	Training Reports/Attendance Register	Performance is achieved
LEDP	Number of cooperatives trained in business management annual basis.	The indicator measures the number of cooperatives trained in business management annual basis. The Training shall be conducted in Q4	C1.3	10	11	20	10	10	0	n/a	n/a	Training Reports/Attendance Register	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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual Target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
LEDP	Number of LED strategy implementation report submitted to the section 80 Committee on quarterly basis.	The indicator measure the number LED Strategy implementation reports submitted to the section 80 Committee quarterly for the effectiveness of the LED strategy	C1	4	4	4	4	10	6	Number of implementation reports submitted to council exceeded the initial target. These reports necessitated council engagements.	n/a	LED strategy implementation Report and section 80 recommendations.	Performance is achieved
LEDP	Number of town planning policies developed and submitted to council on quarterly basis.	The indicator measures the number of town planning policies developed and submitted to council on quarterly basis.	C1	12	10	10	8	7	-1	Council only sat on the new financial year.	All policies will be prioritized to fit into councils' corporate calendar.	Council resolution	Performance is not achieved
LEDP	Number of job opportunities created through Community Work Programme on annual basis.	The indicator measures the number of jobs created through CWP annually.	C1	1100	1038	1219	1100	1195	95	The recruitment of CWP surpassed the initial target.	n/a	CWP Reports	Performance 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 2021/22FY	Actual results for 2021/22FY	Baseline 2021/22	Annual target: By 30 June 2023	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
LEDP	Number of reports on properties transferred submitted to Section 80 committee on quarterly basis.	The indicator measures the number of reports on municipal properties transferred to beneficiaries submitted to section 80 Committee quarterly.	D1	4	3	1	4	4	0	n/a	n/a	Property transfer reports and Section 80 recommendation.	Performance is achieved
LEDP	Percentage of GIS & Cadastral datasets issued as per the requests of customers on a quarterly basis.	The indicator measures the number of GIS datasets, maps, zoning data and cadastral data issued against the customers' requests on a quarterly basis. This indicator is expressed in a percentage and calculated as follows; No. of GIS DATA issued / No. of GIS DATA requested x 100.	C1	0*	0*	0*	100%	100%	0%	n/a	n/a	Geographic data register spreadsheet	Performance is achieved
LEDP	Percentage procurement spent and allocated to EMEs on quarterly basis.	The indicator measures the budget spent on EMEs quarterly expressed as a percentage. (Small companies with a turnover that is less than R10 million)	C1	30%	70.8%	20%	20%	77%	57%	The EME is prioritized by Lesedi from Q1 to Q4. this improves expenditure and empowerment of EMEs	n/a	EME Expenditure Report	Performance is achieved



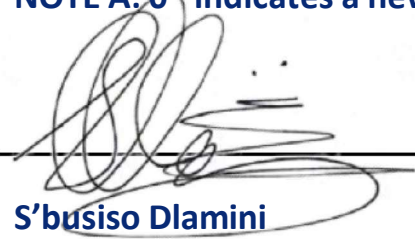
Key Performance Area: E	Good governance and Public participation												
Strategic Objective: E1	To instill good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance and accountability.												
Responsible Department	Key Indicator	Indicator Description or Measure	IDP link	Annual Target for 2020/21FY	Actual results for 2020/21FY	Baseline 2021/22	Annual Target: By 30 June 2022	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 2023 and final IDP by 31 May 2023 for approval by Council as legislated	The indicator measures the submissions and approval of Draft and final IDP by Council on the 31 March and 31 May respectively.	E1D1.1	2	2	2	2	2	0	n/a	n/a	Council Resolution	Performance is achieved
LEDP	Number of operational risk mitigation reports submitted to M&R unit within 10 days after the end of the quarter	The indicator measures the number of reports mitigating the departmental risk submitted to M&R unit within 10 days after the end of the quarter. The report will be compiled and submitted in Q2, Q3 and Q4.	E1.4	4	4	4	3	3	0	n/a	n/a	Signed Operational risk mitigation report	Performance is achieved
LEDP	Number of annual 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. The risk assessment shall be conducted in the 1st Quarter of each financial year, be concluded on/ or before the 30 September.	E1.4	1	1	1	1	1	0	n/a	n/a	Operational Risk Register for 2022/23	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 2020/21FY	Actual results for 2020/21FY	Baseline 2021/22	Annual Target: By 30 June 2022	Actual Results Obtained	Variance	Reasons for Non-Achievement/ Over Achievement	Corrective measures	Portfolio of Evidence	PMS Comments
LEDP	Submission of IDP process plan to Council on/before 31 August 2022	The indicator measures the submission of the IDP process plan and final approval by Council on/ before the 31 August 2022.	E1/D1.1	1	1	1	1	1	0	n/a	n/a	Council Resolution	Performance is achieved
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. The consultations be conducted in Q3 and Q4.	D1.1	6	6	2	6	9	3	IDP consultations with the public were increased to cover most communities as new extensions are being constructed.	n/a	Public notice and attendance Registers.	Performance is achieved

**NOTE A: 0\* indicates a new project/ programme without baseline.**



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15/11/2023

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**Date**

**Municipal Manager**

# **APPENDIX V - ANNUAL FINANCIAL STATEMENTS**



Lesedi Local Municipality  
(Registration number GT423)  
Annual Financial Statements  
for the year ended 30 June 2023

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## General Information

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### Legal form of entity

Municipality  
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  
Speaker  
Chief Whip  
Mayoral Committee

MNR Nkosi  
PR Mpemvu  
TJ Gama  
MS Lukhele  
ME Magazi  
T Mashinini  
MV Motsepe  
T Motsepe  
M Boshoff  
J Coetzee  
C Collen  
Y Combrinck  
LS Gamede  
GC Holtzhausen  
MJ Kubheka  
FEJ Khumalo  
MF Langa  
LM Machitje  
BM Mkhize  
SJ Mnyakeni  
BV Mogorosi  
LB Moloi  
CG Naidoo  
HAC Paul  
CD Simelane  
D Tsotetsi

### Councillors

### Grading of local authority

Grade 4 Local Municipality

### Accounting Officer

S Dlamini

### Chief Finance Officer (CFO)

G Mncube (Acting)

### Registered office

Civic Centre  
c/o HF Verwoerd and Louw Street  
Heidelberg  
1441

### Postal address

PO Box 201  
Heidelberg  
1438

### Bankers

FNB

### Auditors

Auditor General of South Africa

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Index

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

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Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
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Notes to the Annual Financial Statements	33 - 77

### Abbreviations used:

CPI	Consumer Price Index
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LG Seta	Local Government Sector Education and Training Authority
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
PPE	Property, Plant and Equipment
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WCA	Workmen's Compensation Fund

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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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.

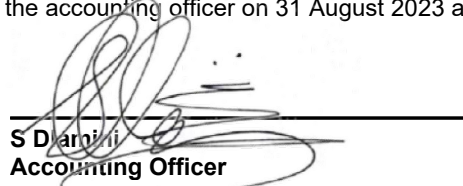
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable 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 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



S Dlamini  
Accounting Officer



# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2023.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 8 were held.

Name of member	Number of meetings attended
Mr. M Nondwangu (Chairperson)	8
Mr. K Mokgokong	8
Ms. N Dhlamini	8
Ms. A Noah	7
Ms. T Motseto	6

### 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 remains an area of great concern resulting in material misstatements, and non-compliance in the Annual Financial Statements as reflected in both Internal Audit and Auditor General South Africa audit reports.

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

During the year under review, the audit committee expressed its concerns on the content and quality of quarterly reports submitted and engaged with the Accounting Officer on expected improvements going forward. Further to that, the committee has provided some changing interventions for the next financial year for effective internal controls and quality of reports to be submitted in terms of the MFMA and the Division of Revenue Act.

### Evaluation of annual financial statements

The audit committee has:

- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed the municipality's 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 on 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 in providing risk based audit as per the annual audit plan in relation to the Lesedi Local Municipal financial management affairs.

### 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. The audit committee is satisfied with quality of services and value added by the Auditor-General of South Africa.



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Chairperson of the Audit Committee

Date: 24 January 2024

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# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	70 550 307	39 971 761
Receivables from exchange transactions	4&6	59 473 081	226 822 230
Receivables from non-exchange transactions	5&6	29 923 097	57 859 186
Inventories	7	8 521 475	11 462 074
		<b>168 467 960</b>	<b>336 115 251</b>
<b>Non-Current Assets</b>			
Investment property	8	82 135 588	120 185 228
Property, plant and equipment	9	1 115 599 840	1 091 138 894
Intangible assets	10	6 067 001	3 985 784
Heritage assets	11	4 718 964	4 718 964
		<b>1 208 521 393</b>	<b>1 220 028 870</b>
<b>Total Assets</b>		<b>1 376 989 353</b>	<b>1 556 144 121</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	12	322 976 685	223 735 218
Unspent conditional grants and receipts	13	7 192 509	11 488 336
Consumer deposits	14	23 180 544	21 623 122
VAT payable	15	12 431 608	17 546 929
Long term loans	16	4 339 747	6 788 253
Employee benefit obligation	17	2 189 264	2 124 135
Provisions	18	29 315 280	25 941 749
		<b>401 625 637</b>	<b>309 247 742</b>
<b>Non-Current Liabilities</b>			
Long term loans	16	28 469 118	32 783 843
Employee benefit obligation	17	20 071 183	20 069 558
Provisions	18	35 942 812	30 040 464
		<b>84 483 113</b>	<b>82 893 865</b>
<b>Total Liabilities</b>		<b>486 108 750</b>	<b>392 141 607</b>
<b>Net Assets</b>		<b>890 880 603</b>	<b>1 164 002 514</b>
Accumulated surplus		890 880 603	1 164 002 494
<b>Total Net Assets</b>		<b>890 880 603</b>	<b>1 164 002 494</b>

\* See Note 43

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	612 337 940	629 215 801
Rental of facilities and equipment	20	6 551 172	6 547 850
Interest income	21	47 190 656	45 547 734
Licences and permits	22	129 747	83 518
Recoveries	23	5 221 130	412 743
Other income	24	3 661 478	4 419 621
Actuarial gains		235 819	2 102 211
Inventories reversal		9 897	-
<b>Total revenue from exchange transactions</b>		<b>675 337 839</b>	<b>688 329 478</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	154 088 247	147 134 865
Interest income	26	3 661 167	4 607 627
<b>Transfer revenue</b>			
Government grants & subsidies	27	285 059 253	281 827 912
Public contributions and donations	28	-	10 000
Fines, Penalties and Forfeits	29	1 200 100	1 569 650
<b>Total revenue from non-exchange transactions</b>		<b>444 008 767</b>	<b>435 150 054</b>
<b>Total revenue</b>		<b>1 119 346 606</b>	<b>1 123 479 532</b>
<b>Expenditure</b>			
Employee related costs	30	(231 389 316)	(217 565 380)
Remuneration of councillors	31	(12 523 062)	(11 727 558)
Depreciation and amortisation	32	(44 681 330)	(41 447 593)
Impairment loss	33	(20 163 276)	(3 295 047)
Finance costs	34	(20 376 098)	(6 966 833)
Lease rentals on operating lease	35	(4 187 129)	(2 569 621)
Debt Impairment	36	(416 910 437)	(206 388 285)
Bulk purchases	37	(388 029 367)	(399 169 055)
Contracted services	38	(115 795 704)	(119 880 016)
Loss on disposal of assets and liabilities		(34 206 924)	(1 877 140)
Inventories losses/write-downs		-	(102 561)
General Expenses	39	(104 205 353)	(84 989 855)
Financial losses	39&55	-	(9 060 633)
<b>Total expenditure</b>		<b>(1 392 467 996)</b>	<b>(1 105 039 577)</b>
<b>(Deficit) surplus for the year</b>		<b>(273 121 390)</b>	<b>18 439 955</b>

\* See Note 43

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 102 346 790	1 102 346 790
Adjustments		
Prior year adjustments 43	43 215 749	43 215 749
<b>Balance at 01 July 2021 as restated*</b>	<b>1 145 562 539</b>	<b>1 145 562 539</b>
Changes in net assets		
Surplus for the year	18 439 955	18 439 955
Total changes	18 439 955	18 439 955
<b>Restated* Balance at 01 July 2022</b>	<b>1 164 001 993</b>	<b>1 164 001 993</b>
Changes in net assets		
Surplus for the year	(273 121 390)	(273 121 390)
Total changes	(273 121 390)	(273 121 390)
<b>Balance at 30 June 2023</b>	<b>890 880 603</b>	<b>890 880 603</b>

Note(s)

\* See Note 43

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		135 507 038	128 892 003
Sale of goods and services		468 246 051	437 921 413
Grants		282 681 843	273 557 922
Interest income		6 284 696	8 810 819
		892 719 628	849 182 157
<b>Payments</b>			
Employee costs		(242 460 244)	(228 613 855)
Suppliers		(513 310 400)	(535 933 236)
Finance costs		(17 494 388)	(2 739 500)
		(773 265 032)	(767 286 591)
<b>Net cash flows from operating activities</b>	42	<b>119 454 596</b>	<b>81 895 566</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(79 503 600)	(93 309 365)
Proceeds from sale of investment property	8	2	-
Purchase of other intangible assets	10	(2 608 696)	(1 408 569)
<b>Net cash flows from investing activities</b>		<b>(82 112 294)</b>	<b>(94 717 934)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(6 763 231)	(2 233 458)
<b>Net cash flows from financing activities</b>		<b>(6 763 231)</b>	<b>(2 233 458)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>30 579 071</b>	<b>(15 055 826)</b>
Cash and cash equivalents at the beginning of the year		39 971 761	55 027 571
<b>Cash and cash equivalents at the end of the year</b>	3	<b>70 550 832</b>	<b>39 971 745</b>

The accounting policies on pages 14 to 32 and the notes on pages 33 to 77 form an integral part of the annual financial statements.

\* See Note 43

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	655 362 203	23 181 652	<b>678 543 855</b>	612 337 940	<b>(66 205 915)</b>	Note 56(1)
Rental of facilities and equipment	6 105 491	-	<b>6 105 491</b>	6 551 172	<b>445 681</b>	
Licences and permits	11 480	-	<b>11 480</b>	129 747	<b>118 267</b>	
Recoveries	-	-	-	5 221 130	<b>5 221 130</b>	Note 56(2)
Other income - (rollup)	4 457 433	-	<b>4 457 433</b>	3 661 478	<b>(795 955)</b>	
Interest received	45 835 063	-	<b>45 835 063</b>	47 190 656	<b>1 355 593</b>	Note 56(3)
<b>Total revenue from exchange transactions</b>	<b>711 771 670</b>	<b>23 181 652</b>	<b>734 953 322</b>	<b>675 092 123</b>	<b>(59 861 199)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	153 385 816	5 658 772	<b>159 044 588</b>	154 088 247	<b>(4 956 341)</b>	
Interest - Taxation revenue	4 495 863	-	<b>4 495 863</b>	3 661 167	<b>(834 696)</b>	

##### Transfer revenue

Government grants & subsidies	286 623 067	8 786 428	<b>295 409 495</b>	285 059 253	<b>(10 350 242)</b>	Note 56(4)
Fines, Penalties and Forfeits	31 000 000	(30 000 000)	<b>1 000 000</b>	1 200 100	<b>200 100</b>	
<b>Total revenue from non-exchange transactions</b>	<b>475 504 746</b>	<b>(15 554 800)</b>	<b>459 949 946</b>	<b>444 008 767</b>	<b>(15 941 179)</b>	

<b>Total revenue</b>	<b>1 187 276 416</b>	<b>7 626 852</b>	<b>1 194 903 268</b>	<b>1 119 100 890</b>	<b>(75 802 378)</b>	
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#### Expenditure

Personnel	(231 465 655)	-	<b>(231 465 655)</b>	(231 389 316)	<b>76 339</b>	
Remuneration of councillors	(13 061 950)	-	<b>(13 061 950)</b>	(12 523 062)	<b>538 888</b>	
Depreciation and amortisation	(43 097 622)	-	<b>(43 097 622)</b>	(44 681 330)	<b>(1 583 708)</b>	
Impairment loss/ Reversal of impairments	-	-	-	(20 163 276)	<b>(20 163 276)</b>	Note 56(5)
Finance costs	(4 247 817)	-	<b>(4 247 817)</b>	(20 376 098)	<b>(16 128 281)</b>	Note 56(6)
Lease rentals on operating lease	(3 529 703)	(31 581)	<b>(3 561 284)</b>	(4 187 129)	<b>(625 845)</b>	
Debt Impairment	(158 012 623)	(51 261 500)	<b>(209 274 123)</b>	(416 910 437)	<b>(207 636 314)</b>	Note 56(7)
Bulk purchases	(457 893 348)	(27 888 056)	<b>(485 781 404)</b>	(388 029 367)	<b>97 752 037</b>	Note 56(8)
Contracted Services	(117 948 641)	11 321 802	<b>(106 626 839)</b>	(115 795 704)	<b>(9 168 865)</b>	Note 56(9)
General Expenses	(110 642 789)	2 915 992	<b>(107 726 797)</b>	(104 205 353)	<b>3 521 444</b>	
<b>Total expenditure</b>	<b>(1 139 900 148)</b>	<b>(64 943 343)</b>	<b>(1 204 843 491)</b>	<b>(1 358 261 072)</b>	<b>(153 417 581)</b>	

<b>Operating deficit</b>	<b>47 376 268</b>	<b>(57 316 491)</b>	<b>(9 940 223)</b>	<b>(239 160 182)</b>	<b>(229 219 959)</b>	
Loss on disposal of assets and liabilities	-	-	-	(34 206 924)	<b>(34 206 924)</b>	Note (10)
Actuarial gains/losses	-	-	-	235 819	<b>235 819</b>	
Inventories losses/write-downs	-	-	-	9 897	<b>9 897</b>	
	-	-	-	<b>(33 961 208)</b>	<b>(33 961 208)</b>	
<b>Deficit before taxation</b>	<b>47 376 268</b>	<b>(57 316 491)</b>	<b>(9 940 223)</b>	<b>(273 121 390)</b>	<b>(263 181 167)</b>	

## Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>47 376 268</b>	<b>(57 316 491)</b>	<b>(9 940 223)</b>	<b>(273 121 390)</b>	<b>(263 181 167)</b>	



# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	6 105 058	1 665 142	<b>7 770 200</b>	8 521 475	<b>751 275</b>	
Receivables from exchange transactions	382 593 473	(38 456 859)	<b>344 136 614</b>	59 473 081	<b>(284 663 533)</b>	Note 56(11)
Receivables from non-exchange transactions	(33 588 824)	(47 058 159)	<b>(80 646 983)</b>	29 923 097	<b>110 570 080</b>	Note 56(12)
Cash and cash equivalents	56 615	(344 079)	<b>(287 464)</b>	70 550 307	<b>70 837 771</b>	Note 56(13)
	<b>355 166 322</b>	<b>(84 193 955)</b>	<b>270 972 367</b>	<b>168 467 960</b>	<b>(102 504 407)</b>	

##### Non-Current Assets

Investment property	113 672 860	-	<b>113 672 860</b>	82 135 588	<b>(31 537 272)</b>	Note 56(14)
Property, plant and equipment	1 111 961 961	4 277 785	<b>1 116 239 746</b>	1 115 599 840	<b>(639 906)</b>	
Intangible assets	3 635 290	1 022 100	<b>4 657 390</b>	6 067 001	<b>1 409 611</b>	
Heritage assets	4 662 664	-	<b>4 662 664</b>	4 718 964	<b>56 300</b>	
	<b>1 233 932 775</b>	<b>5 299 885</b>	<b>1 239 232 660</b>	<b>1 208 521 393</b>	<b>(30 711 267)</b>	

<b>Total Assets</b>	<b>1 589 099 097</b>	<b>(78 894 070)</b>	<b>1 510 205 027</b>	<b>1 376 989 353</b>	<b>(133 215 674)</b>	
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#### Liabilities

##### Current Liabilities

Long term loans	4 600 561	-	<b>4 600 561</b>	4 339 747	<b>(260 814)</b>	
Payables from exchange transactions	142 373 543	172 927 004	<b>315 300 547</b>	322 976 685	<b>7 676 138</b>	Note 56(15)
VAT payable	202 196 402	(184 637 734)	<b>17 558 668</b>	12 431 608	<b>(5 127 060)</b>	Note 56(16)
Consumer deposits	21 032 376	-	<b>21 032 376</b>	23 180 544	<b>2 148 168</b>	Note 56(17)
Employee benefit obligation	2 060 017	-	<b>2 060 017</b>	2 189 264	<b>129 247</b>	
Unspent conditional grants and receipts	-	3 419 420	<b>3 419 420</b>	7 192 509	<b>3 773 089</b>	Note 56(18)
Provisions	24 765 593	-	<b>24 765 593</b>	29 315 280	<b>4 549 687</b>	
	<b>397 028 492</b>	<b>(8 291 310)</b>	<b>388 737 182</b>	<b>401 625 637</b>	<b>12 888 455</b>	

##### Non-Current Liabilities

Long term loans	37 176 159	-	<b>37 176 159</b>	28 469 118	<b>(8 707 041)</b>	Note 56(19)
Employee benefit obligation	22 159 619	-	<b>22 159 619</b>	20 071 183	<b>(2 088 436)</b>	Note 56(20)
Provisions	25 950 540	-	<b>25 950 540</b>	35 942 812	<b>9 992 272</b>	Note 56(21)
	<b>85 286 318</b>	<b>-</b>	<b>85 286 318</b>	<b>84 483 113</b>	<b>(803 205)</b>	

<b>Total Liabilities</b>	<b>482 314 810</b>	<b>(8 291 310)</b>	<b>474 023 500</b>	<b>486 108 750</b>	<b>12 085 250</b>	
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<b>Net Assets</b>	<b>1 106 784 287</b>	<b>(70 602 760)</b>	<b>1 036 181 527</b>	<b>890 880 603</b>	<b>(145 300 924)</b>	
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	1 106 784 287	(70 602 760)	<b>1 036 181 527</b>	890 880 603	<b>(145 300 924)</b>	
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# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## 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
<b>2023</b>											
<b>Financial Performance</b>											
Property rates	153 385 816	5 658 772	159 044 588	-		159 044 588	154 088 247		(4 956 341)	97 %	100 %
Service charges	655 362 203	23 181 652	678 543 855	-		678 543 855	612 337 940		(66 205 915)	90 %	93 %
Interest income	50 330 926	-	50 330 926	-		50 330 926	50 851 823		520 897	101 %	101 %
Transfers recognised - operational	195 593 067	8 884 531	204 477 598	-		204 477 598	199 620 467		(4 857 131)	98 %	102 %
Other own revenue	41 574 404	(30 000 000)	11 574 404	-		11 574 404	17 009 343		5 434 939	147 %	41 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 096 246 416</b>	<b>7 724 955</b>	<b>1 103 971 371</b>	<b>-</b>		<b>1 103 971 371</b>	<b>1 033 907 820</b>		<b>(70 063 551)</b>	<b>94 %</b>	<b>94 %</b>
Employee costs	(231 465 665)	-	(231 465 665)	-	-	(231 465 665)	(231 389 316)	-	76 349	100 %	100 %
Remuneration of councillors	(13 061 950)	-	(13 061 950)	-	-	(13 061 950)	(12 523 062)	-	538 888	96 %	96 %
Depreciation and asset impairment	(43 097 622)	-	(43 097 622)			(43 097 622)	(64 844 606)	-	(21 746 984)	150 %	150 %
Finance charges	(4 247 817)	-	(4 247 817)	-	-	(4 247 817)	(20 376 098)	-	(16 128 281)	480 %	480 %
Inventory consumed and bulk purchases	(492 886 397)	(23 680 437)	(516 566 834)	-	-	(516 566 834)	(388 029 367)	-	128 537 467	75 %	79 %
Other expenditure	(355 140 697)	(41 262 906)	(396 403 603)	-	-	(396 403 603)	(675 305 507)	-	(278 901 904)	170 %	190 %
<b>Total expenditure</b>	<b>(1 139 900 148)</b>	<b>(64 943 343)</b>	<b>(1 204 843 491)</b>	<b>-</b>	<b>-</b>	<b>(1 204 843 491)</b>	<b>(1 392 467 956)</b>	<b>-</b>	<b>(187 624 465)</b>	<b>116 %</b>	<b>122 %</b>
<b>Surplus/(Deficit)</b>	<b>(43 653 732)</b>	<b>(57 218 388)</b>	<b>(100 872 120)</b>	<b>-</b>		<b>(100 872 120)</b>	<b>(358 560 136)</b>		<b>(257 688 016)</b>	<b>355 %</b>	<b>821 %</b>

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## 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 and subsidies - capital (monetary allocations) (National / Provincial and District)	91 030 000	(98 103)	90 931 897	-		90 931 897	85 438 786		(5 493 111)	94 %	94 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>47 376 268</b>	<b>(57 316 491)</b>	<b>(9 940 223)</b>	-		<b>(9 940 223)</b>	<b>(273 121 350)</b>		<b>(263 181 127)</b>	<b>2 748 %</b>	<b>(576)%</b>
<b>Surplus/(Deficit) for the year</b>	<b>47 376 268</b>	<b>(57 316 491)</b>	<b>(9 940 223)</b>	-		<b>(9 940 223)</b>	<b>(273 121 350)</b>		<b>(263 181 127)</b>	<b>2 748 %</b>	<b>(576)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	105 242 827	4 981 042	110 223 869	-		110 223 869	82 112 296		(28 111 573)	74 %	78 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	83 242 827	7 689 074	90 931 901	-		90 931 901	76 676 886		(14 255 015)	84 %	92 %
Internally generated funds	22 000 000	(2 708 032)	19 291 968	-		19 291 968	5 435 410		(13 856 558)	28 %	25 %
<b>Total sources of capital funds</b>	<b>105 242 827</b>	<b>4 981 042</b>	<b>110 223 869</b>	-		<b>110 223 869</b>	<b>82 112 296</b>		<b>(28 111 573)</b>	<b>74 %</b>	<b>78 %</b>

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand	Note(s)	2023	2022
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### 1. Significant accounting policies

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

#### 1.1 Basis of preparations

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.3 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.

#### 1.4 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

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is considered first for individually significant receivables and then calculated on a portfolio basis, based on historical loss ratios, and other indicators present at the reporting date. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment

##### 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.

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.4 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.

### 1.5 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

Land is considered to have an unlimited life; therefore, land is not depreciated.

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.

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Investment property (continued)

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.

### 1.6 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:

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Item	Depreciation method	Average useful life
Land		indefinite

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# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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
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
• Plant and machinery		2-20 years
• Bins and containers		3-18 years
• Office equipment		3-18 years
• Library books		5-25 years

Land is considered to have an unlimited life; therefore, land is not depreciated.

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.

### 1.7 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.



# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.7 Intangible assets (continued)

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.

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

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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).

### 1.8 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).

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 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.

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.

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.9 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at 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.

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.

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

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.

### 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.

### 1.10 Statutory receivables

#### Identification

# Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.10 Statutory receivables (continued)

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.

#### 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:

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### 1.10 Statutory receivables (continued)

- 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.

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.

### 1.11 Leases

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

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

#### 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.

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### 1.12 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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.

### 1.13 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.



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

#### 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.

#### 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.

### 1.14 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.

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### 1.14 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.

### 1.15 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.

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### 1.15 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.

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### 1.16 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 48.

### 1.17 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.

### 1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

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

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### 1.18 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 is 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.

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### 1.18 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.

### 1.19 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.

#### 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..

### 1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

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### 1.22 Unauthorised expenditure (continued)

- 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.

### 1.23 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.

### 1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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 an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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.

### 1.25 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.26 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.



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### 1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are 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.

### 1.28 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.

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unable to reliably estimate the impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	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	27 608 128	14 340 878
Short-term deposits	42 940 099	25 628 803
<b>Total</b>	<b>70 550 307</b>	<b>39 971 761</b>

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA Bank - 50000066	12 542 059	7 750 852	2 584 329	12 033 277	7 750 852	(1 954 649)
ABSA Bank - 4083802528	126 413	126 215	80 541	126 413	126 215	80 541
ABSA Bank - 4076802751	5 469 801	4 504 110	29 581 515	5 469 801	4 504 110	29 581 515
Investec - 1400137177	37 470 299	21 124 693	21 545 491	37 470 299	21 124 693	21 545 491
FNB - 62795102088	14 939 658	6 211 115	755 141	12 916 210	6 463 810	755 141
<b>Total</b>	<b>70 548 230</b>	<b>39 716 985</b>	<b>54 547 017</b>	<b>68 016 000</b>	<b>39 969 680</b>	<b>50 008 039</b>

### 4. Receivables from exchange transactions

Consumer debtors - Electricity	24 864 090	98 050 205
Consumer debtors - Water	14 658 034	48 868 046
Consumer debtors - Sewerage	4 362 541	9 272 261
Consumer debtors - Refuse	3 669 270	13 216 159
Consumer debtors - Other	3 792 694	51 717 778
Deposits	733 373	707 945
Accrued interest	405 199	121 944
Rental debtors	6 987 880	4 867 892
<b>Total</b>	<b>59 473 081</b>	<b>226 822 230</b>

#### Trade and other receivables pledged as security

No trade and other receivables were pledged as security.

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 4. Receivables from exchange transactions (continued)

#### 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 2023, trade and other receivables of 1 390 349 757 (2022: 1 278 003 027) were impaired and provided for.

The amount of the provision was (1 339 003 128) as of 30 June 2023 (2022: 1 056 256 620).

The ageing of these receivables from exchange transactions is provided in note 6.

### 5. Receivables from non-exchange transactions

Consumer debtors - Rates	19 613 648	48 677 457
Fines	8 869 062	8 828 431
Government grants and subsidies	1 440 387	353 298
	<b>29 923 097</b>	<b>57 859 186</b>

#### Statutory receivables included in receivables from non-exchange transactions above are as follows:

Consumer debtors - Rates	19 613 648	48 677 457
Fines	8 869 062	8 828 431
	<b>28 482 710</b>	<b>57 505 888</b>

<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>1 440 387</b>	<b>353 298</b>
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<b>Total receivables from non-exchange transactions</b>	<b>-</b>	<b>47 880 404</b>
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#### 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 Roads 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 the outstanding amounts.

#### Statutory receivables impaired

##### Consumer debtors - rates

As of 30 June 2023, consumer debtors - rates of 145 606 436 (2022: 131 447 588) were impaired and provided for.

The amount of the provision was 125 992 788 as of 30 June 2023 (2022: 82 770 131).

The ageing of consumer debtors - rates is provided in note 6

##### Traffic fines

As of 30 June 2023, traffic fines of R142 410 334 (2022: R141 318 333) were impaired and provided for.

The amount of the provision was R133 541 272 as of 30 June 2023. (2022: R132 443 339).

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>5. Receivables from non-exchange transactions (continued)</b>		
<b>Receivables from non-exchange transactions pledged as security</b>		
No receivables from non-exchange transactions were pledged as security.		
<b>Credit quality of receivables from non-exchange transactions</b>		
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:		
<b>6. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	145 606 436	131 447 588
Consumer debtors - Electricity	458 112 205	409 315 177
Consumer debtors - Water	542 835 703	488 425 602
Consumer debtors - Sewerage	122 662 481	116 820 504
Consumer debtors - Refuse	166 119 727	155 107 425
Consumer debtors - Other	100 619 641	107 712 361
	<b>1 535 956 193</b>	<b>1 408 828 657</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(125 992 788)	(82 770 131)
Consumer debtors - Electricity	(433 248 115)	(311 264 972)
Consumer debtors - Water	(528 177 669)	(439 557 556)
Consumer debtors - Sewerage	(118 299 940)	(107 548 243)
Consumer debtors - Refuse	(162 450 457)	(141 891 266)
Consumer debtors - Other	(96 826 947)	(55 994 583)
	<b>(1 464 995 916)</b>	<b>(1 139 026 751)</b>
<b>Net balance</b>		
Consumer debtors - Rates	19 613 648	48 677 457
Consumer debtors - Electricity	24 864 090	98 050 205
Consumer debtors - Water	14 658 034	48 868 046
Consumer debtors - Sewerage	4 362 541	9 272 261
Consumer debtors - Refuse	3 669 270	13 216 159
Consumer debtors - Other	3 792 694	51 717 778
	<b>70 960 277</b>	<b>269 801 906</b>
<b>Rates</b>		
Not due		
Current (0 -30 days)	11 564 718	10 272 668
Past due		
31 - 60 days	2 453 723	4 067 178
61 - 90 days	1 793 467	3 326 769
91 - 120 days	274 591	1 477 369
121 - 365 days	1 469 827	10 201 763
> 365 days	2 057 322	19 331 710
	<b>19 613 648</b>	<b>48 677 457</b>

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>6. Consumer debtors disclosure (continued)</b>		
<b>Electricity</b>		
Not due		
Current (0 -30 days)	12 254 940	52 339 601
Past due		
31 - 60 days	3 843 841	9 656 929
61 - 90 days	2 360 990	8 627 649
91 - 120 days	323 460	3 222 583
121 - 365 days	2 020 240	9 859 766
> 365 days	4 060 619	14 343 677
	<b>24 864 090</b>	<b>98 050 205</b>
<b>Water</b>		
Not due		
Current (0 -30 days)	10 056 900	18 448 793
Past due		
31 - 60 days	2 075 776	8 775 984
61 - 90 days	1 345 569	7 402 591
91 - 120 days	93 234	557 945
121 - 365 days	473 078	3 864 804
> 365 days	613 477	9 817 929
	<b>14 658 034</b>	<b>48 868 046</b>
<b>Sewerage</b>		
Not due		
Current (0 -30 days)	1 982 992	2 824 938
Past due		
31 - 60 days	441 864	1 971 778
61 - 90 days	295 994	1 713 286
91 - 120 days	40 948	106 579
121 - 365 days	290 584	660 131
> 365 days	1 310 159	1 995 549
	<b>4 362 541</b>	<b>9 272 261</b>
<b>Refuse</b>		
Not due		
Current (0 -30 days)	2 014 457	5 762 591
Past due		
31 - 60 days	333 005	2 691 360
61 - 90 days	223 981	2 299 243
91 - 120 days	31 276	107 123
121 - 365 days	218 252	682 616
> 365 days	848 299	1 673 226
	<b>3 669 270</b>	<b>13 216 159</b>

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>6. Consumer debtors disclosure (continued)</b>		
<b>Other</b>		
Not due		
Current (0 -30 days)	384 897	2 049 315
Past due		
31 - 60 days	158 865	798 061
61 - 90 days	132 700	826 906
91 - 120 days	33 943	411 442
121 - 365 days	278 522	5 054 199
> 365 days	2 803 767	42 577 855
	<b>3 792 694</b>	<b>51 717 778</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1 139 026 751)	(931 086 867)
Contributions to allowance	(459 418 326)	(220 780 955)
Debt impairment written off against allowance	133 449 161	12 841 071
	<b>(1 464 995 916)</b>	<b>(1 139 026 751)</b>
<b>7. Inventories</b>		
Consumable stores	8 173 881	10 483 433
Water for distribution	153 701	461 091
Fuel (Diesel, Petrol)	193 893	517 550
	<b>8 521 475</b>	<b>11 462 074</b>

## Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	112 013 179	(29 877 591)	82 135 588	168 219 503	(48 034 275)	120 185 228

#### Reconciliation of investment property - 2023

	Opening balance	Disposals	Impairments	Depreciation	Total
Investment property	120 185 228	(24 576 819)	(11 391 240)	(2 081 581)	82 135 588

#### Reconciliation of investment property - 2022

	Opening balance	Depreciation	Total
Investment property	122 496 120	(2 310 892)	120 185 228

#### 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.

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	174 485 092	-	174 485 092	174 485 092	-	174 485 092
Plant and machinery	2 271 452	(1 495 185)	776 267	2 241 503	(1 324 903)	916 600
Furniture and fixtures	13 951 322	(11 427 466)	2 523 856	13 536 936	(10 180 732)	3 356 204
Motor vehicles	54 589 715	(27 161 477)	27 428 238	44 017 731	(23 050 199)	20 967 532
Office equipment	10 759 260	(7 323 522)	3 435 738	9 393 696	(5 587 991)	3 805 705
Infrastructure	1 253 118 031	(463 709 761)	789 408 270	1 209 353 749	(444 817 616)	764 536 133
Community	252 343 192	(150 869 724)	101 473 468	248 128 103	(141 385 691)	106 742 412
Library books	26 089 437	(12 228 526)	13 860 911	24 037 842	(9 916 626)	14 121 216
Spare parts	2 208 000	-	2 208 000	2 208 000	-	2 208 000
<b>Total</b>	<b>1 789 815 501</b>	<b>(674 215 661)</b>	<b>1 115 599 840</b>	<b>1 727 402 652</b>	<b>(636 263 758)</b>	<b>1 091 138 894</b>



## Lesedi Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Movement in provisions	Depreciation	Impairment loss	Total
Land	174 485 092	-	-	-	-	-	174 485 092
Plant and machinery	916 600	29 950	-	-	(170 234)	(49)	776 267
Furniture and fixtures	3 356 204	414 386	-	-	(1 201 341)	(45 393)	2 523 856
Motor vehicles	20 967 532	10 562 112	-	-	(3 578 818)	(522 588)	27 428 238
Office equipment	3 805 705	1 817 084	(451 520)	-	(1 716 711)	(18 820)	3 435 738
Infrastructure	764 536 133	57 236 564	(8 183 515)	5 431 755	(26 865 332)	(2 747 335)	789 408 270
Community	106 742 412	7 109 804	(890 521)	-	(6 050 376)	(5 437 851)	101 473 468
Library books	14 121 216	2 333 700	(104 550)	-	(2 489 455)	-	13 860 911
Spare parts	2 208 000	-	-	-	-	-	2 208 000
	<b>1 091 138 894</b>	<b>79 503 600</b>	<b>(9 630 106)</b>	<b>5 431 755</b>	<b>(42 072 267)</b>	<b>(8 772 036)</b>	<b>1 115 599 840</b>

## Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Movement in provisions	Depreciation	Impairment loss	Total
Land	174 485 092	-	-	-	-	-	-	174 485 092
Plant and machinery	1 060 142	23 988	-	-	-	(167 530)	-	916 600
Furniture and fixtures	3 770 111	477 520	(11 015)	-	-	(880 379)	(33)	3 356 204
Motor vehicles	16 523 331	7 123 155	(122 132)	-	-	(2 352 028)	(204 794)	20 967 532
Office equipment	2 871 589	2 257 894	(4 470)	-	-	(1 319 263)	(45)	3 805 705
Infrastructure	713 037 865	78 210 654	(1 739 521)	1 092 000	2 318 337	(25 644 661)	(2 738 541)	764 536 133
Community	112 432 200	789 048	-	-	-	(6 127 202)	(351 634)	106 742 412
Library books	14 193 548	2 219 106	-	-	-	(2 291 438)	-	14 121 216
Spare parts	1 092 000	2 208 000	-	(1 092 000)	-	-	-	2 208 000
	<b>1 039 465 878</b>	<b>93 309 365</b>	<b>(1 877 138)</b>	<b>-</b>	<b>2 318 337</b>	<b>(38 782 501)</b>	<b>(3 295 047)</b>	<b>1 091 138 894</b>

##### Pledged as security

No portion of property, plant and equipment has been pledged as security for liabilities.

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>9. Property, plant and equipment (continued)</b>		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)</b>		
Upgrade sewer pipeline Thokolohong Agri Village The project for the installation of the sewer pipeline was halted due to community unrest and instability but the project should resume as soon as the budget has been approved and allocated by the council.	6 581 127	6 581 127
Maintenance Devon The project was halted as the appointed contractor did not adhere to the required building specification.	122 757	122 757
Roads Lesedi The project was halted due to community unrest and instability and therefore the contractor was unable to carry out their duties. The project funds were redirected to other projects.	1 236 649	1 236 649
Upgrading of roads in Devon The project was halted due to community unrest and instability and therefore the contractor was unable to carry out their duties. The project funds were redirected to other projects.	1 432 423	1 432 423
Water feeder pipeline in Kwazenzele The project was halted due to differences with the contractor regarding the agreed contract price.	9 288 729	9 288 729
Vischkuil reservoir The project was halted due to differences with the contractor regarding the agreed contract price.	13 670 079	13 670 079
Upgrade of water network LLM paid for professional fees and is waiting for the Department of Human Settlements to complete the construction of RDP houses. The project should resume.	23 684	23 684
Upgrade of Vischkuil sewer plant The project was halted as LLM is waiting for the Department of Human Settlements to complete the construction of RDP houses.	520 376	520 376
Bulk sewer upgrade Kwazenzele Phase 2 The project was halted due to differences with the contractor regarding the agreed contract price.	888 739	888 739
Residential development on stand 1813/1814 (Mayor's house) The project was halted by the municipal council and the property is to be auctioned.	1 867 532	1 867 532
Sportsfield Impumelelo The project was halted due to community unrest and instability and therefore the contractor was unable to carry out their duties.	971 890	971 890
Upgrade of library - Jameson Park and Shalimar Ridge The project was halted as the appointed contractor did not adhere to the required building specification.	358 596	358 596
Impumelelo switching station The project should resume as soon as the department of human settlement has completed with the construction of RDP houses. The capacity required to be provided in the new phase/section is to be determined.	87 615	87 615
	<b>37 050 196</b>	<b>37 050 196</b>

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 9. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2023

	Opening balance	Additions/capital expenditure	Transferred to completed assets	Total
Infrastructure	47 959 598	57 236 565	(68 487 348)	36 708 815
Community	3 225 776	7 109 806	(7 014 806)	3 320 776
	<b>51 185 374</b>	<b>64 346 371</b>	<b>(75 502 154)</b>	<b>40 029 591</b>

#### Reconciliation of Work-in-Progress 2022

	Opening balance	Additions/capital expenditure	Transferred to completed assets	Total
Infrastructure	58 241 329	78 210 654	(88 492 385)	47 959 598
Community	3 526 430	789 048	(1 089 702)	3 225 776
	<b>61 767 759</b>	<b>78 999 702</b>	<b>(89 582 087)</b>	<b>51 185 374</b>

#### 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	22 409 467	30 171 043
Materials	23 522 977	24 661 120
	<b>45 932 444</b>	<b>54 832 163</b>

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 (2022: 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

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 521 424	(3 680 051)	841 373	4 521 423	(3 152 571)	1 368 852
Servitudes	5 225 628	-	5 225 628	2 616 932	-	2 616 932
<b>Total</b>	<b>9 747 052</b>	<b>(3 680 051)</b>	<b>6 067 001</b>	<b>7 138 355</b>	<b>(3 152 571)</b>	<b>3 985 784</b>

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## Notes to the Annual Financial Statements

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### 10. Intangible assets (continued)

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	1 368 852	-	(527 479)	841 373
Servitudes	2 616 932	2 608 696	-	5 225 628
	<b>3 985 784</b>	<b>2 608 696</b>	<b>(527 479)</b>	<b>6 067 001</b>

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	314 486	1 408 569	(354 203)	1 368 852
Servitudes	2 616 932	-	-	2 616 932
	<b>2 931 418</b>	<b>1 408 569</b>	<b>(354 203)</b>	<b>3 985 784</b>

#### 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

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	4 718 964	-	4 718 964	4 718 964	-	4 718 964

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Historical monuments	4 718 964	4 718 964

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Historical monuments	4 718 964	4 718 964

#### 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.

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>12. Payables from exchange transactions</b>		
Trade payables	265 841 939	165 246 840
Payments received in advanced	34 161 235	39 184 396
Retentions	9 546 455	7 297 866
Grants payable	7 797 853	4 792 346
Accrued bonus	4 592 127	4 404 986
Accrued interest	-	1 771 708
Deposits received	1 037 076	1 037 076
	<b>322 976 685</b>	<b>223 735 218</b>
<b>13. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Libraries Plan	788 114	3 399 267
Performance System Management Grant	351 022	351 022
Energy Efficiency and Demand Side Management Grant	63 136	63 136
Recapitalization of Community Libraries Grant	5 785 220	5 674 911
Cogta Fire and Rescue Services Grant	205 017	2 000 000
	<b>7 192 509</b>	<b>11 488 336</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	11 488 336	20 400 501
Additions during the year	282 681 843	273 557 921
Income recognition during the year	(285 059 252)	(281 827 912)
Transfer (to)/from payables	(3 005 507)	(995 472)
Grants receivable	1 087 089	353 298
	<b>7 192 509</b>	<b>11 488 336</b>
See note 27 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
<b>14. Consumer deposits</b>		
All services	23 180 544	21 623 122
<b>15. VAT payable</b>		
VAT	12 431 608	17 546 929
<b>16. Long term loans</b>		
<b>At amortised cost</b>		
Bank loan	32 808 865	39 572 096
Terms and conditions		
<b>Non-current liabilities</b>		
At amortised cost	28 469 118	32 783 843

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 16. Long term loans (continued)

#### Current liabilities

At amortised cost	4 339 747	6 788 253
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Loan description	Loan number	Redeemable	Balance at 30 June 2022	Received during the period	Redeemed during the period	Balance at 30 June 2023
R14 Electrical Upgrade - 9.59% fixed	102986_1	20 years	11 217 110	-	1 997 550	9 219 560
R15 Electrical upgrade - 5% fixed	102986_2	20 years	6 127 527	-	1 245 819	4 881 708
R16 Vehicles - 11.87% fixed	6100956	12 years	296 351	-	296 351	-
R17 Infrastructure - 6.75%	6100955	20 years	1 995 423	-	276 127	1 719 296
R18 Other - 14.24% fixed	6100954	20 years	3 923 429	-	407 340	3 516 089
R19 Electrical infrastructure - 12% fixed	61006830	20 years	5 955 635	-	518 469	5 437 166
R20 Electrical upgrade - 6.75% fixed	61006831	20 years	8 644 699	-	943 229	7 701 470
R21 Roads and stormwater - 11.65% fixed	61006809	120 years	1 411 922	-	1 078 346	333 576
			<b>39 572 096</b>	<b>-</b>	<b>6 763 231</b>	<b>32 808 865</b>

### 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 post employment 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 Bonitas, Hosmed, Key Health, LA Health and SAMWU Med.

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 was 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 was 50 years or older on 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 R5277.

The Rand cap amount is expected to increase each year in line with the health care cost inflation, effective 1 January each year.

Summary of membership:

Reason	Number	Average Age
Continuation members	35	76,63

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Figures in Rand	2023	2022
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### 17. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(22 260 447)	(22 193 693)
Non-current liabilities	(20 071 183)	(20 069 558)
Current liabilities	(2 189 264)	(2 124 135)
	<b>(22 260 447)</b>	<b>(22 193 693)</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	22 193 693	24 219 636
Net expense recognised in the statement of financial performance	66 754	(2 025 943)
	<b>22 260 447</b>	<b>22 193 693</b>

#### Net expense recognised in the statement of financial performance

Interest cost	2 411 118	2 043 006
Actuarial (gains) losses	(235 819)	(2 102 211)
Settlement	(2 108 545)	(1 966 738)
	<b>66 754</b>	<b>(2 025 943)</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(235 819)	(2 102 211)
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#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.47 %	11.41 %
Expected increase in healthcare costs	7.35 %	7.85 %
Consumer price inflation	5.85 %	6.85 %
Net discount rate	3.84 %	3.30 %

#### 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	2 239 072	2 639 675
Effect on defined benefit obligation	20 610 637	24 113 450

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
Defined benefit obligation	22 260 447	22 193 693	24 219 636	21 882 998	21 110 166



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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 17. Employee benefit obligations (continued)

#### 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.

### 18. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Increase in liability	Total
Environmental rehabilitation	30 040 464	-	-	5 902 348	35 942 812
Provision for leave pay	25 941 749	8 692 739	(5 319 208)	-	29 315 280
	<b>55 982 213</b>	<b>8 692 739</b>	<b>(5 319 208)</b>	<b>5 902 348</b>	<b>65 258 092</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Increase in liability	Total
Environmental rehabilitation	27 309 507	-	-	412 620	2 318 337	30 040 464
Provision for leave pay	23 406 626	7 765 625	(5 230 502)	-	-	25 941 749
	<b>50 716 133</b>	<b>7 765 625</b>	<b>(5 230 502)</b>	<b>412 620</b>	<b>2 318 337</b>	<b>55 982 213</b>

Non-current liabilities	35 942 812	30 040 464
Current liabilities	29 315 280	25 941 749
	<b>65 258 092</b>	<b>55 982 213</b>

#### 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	10.89%	0	0
CPI	7.14%	7.14%	7.14%
Net discount rate	3.75%	0	0
Remaining useful life	9 years	0 years	0 years

### 19. Service charges

Sale of electricity	360 246 205	397 852 714
Sale of water	176 984 196	159 032 629
Sewerage and sanitation charges	34 249 112	33 138 739
Refuse removal	40 858 427	39 191 719
	<b>612 337 940</b>	<b>629 215 801</b>

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Figures in Rand	2023	2022
<b>20. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	4 721 854	4 731 857
<b>Facilities and equipment</b>		
Rental of facilities	-	1 544 102
Rental of equipment	1 829 318	271 891
	<b>1 829 318</b>	<b>1 815 993</b>
	<b>6 551 172</b>	<b>6 547 850</b>
<b>21. Interest income</b>		
<b>Interest revenue</b>		
Bank	5 220 308	1 702 756
Interest charged on trade and other receivables	41 970 348	43 844 978
	<b>47 190 656</b>	<b>45 547 734</b>
<b>22. Licences and permits</b>		
Flammable goods	129 747	83 518
<b>23. Recoveries</b>		
Insurance recoveries	671 838	412 743
Recoveries of financial losses	4 549 292	-
	<b>5 221 130</b>	<b>412 743</b>
<b>24. Other income</b>		
Abnormal loads	23 451	12 368
Admin fees	45 749	25 418
Cemetery fees	1 448 954	2 080 740
Clearance certificates	275 637	76 293
Development contributions	44 348	-
Fire services	3 121	19 659
Library fees	39 264	798 697
Planning fees	1 041 216	1 107 598
Escort fees	-	8 278
Inspection fees	10 287	-
Sundries	729 451	290 570
	<b>3 661 478</b>	<b>4 419 621</b>

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#### 25. Property rates

##### Rates received

All categories	191 766 524	178 237 393
Less: Income forgone	(37 678 277)	(31 102 528)
	<b>154 088 247</b>	<b>147 134 865</b>

##### Valuations ('000)

Residential	8 604 854	8 544 398
Commercial	2 093 151	2 052 345
State	867 991	868 756
Municipal	450 682	451 318
Small holdings and farms	2 024 899	2 027 143
	<b>14 041 577</b>	<b>13 943 960</b>

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.

#### 26. Interest from non-exchange receivables

Interest charged on property rates	3 661 167	4 607 627
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Figures in Rand	2023	2022
<b>27. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable Share	181 319 000	157 952 271
Finance Management Grant	1 950 000	1 750 000
Expanded Public Works Program Grant	1 228 001	1 100 000
Equitable Share - Covid 19	-	6 742 490
Libraries Plan	8 881 534	4 620 733
District health	3 516 379	3 455 257
Expanded Public Works Program (Cogta)	1 066 000	1 000 000
Grap 17 Compliance Grant	-	1 000 000
LG Seta	1 659 553	701 837
	<b>199 620 467</b>	<b>178 322 588</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	29 698 000	22 716 000
Integrated National Electrification Program	25 458 000	40 400 000
Energy Efficiency and Demand Side Management Grant	-	3 936 864
Water Services Infrastructure Grant	13 874 000	27 000 000
Recapitalization of Community Libraries Grant	10 413 803	9 425 089
Cogta Fire and Rescue Services Grant	5 994 983	-
Bontle Ke Botho Grant	-	27 371
	<b>85 438 786</b>	<b>103 505 324</b>
	<b>285 059 253</b>	<b>281 827 912</b>
<b>Equitable Share</b>		
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 638 (2022: 598), which is funded from the grant.		
<b>Finance Management Grant</b>		
Current-year receipts	1 950 000	1 750 000
Conditions met - transferred to revenue	(1 950 000)	(1 750 000)
	-	-
<b>Expanded Public Works Program Grant</b>		
Current-year receipts	1 228 000	1 100 000
Conditions met - transferred to revenue	(1 228 000)	(1 100 000)
	-	-
<b>Equitable Share - Covid 19</b>		
Balance unspent at beginning of year	-	6 742 490
Conditions met - transferred to revenue	-	(6 742 490)
	-	-
<b>Libraries plan</b>		
Balance unspent at beginning of year	3 399 267	2 062 805
Current-year receipts	7 000 000	5 706 404
Conditions met - transferred to revenue	(8 881 534)	(4 620 733)
Transfer to payables	(729 619)	(1 042 805)

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Figures in Rand	2023	2022
<b>27. Government grants &amp; subsidies (continued)</b>		
Transfer from payables	-	1 293 596
	<b>788 114</b>	<b>3 399 267</b>
Conditions still to be met - remain liabilities (see note 13).		
<b>Provincial clinics</b>		
Balance unspent at beginning of year	-	(440 684)
Written off	-	440 684
	-	-
<b>Performance Management System Grant</b>		
Balance unspent at beginning of year	351 022	351 022
Conditions still to be met - remain liabilities (see note 13).		
<b>District health</b>		
Balance unspent at beginning of year	(353 298)	(4 836 430)
Current-year receipts	2 429 290	3 101 959
Conditions met - transferred to revenue	(3 516 379)	(3 455 257)
Written off	-	4 836 430
	<b>(1 440 387)</b>	<b>(353 298)</b>
<b>Expanded Public Works Program (Cogta)</b>		
Current-year receipts	1 066 000	1 000 000
Conditions met - transferred to revenue	(1 066 000)	(1 000 000)
	-	-
<b>Grap 17 Compliance Grant</b>		
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(1 000 000)
	-	-
<b>Bontle Ke Botho Grant</b>		
Balance unspent at beginning of year	-	27 371
Conditions met - transferred to revenue	-	(27 371)
	-	-
<b>LG Seta</b>		
Current-year receipts	1 659 553	701 837
Conditions met - transferred to revenue	(1 659 553)	(701 837)
	-	-
<b>Municipal Infrastructure Grant</b>		
Current-year receipts	29 698 000	22 716 000

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Figures in Rand	2023	2022
<b>27. Government grants &amp; subsidies (continued)</b>		
Conditions met - transferred to revenue	(29 698 000)	(22 716 000)
	-	-
<b>Integrated National Electrification Program</b>		
Balance unspent at beginning of year	-	1 338 382
Current-year receipts	25 458 000	40 400 000
Conditions met - transferred to revenue	(25 458 000)	(40 400 000)
Offset against equitable share	-	(1 338 382)
	-	-
<b>Energy Efficiency and Demand Side Management Grant</b>		
Balance unspent at beginning of year	63 136	-
Current-year receipts	-	4 000 000
Conditions met - transferred to revenue	-	(3 936 864)
	<b>63 136</b>	<b>63 136</b>
Conditions still to be met - remain liabilities (see note 13).		
<b>Water Services Infrastructure Grant</b>		
Balance unspent at beginning of year	-	1 828 890
Current-year receipts	13 874 000	27 000 000
Conditions met - transferred to revenue	(13 874 000)	(27 000 000)
Offset against equitable share	-	(1 828 890)
	-	-
<b>Recapitalization of Community Libraries Grant</b>		
Balance unspent at beginning of year	5 674 911	8 049 541
Current-year receipts	12 800 000	8 296 723
Conditions met - transferred to revenue	(10 414 047)	(9 425 089)
Transfer to payables	(2 275 644)	(3 749 541)
Transfer from payables	-	2 503 277
	<b>5 785 220</b>	<b>5 674 911</b>
Conditions still to be met - remain liabilities (see note 13).		
<b>Cogta Fire and Rescue Services Grant</b>		
Balance unspent at beginning of year	2 000 000	-
Current-year receipts	4 200 000	2 000 000
Conditions met - transferred to revenue	(5 994 983)	-
	<b>205 017</b>	<b>2 000 000</b>
Conditions still to be met - remain liabilities (see note 13).		
<b>28. Public contributions and donations</b>		
Rand water	-	10 000

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### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Fines, Penalties and Forfeits</b>		
Municipal Traffic Fines	1 200 100	1 569 650

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Figures in Rand	2023	2022
<b>30. Employee related costs</b>		
Basic	135 153 426	125 226 995
Medical aid - company contributions	12 741 846	11 981 883
UIF	1 021 357	1 019 992
WCA	1 107 628	896 549
SDL	2 437 330	1 758 455
Other payroll levies	59 172	57 772
Leave pay provision charge	8 692 739	7 765 625
Pension costs	25 874 835	24 479 545
Group insurance	2 232 037	2 072 645
Overtime payments	15 329 593	16 709 839
Long-service awards	61 580	72 036
13th Cheques	10 764 974	10 237 729
Acting allowances	2 254 619	1 924 693
Car allowance	5 095 807	4 212 444
Housing benefits and allowances	805 741	736 136
Cellphone allowance	1 038 850	990 189
Entertainment allowance	-	490
Standby	1 771 247	1 722 427
Tool allowance	480	500
	<b>226 443 261</b>	<b>211 865 944</b>

### Remuneration of municipal manager

Annual Remuneration	1 517 083	128 233
Car Allowance	84 000	-
Contributions to UIF, Medical and Pension Funds	-	-
Cellphone Allowance	42 000	3 500
Leave Pay	-	134 060
	<b>1 643 083</b>	<b>265 793</b>

### 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	206 016	633 894
Car Allowance	60 000	240 000
Housing allowance	96 000	384 000
Cellphone Allowance	7 500	30 000
Leave Pay	241 516	-
	<b>611 032</b>	<b>1 287 894</b>

### Remuneration of executive manager: community services

Annual Remuneration	1 132 370	1 074 294
Car Allowance	183 600	183 600
Cellphone Allowance	30 000	30 000
	<b>1 345 970</b>	<b>1 287 894</b>



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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 30. Employee related costs (continued)

#### Remuneration of executive manager: infrastructure services

Annual Remuneration	1 143 170	1 085 094
Car Allowance	172 800	172 800
Cellphone Allowance	30 000	30 000
	<b>1 345 970</b>	<b>1 287 894</b>

#### Remuneration of executive manager: development and planning

Annual Remuneration	-	1 173 901
Car Allowance	-	84 000
Acting Allowance	-	282 060
Cellphone Allowance	-	30 000
	-	<b>1 569 961</b>

The position has been vacant since 1 July 2022.

### 31. Remuneration of councillors

Executive Mayor	988 262	934 648
Speaker	789 089	741 261
Chief Whip	750 236	463 062
Mayoral Committee Members	3 755 181	3 513 602
Councillors	6 240 294	6 074 985
	<b>12 523 062</b>	<b>11 727 558</b>

#### In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and the Executive Mayor and Speaker are provided with 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	42 072 267	38 782 501
Investment property	2 081 583	2 310 890
Intangible assets	527 480	354 202
	<b>44 681 330</b>	<b>41 447 593</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>33. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	8 772 036	3 295 047
Investment property	11 391 240	-
	<b>20 163 276</b>	<b>3 295 047</b>
<b>Main classes of assets affected by impairment losses</b>		
Investment properties	11 391 240	-
Plant and machinery	49	-
Furniture and fixtures	45 399	33
Motor vehicles	532 460	204 794
Office equipment	18 820	45
Infrastructure assets	2 747 335	2 738 541
Community assets	5 437 851	351 634
	<b>20 173 154</b>	<b>3 295 047</b>
<b>34. Finance costs</b>		
Non-current borrowings	3 332 940	3 677 058
Trade and other payables	14 161 447	834 149
Interest cost on employee benefits	2 411 118	2 043 006
Fair value adjustments on landfill sites	470 593	412 620
	<b>20 376 098</b>	<b>6 966 833</b>
<b>35. Lease rentals on operating lease</b>		
<b>Motor vehicles</b>		
Contractual amounts	-	1 550
<b>Equipment</b>		
Contractual amounts	4 187 129	2 568 071
	<b>4 187 129</b>	<b>2 569 621</b>
<b>36. Debt impairment</b>		
Impairment on traffic fines	1 097 933	1 437 717
Contributions to debt impairment provision	415 809 204	199 648 254
Bad debts written off	3 300	5 302 314
	<b>416 910 437</b>	<b>206 388 285</b>
<b>37. Bulk purchases</b>		
Electricity - Eskom	291 161 904	307 834 398
Water	96 867 463	91 334 657
	<b>388 029 367</b>	<b>399 169 055</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2023		2022	
37. Bulk purchases (continued)				
Electricity losses				
	Number 2023	Number 2022		
Units purchased	173 978 591	208 788 475	215 761 812	233 118 137
Units sold	(134 864 474)	(155 750 138)	(167 253 932)	(173 899 359)
Total loss	39 114 117	53 038 337	48 507 880	59 218 778
Comprising of:				
Technical losses	9 046 887	10 857 001	11 219 614	12 122 142
Non-technical losses	30 067 230	42 181 336	37 288 266	47 096 636
Total	39 114 117	53 038 337	48 507 880	59 218 778
Percentage Loss:				
Technical losses	5.20 %	5.20 %	5.20 %	5.20 %
Non-technical losses	17.28 %	20.20 %	17.28 %	20.20 %
Total	22.48 %	25.40 %	22.48 %	25.40 %
Water losses				
	Number 2023	Number 2022		
Units purchased	8 256 963	8 486 350	95 898 100	90 683 066
Units sold	(5 522 491)	(5 105 638)	(64 139 370)	(54 557 601)
Total	2 734 472	3 380 712	31 758 730	36 125 465
Comprising of:				
Technical losses	445 876	458 263	5 178 497	4 896 886
Non-technical losses	2 288 596	2 922 449	26 580 233	31 228 579
Total	2 734 472	3 380 712	31 758 730	36 125 465
Percentage Loss:				
Technical losses	5.54 %	5.54 %	5.54 %	5.54 %
Non-technical losses	27.58 %	34.30 %	27.58 %	34.30 %
Total	33.12 %	39.84 %	33.12 %	39.84 %

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Figures in Rand	2023	2022
<b>38. Contracted services</b>		
<b>Outsourced Services</b>		
Animal Care	168 000	99 000
Burial Services	69 118	46 152
Business and Advisory	7 900 007	9 666 793
Catering Services	361 904	923 129
Cleaning Services	77 468	124 300
Hygiene Services	728 198	4 722 824
Internal Auditors	2 573 603	372 713
Meter Management	10 271 874	9 838 087
Connection/Dis-connection	189 719	1 351 883
Security Services	6 566 069	3 475 645
Sewerage Services	185 721	-
Transport Services	1 700	3 318
<b>Consultants and Professional Services</b>		
Business and Advisory	6 406 067	5 349 908
Infrastructure and Planning	6 615 654	-
Laboratory Services	1 661 965	-
Legal Cost	13 172 717	5 986 623
<b>Contractors</b>		
Electrical	7 613 327	17 133 786
Employee Wellness	180 180	91 260
Event Promoters	23 667	1 000
Inspection Fees	1 061 675	1 164 658
Maintenance of Buildings and Facilities	437 717	439 874
Maintenance of Equipment	1 580 167	1 642 282
Maintenance of Unspecified Assets	4 860 136	10 955 102
Tracing Agents and Debt Collectors	138 163	612 258
Traffic and Street Lights	331 790	5 762 397
Safeguard and Security	21 381 975	21 026 605
Sewerage Services	21 237 123	19 090 419
	<b>115 795 704</b>	<b>119 880 016</b>

# Lesedi Local Municipality

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Figures in Rand	2023	2022
<b>39. General expenses</b>		
Advertising	1 415 361	675 799
Auditors remuneration	3 916 206	3 585 467
Bank charges	1 687 863	1 856 950
Commission paid	4 828 940	5 660 770
Consumables	975 474	951 498
Entertainment	-	2 120
Hire	1 696 700	1 832 523
Insurance	4 091 917	3 451 367
IT expenses	3 500	50 670
Fleet	6 954 822	6 599 292
Magazines, books and periodicals	285 415	542 208
Fuel and oil	518	1 361
Postage and courier	4 740 011	3 295 849
Protective clothing	1 690 613	1 528 146
Software expenses	7 712 382	6 007 360
Subscriptions and membership fees	2 467 352	2 236 212
Telephone and fax	6 305 799	3 046 364
Transport and freight	51 900	20 950
Training	537 579	471 339
Travel - local	410 945	168 695
Refuse	23 441 649	13 314 637
Assets expensed	259 755	220 331
Management fees	5 091 935	5 395 195
Financial losses	-	9 060 633
Materials	23 522 977	22 183 055
Other expenses	2 115 740	1 891 697
	<b>104 205 353</b>	<b>94 050 488</b>

## 40. Operating deficit

Operating deficit for the year is stated after accounting for the following:

### Operating lease charges

Motor vehicles		
• Contractual amounts	-	1 550
Equipment		
• Contractual amounts	4 187 129	2 568 071
	<b>4 187 129</b>	<b>2 569 621</b>

Loss on sale of property, plant and equipment	(9 630 107)	(1 877 140)
Loss on sale of investment property	(24 576 817)	-
Impairment on property, plant and equipment	8 772 036	3 295 047
Impairment on investment property	11 391 240	-
Amortisation on intangible assets	527 480	354 202
Depreciation on property, plant and equipment	42 072 267	38 782 501
Depreciation on investment property	2 081 583	2 310 890
Employee costs	243 912 378	229 292 938

## 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).

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>42. Cash generated from operations</b>		
(Deficit) surplus	(273 121 390)	18 439 955
<b>Adjustments for:</b>		
Depreciation and amortisation	44 681 330	41 447 593
Gain on sale of assets and liabilities	34 206 924	1 877 140
Impairment deficit	20 163 276	3 295 047
Debt impairment	416 910 437	206 388 285
Movements in retirement benefit assets and liabilities	66 754	(2 025 943)
Movements in provisions	9 275 879	5 266 080
Other movements/changes in assets	(5 431 755)	(2 318 337)
<b>Changes in working capital:</b>		
Inventories	2 940 599	(5 354 921)
Receivables from exchange transactions	167 349 149	(55 114 046)
Consumer debtors	(416 910 437)	(206 388 285)
Other receivables from non-exchange transactions	27 936 089	(2 776 141)
Payables from exchange transactions	99 241 467	84 512 086
VAT	(5 115 321)	1 931 546
Unspent conditional grants and receipts	(4 295 827)	(8 912 165)
Consumer deposits	1 557 422	1 627 672
	<b>119 454 596</b>	<b>81 895 566</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 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

##### 2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property	8	121 324 114	(1 138 886)	-	120 185 228
Property, plant and equipment	9	1 048 112 481	43 026 411	-	1 091 138 892
Consumer debtors - Electricity		86 488 550	-	11 561 655	98 050 205
Consumer debtors - Water		43 047 436	-	5 820 610	48 868 046
Consumer debtors - Sewerage		8 248 367	-	1 023 894	9 272 261
Consumer debtors - Refuse		11 627 821	-	1 588 338	13 216 159
Consumer debtors - Other		51 456 175	-	261 603	51 717 778
Consumer debtors - VAT		20 256 100	-	(20 256 100)	-
		<b>1 390 561 044</b>	<b>41 887 525</b>	<b>-</b>	<b>1 432 448 569</b>

#### Statement of financial performance

##### 2022

	Note	As previously reported	Correction of error	Restated
Depreciation and amortisation	32	37 911 369	3 536 224	41 447 593
General expenditure	39	87 197 855	(2 208 000)	84 989 855
<b>Surplus for the year</b>		<b>125 109 224</b>	<b>1 328 224</b>	<b>126 437 448</b>

#### Cash flow statement

##### 2022

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Suppliers		538 141 236	(2 208 000)	535 933 236
Cash flow from investing activities				
Purchase of property plant and equipment		91 101 364	2 208 000	93 309 364

#### Errors

The following prior period errors adjustments occurred:

##### Investment property

During the year under review management determined that certain privately owned properties with a carrying amount of R1,138,886 was erroneously included in investment property. The properties together with the related depreciation were subsequently derecognised.

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 43. Prior-year adjustments (continued)

#### Property, plant and equipment

During the year under review, management identified various errors in PPE (duplications and omissions) with a carrying value of R43,026,411. The above errors with the related depreciation and accumulated impairment were corrected in the affected financial years.

#### Reclassifications

The following reclassifications adjustment occurred:

#### Consumer debtors

Consumer debtors were restated due to the new financial system not allowing VAT on debtors for services charged to show as a separate line item on the face of the AFS. As a result, the prior year figures were restated to be comparable with the current period.

### 44. Change in estimate

#### Property, plant and equipment

During the current financial year a physical verification and condition assessment was undertaken. This resulted in changes in the condition of certain assets and the remaining of these assets were adjusted. The effect of this revision is as follows:

Decrease in depreciation expense for plant and machinery amounting to R5,962.48.  
Decrease in depreciation expense for furniture and fixtures amounting to R825,918.61.  
Increase in depreciation expense for motor vehicles amounting to R415,259.65.  
Decrease in depreciation expense for office equipment amounting to R358,298.83.  
Decrease in depreciation expense for infrastructure assets amounting to R113,777.19  
Increase in depreciation expense for community assets amounting to R241,466.43.  
Increase in depreciation expense for library books amounting to R149,266.63.

#### Investment property

During the current financial year a physical verification and condition assessment was undertaken. This resulted in changes in the condition of certain assets and the remaining of these assets were adjusted. The effect of this revision is as follows:

Increase in depreciation expense for investment property amounting R156,106.02.

#### Intangible assets

During the current financial year a physical verification and condition assessment was undertaken. This resulted in changes in the condition of certain assets and the remaining of these assets were adjusted. The effect of this revision is as follows:

Decrease in depreciation expense for computer software amounting R153,687.72.

### 45. Financial instruments disclosure

#### Categories of financial instruments

#### 2023

#### Financial assets

	At amortised cost	Total
Other receivables from exchange transactions	8 126 452	8 126 452
Other receivables from non-exchange transactions	1 440 387	1 440 387
Consumer debtors	51 346 629	51 346 629
Cash and cash equivalents	70 550 307	70 550 307



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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 45. Financial instruments disclosure (continued)

<b>131 463 775</b>	<b>131 463 775</b>
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#### Financial liabilities

	At amortised cost	Total
Long term loans	32 808 865	32 808 865
Payables from exchange transactions	318 384 559	318 384 559
Unspent conditional grants and receipts	7 192 509	7 192 509
Consumer deposits	23 180 544	23 180 544
VAT payable	12 431 608	12 431 608
	<b>393 998 085</b>	<b>393 998 085</b>

#### 2022

#### Financial assets

	At amortised cost	Total
Other receivables from exchange transactions	5 697 781	5 697 781
Other receivables from non-exchange transactions	353 298	353 298
Consumer debtors	221 124 449	221 124 449
Cash and cash equivalents	39 971 761	39 971 761
	<b>267 147 289</b>	<b>267 147 289</b>

#### Financial liabilities

	At amortised cost	Total
Long term loans	39 572 096	39 572 096
Payables from exchange transactions	219 330 232	219 330 232
Unspent conditional grants and receipts	11 488 336	11 488 336
Consumer deposits	21 623 122	21 623 122
VAT payable	17 546 929	17 546 929
	<b>309 560 715</b>	<b>309 560 715</b>

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## Notes to the Annual Financial Statements

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### 46. 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.

At 30 June 2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Long term loans	4 339 747	22 485 930	5 983 188	32 808 865
Payables from exchange transactions	322 976 686	-	-	322 976 686
Unspent conditional grants	7 192 509	-	-	7 192 509
Consumer deposits	23 180 544	-	-	23 180 544
VAT payable	12 431 608	-	-	12 431 608

At 30 June 2022	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Long term loans	6 788 253	24 228 124	8 555 719	39 572 096
Payables from exchange transactions	223 735 218	-	-	223 735 218
Unspent conditional grants	11 488 336	-	-	11 488 336
Consumer deposits	21 623 122	-	-	21 623 122
VAT payable	17 546 929	-	-	17 546 929

#### 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	2023	2022
Absa Bank - 500000066	12 542 059	7 750 852
Absa Bank - 4083802528	126 413	126 215
FNB - 62795102088	14 939 658	6 211 119
Absa - 4076802751	5 469 801	4 504 110
Investec - 1400137177	37 470 299	21 124 693
Trade and other receivables from exchange transactions	8 126 452	5 697 781
Receivables from non-exchange transactions	1 440 387	353 298
Consumer debtors	51 346 629	221 124 449

#### 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.

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>47. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	5 043 252	10 195 278
<b>Total capital commitments</b>		
Already contracted for but not provided for	5 043 252	10 195 278
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Expenditure	24 933 403	5 635 357
<b>Total operational commitments</b>		
Already contracted for but not provided for	24 933 403	5 635 357
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	5 043 252	10 195 278
Authorised operational expenditure	24 933 403	5 635 357
	<b>29 976 655</b>	<b>15 830 635</b>
<b>Committed capital expenditure consists of:</b>		
984 Infinite Enterprise (Pty) Ltd	-	2 976 623
Aaron D Projects (Pty) Ltd	225 339	-
Absolute Business Consultants	-	13 622
BICS Engineering and Supply (Pty) Ltd	1 803 905	5 060 752
Dwellers Trading and Projects	1 349 574	-
Khosanto Holdings (Pty) Ltd	929 584	-
Mahlatji Mmethie Trading and Projects	734 850	-
Mbako Projects and Trading	-	1 826 024
Nissan SA	-	178 257
SLM Trading and Projects	-	140 000
	<b>5 043 252</b>	<b>10 195 278</b>
This committed expenditure relates to plant and equipment and will be financed by existing cash resources, funds internally generated and grant funding.		
<b>Committed operational expenditure consists of:</b>		
Bravo Span 90 CC	10 064 316	-
EWC Vehicle Communication (Pty) Ltd	-	338 420
Fidelity Cash Solutions (Pty) Ltd	555 015	877 383
Infratec Consulting (Pty) Ltd	497 036	3 290 756
Khosanto Holdings (Pty) Ltd	-	1 040 302
Mamadi and Company	777 500	-
Micro Alert CC	35 343	88 496
Munsoft (Pty) Ltd	13 004 193	-
	<b>24 933 403</b>	<b>5 635 357</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>48. Contingencies</b>		
<b>Contingent liabilities</b>		
Claim by P Mpele against the municipality for reinstatement to position of CFO with backpay	2 408 333	2 300 000
Claim by P Mpele against the municipality for reinstatement to position of MM with backpay	3 385 630	302 145
Litigation is in the process against the municipality by a supplier for early termination of contract for debt collection, electricity vending and automated meter reading	12 416 476	16 876 664
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	180 000	180 000
Litigation against the municipality regarding a dispute over the closing of a street	500 000	250 000
Labour matter regarding the payment for overlapping hours	-	250 000
Contractual dispute with regards to the leasing of a property	100 000	100 000
Personal injury claim against the municipality regarding injuries suffered by a minor as a result of a pole that fell	5 122 500	5 122 500
Personal injury claim against the municipality regarding injuries suffered by a minor as a result of a pole that fell	6 622 500	6 622 500
Litigation against the municipality regarding damage to property as a result of a veld fire	1 515 174	1 807 000
Litigation against the municipality by a supplier for alleged breach of Service Level Agreement relating to the construction of stalls	2 235 942	2 148 634
Litigation against the municipality by a supplier for services allegedly provided during the validity of their contract	23 139 690	-
Litigation against the municipality for construction services allegedly rendered	1 203 985	-
Personal injury claim by a municipal tenant against the municipality for injuries suffered	989 428	-
Litigation against the municipality for environmental compliance	1 255 000	-
	<b>61 074 658</b>	<b>42 059 443</b>
<b>Contingent assets</b>		
Claim by the municipality against a supplier regarding a contractual dispute	25 382 304	25 382 304
Claim by the municipality against a former employee for the unlawful and fraudulent transfer of municipal property	67 000	14 003 460
Claim by the municipality to recover funds fraudulently transferred out of the municipal bank account	2 450 708	-
	<b>27 900 012</b>	<b>39 385 764</b>

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Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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### 49. Related parties

Relationships

Accounting Officer

Members of key management

S Dlamini

G Mncube(Acting CFO)

J Marwa (Acting Executive Manager: Corporate Services)

N Khawula (Executive Manager: Community Services)

T Zondi (Executive Manager: Infrastructure Services)

### Related party transactions

There were no transactions with related parties other than those disclosed during the year.

### Key management information

# Lesedi Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 49. Related parties (continued)

#### Remuneration of management

#### Management class: Councillors

#### 2023

Name	Basic salary	Travelling Allowance	Cellphone Allowance	Total
Cllr MNR Nkosi (Executive Mayor)	601 978	345 484	40 800	988 262
Cllr PR Mpemvu (Speaker)	684 288	64 000	40 800	789 088
Cllr TJ Gama (Chief Whip)	611 231	98 205	40 800	750 236
Cllr MV Motsepe	599 779	123 417	40 800	763 996
Cllr T Motsepe	477 821	233 409	40 800	752 030
Cllr ME Magazi	587 353	118 325	40 800	746 478
Cllr MS Lukhele	590 723	118 325	40 800	749 848
Cllr T Mashinini	558 032	144 000	40 800	742 832
Cllr SJ Mnyakeni	221 292	158 063	40 800	420 155
Cllr D Tsotetsi	379 562	-	40 800	420 362
Cllr M Boshoff	299 842	-	40 800	340 642
Cllr GC Holtzhausen	299 842	-	40 800	340 642
Cllr LS Gamede	201 564	98 278	40 800	340 642
Cllr BV Mogorosi	299 842	-	40 800	340 642
Cllr HACS Paul	162 234	137 608	40 800	340 642
Cllr MJ Khubeka	296 007	-	40 800	336 807
Cllr BM Mkhize	296 007	-	40 800	336 807
Cllr FEJ Khumalo	296 007	-	40 800	336 807
Cllr CG Naidoo	296 007	-	40 800	336 807
Cllr MF Langa	296 007	-	40 800	336 807
Cllr CD Simelane	296 007	-	40 800	336 807
Cllr LM Machitje	248 007	48 000	40 800	336 807
Cllr LB Moloi	296 007	-	40 800	336 807
Cllr C Collen	296 007	-	40 800	336 807
Cllr J Coetzee	296 007	-	40 800	336 807
Cllr Y Combrinck - Appointed May 2023	30 754	-	-	30 754
Cllr MA Mulder - Resigned February 2023	202 723	-	27 200	229 923
Cllr TS Moremi - Term ended November 2021	8 751	-	-	8 751
Cllr TE Ramothibe - Term ended November 2021	8 751	-	-	8 751
Cllr ZS Twala - Term ended November 2021	8 751	-	-	8 751
Cllr MK Rakitla - Term ended November 2021	8 751	-	-	8 751
Cllr RS Hlatshwayo - Term ended November 2021	3 646	-	-	3 646
Cllr NE Cindi - Term ended November 2021	3 646	-	-	3 646
Cllr AZ Abdullah - Term ended November 2021	3 646	-	-	3 646
Cllr JM Sabasaba - Term ended November 2021	3 646	-	-	3 646
Cllr TP Nyembe - Term ended November 2021	3 646	-	-	3 646
Cllr MP Mofokeng - Term ended November 2021	3 646	-	-	3 646
Cllr MP Mtshonyane - Term ended November 2021	3 646	-	-	3 646
Cllr MVM Malafela - Term ended November 2021	3 646	-	-	3 646
Cllr PR Mchunu - Term ended November 2021	3 646	-	-	3 646
	<b>9 788 748</b>	<b>1 687 114</b>	<b>1 047 200</b>	<b>12 523 062</b>

#### 2022

Name	Basic salary	Travelling Allowance	Cellphone Allowance	Total
Cllr MNR Nkosi (Executive Mayor)	548 366	345 484	40 800	934 650

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## Notes to the Annual Financial Statements

Figures in Rand			2023	2022
<b>49. Related parties (continued)</b>				
Cllr PR Mpemvu (Speaker) - Appointed November 2021	462 894	-	26 411	489 305
Cllr TJ Gama	431 947	98 206	40 800	570 953
Cllr T Mashinini - Appointed November 2021	349 964	84 000	26 411	460 375
Cllr T Motsepe	436 978	233 409	40 800	711 187
Cllr MS Lukhele	412 216	118 325	40 800	571 341
Cllr ME Magazi	405 702	128 209	40 800	574 711
Cllr MV Motsepe	511 497	163 180	40 800	715 477
Cllr LS Gamede	184 592	98 278	40 800	323 670
Cllr SJ Mnyakeni	191 596	158 063	40 800	390 459
Cllr GC Holtzhausen	250 111	32 759	40 800	323 670
Cllr HACS Paul	145 262	137 608	40 800	323 670
Cllr Mogorosi	282 870	-	40 800	323 670
Cllr Mulder	242 836	40 034	40 800	323 670
Cllr M Boshoff	241 475	41 395	40 800	323 670
Cllr C Collen - Appointed November 2021	183 111	-	26 411	209 522
Cllr LM Machitje - Appointed November 2021	155 111	28 000	26 411	209 522
Cllr MF Langa - Appointed November 2021	183 111	-	26 411	209 522
Cllr J Coetzee - Appointed November 2021	183 111	-	26 411	209 522
Cllr MJ Kubheka - Appointed November 2021	183 111	-	26 411	209 522
Cllr FEJ Khumalo - Appointed November 2021	183 111	-	26 411	209 522
Cllr D Tsotetsi - Appointed November 2021	216 506	-	26 411	242 917
Cllr CD Simelane - Appointed November 2021	183 111	-	26 411	209 522
Cllr BM Mkhize - Appointed November 2021	183 111	-	26 411	209 522
Cllr LB Moloi - Appointed November 2021	183 111	-	26 411	209 522
Cllr CG Naidoo - Appointed November 2021	177 642	-	26 411	204 053
Cllr TS Moremi - Term ended November 2021	140 928	95 942	14 416	251 286
Cllr TE Ramothibe - Term ended November 2021	154 566	82 304	14 416	251 286
Cllr ZS Twala - Term ended November 2021	140 928	95 942	14 416	251 286
Cllr MK Rakitla - Term ended November 2021	140 928	95 942	14 416	251 286
Cllr RS Hlatshwayo - Term ended November 2021	65 223	34 725	14 416	114 364
Cllr NE Cindi - Term ended November 2021	73 947	26 000	14 416	114 363
Cllr AZ Abdullah - Term ended November 2021	99 947	-	14 416	114 363
Cllr JM Sabasaba - Term ended November 2021	99 947	-	14 416	114 363
Cllr TP Nyembe - Term ended November 2021	99 947	-	14 416	114 363
Cllr MP Mofokeng - Term ended November 2021	51 828	48 119	14 416	114 363
Cllr MP Mtshonyane - Term ended November 2021	50 516	49 431	14 416	114 363
Cllr MVM Malafela - Term ended November 2021	99 947	-	14 416	114 363
Cllr PR Mchunu - Term ended November 2021	59 849	40 098	14 416	114 363
	<b>8 390 954</b>	<b>2 275 453</b>	<b>1 061 151</b>	<b>11 727 558</b>

**Management class: Executive management**

\*Refer to note 30 "Employee related costs"

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

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### 50. 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.

### 51. Unauthorised expenditure

Opening balance as previously reported	274 199 126	234 708 125
Add: Expenditure identified - current	187 976 602	39 491 001
<b>Closing balance</b>	<b>462 175 728</b>	<b>274 199 126</b>

#### Unauthorised expenditure: Budget overspending – per municipal department:

Community Services	4 447 793	-
Corporate Services	2 069 837	-
Development and Planning	24 804 526	-
Executive and Council	3 257 922	949 915
Finance	54 921 835	1 650 089
Infrastructure	98 474 689	36 890 997
	<b>187 976 602</b>	<b>39 491 001</b>

### 52. Fruitless and wasteful expenditure

Opening balance as previously reported	15 881 488	14 856 874
Add: Fruitless and wasteful expenditure identified - current	14 161 447	1 024 614
<b>Closing balance</b>	<b>30 042 935</b>	<b>15 881 488</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

#### Fruitless and wasteful expenditure identified include those listed below:

Balju Sheriff	7 879	263
City of Ekurhuleni	1 844	1 807
Eskom	12 688 941	730 673
Gobobo Transport	-	189 051
Munsoft	244	-
Rand Water	1 454 755	93 645
Telkom	7 784	9 175
	<b>14 161 447</b>	<b>1 024 614</b>

Fruitless and wasteful expenditure is presented inclusive of VAT.



# Lesedi Local Municipality

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Figures in Rand	2023	2022
<b>53. Irregular expenditure</b>		
Opening balance as previously reported	301 194 621	293 707 208
Add: Irregular expenditure - current	6 496 305	7 487 413
<b>Closing balance</b>	<b>307 690 926</b>	<b>301 194 621</b>

### Irregular expenditure identified include those listed below:

Absa Bank	525 749	483 129
Batho Bantsho Trading and Projects	545 928	-
Bidvest Steiner	-	10 147
BR Electrical	-	24 800
EBMAG	-	24 000
Combine Private Investigations	588 990	-
Focus Forms	-	351 719
Gobodo Forensic and Investigative Accounting	242 333	248 043
Kloofsig Motors	132 666	747 500
Makhoba Professional Services	-	28 800
Masimbuye	-	881 050
Mazobo Projects	1 408 400	-
Mkhabela Huntley Attorneys Inc	1 811	108 699
Phileza Tyres	437 706	766 925
Raphela Attorneys Inc	-	45 762
Rasegoete Attorneys	23 912	310 140
Shandukani Technologies	28 000	38 500
Singa Tel (Pty) Ltd	42 941	315 512
Siyqhubo Enterprise	-	105 600
Suikerbos Motors	2 502 825	2 452 050
Thembridge Support Services	-	487 025
Webb Industries	15 044	58 012
	<b>6 496 305</b>	<b>7 487 413</b>

The municipality commenced with irregular expenditure investigations during the 2022/2023 financial year on 2 June 2023. Investigations by an independent internal audit service provider were in progress as at 30 June 2023 and the investigation report was finalised on 8 August 2023.

### 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 one procurements (spread over 15 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 2023	Number 2022	Amount 2023	Amount 2022
Sole Supplier [S36(1)(a)(ii)]	3 Companies	1 Company	196 988	11 834
Impractical to follow SCM [S36(1)(a)(v)]	12 Companies	9 Companies	4 876 347	5 133 803
			<b>5 073 335</b>	<b>5 145 637</b>

# Lesedi Local Municipality

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## Notes to the Annual Financial Statements

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### 55. Additional disclosure in terms of Municipal Finance Management Act

#### Material losses through criminal conduct

Opening balance as previously reported	7 000 000	-
Add: Losses identified - current period	-	7 000 000
Less: Amounts recovered - current	(4 549 292)	-
	<b>2 450 708</b>	<b>7 000 000</b>

Funds amounting to R7,000,000 were fraudulently withdrawn from the municipality's bank account during the prior year. During the course of the financial year, an amount of R4,549,292 was recovered. Investigations are in process and the necessary steps have been taken to recover the balance of the money.

#### Other material losses

Opening balance as previously reported	2 060 635	-
Add: Losses identified - current period	-	2 060 635
	<b>2 060 635</b>	<b>2 060 635</b>

An amount of R2,060,635 was paid into an incorrect bank account. A case has been opened with the South African Police Services and the owner of the bank account has been arrested. Investigations are continuing.

#### Audit fees

Current year subscription / fee	3 916 206	3 585 467
Amount paid - current year	(3 916 206)	(3 585 467)
	-	-

#### PAYE and UIF

Current year subscription / fee	35 247 604	29 388 654
Amount paid - current year	(35 247 604)	(29 388 654)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	60 648 292	54 308 532
Amount paid - current year	(60 648 292)	(54 308 532)
	-	-

#### VAT

VAT receivable	(12 431 608)	(17 546 929)
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All VAT returns have been submitted by the due date throughout the year.

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### 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 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr LM Machitje	5 991	112 667	118 658
Cllr FEJ Khumalo	5 262	5 042	10 304
	<b>11 253</b>	<b>117 709</b>	<b>128 962</b>

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr LM Machitje	6 009	100 239	106 248
Cllr T Mashinini	4 169	36 134	40 303
Cllr D Tsotetsi	2 897	2 872	5 769
Cllr BM Mkhize	1 472	-	1 472
Cllr FEJ Khumalo	3 664	49 454	53 118
Cllr CJ Naidoo	12 692	5 256	17 948
Cllr MJ Kubheka	2 466	19 127	21 593
Cllr CD Simelane	530	1 268	1 798
	<b>33 899</b>	<b>214 350</b>	<b>248 249</b>

### 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 - Impact of loadshedding and consumers using alternative energy sources
2. Recoveries - Insurance recoveries and financial losses recovered
3. Interest received - Increase in consumer debtors due to low collection
4. Government grants and subsidies - Unspent grants at year end
5. Impairment loss - Impairment due verification of assets
6. Finance costs - Overdue bulk accounts
7. Debt impairment - Debtor collection rate lower than anticipated
8. Bulk purchases - Impact of loadshedding and consumers using alternative energy sources
9. Contracted services - Unforeseen maintenance costs
10. Loss on disposal of assets - Derecognition of assets due to asset verification

#### Statement of Financial Position

11. Receivables from exchange transactions - Increase in debt impairment
12. Receivables from non-exchange transactions - Increase in debt impairment
13. Cash and cash equivalents - Unspent grants and cash management
14. Investment property - Impairment and derecognitions due to asset verification
15. Payables from exchange transactions - Payables higher than anticipated due to increased costs and cash flow challenges
16. VAT payable - Impairment of receivables
17. Consumer deposits - New accounts for houses built and handed over
18. Unspent conditional grants - Unspent libraries and Cogta grants
19. Long term loans - Loan payments not accounted for in budget
20. Employee benefit obligation - Actuarial valuation
21. Provisions - Landfill site and leave provision

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## Notes to the Annual Financial Statements

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### 57. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality operates throughout the Gauteng Province in thirteen wards. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

#### Reportable segment

Governance and Administration  
Community and Public Safety

Economic and Environmental Services

Trading Services

#### Goods and/or services

Governance, administration and financial services  
Community and social services, sport and recreation, public safety and health  
Planning and development, road transport, environmental protection  
Water and electricity supply, management of waste and waste water

#### Segment surplus or deficit, assets and liabilities

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### 57. Segment information (continued)

2023

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	337 357 247	30 352 090	30 010 016	40 968 694	438 688 047
Revenue from exchange transactions	10 316 095	6 837 641	315 058	612 337 941	629 806 735
Interest revenue	13 631 103	-	-	37 220 721	50 851 824
<b>Total segment revenue</b>	<b>361 304 445</b>	<b>37 189 731</b>	<b>30 325 074</b>	<b>690 527 356</b>	<b>1 119 346 606</b>
<b>Entity's revenue</b>					<b>1 119 346 606</b>
<b>Expenditure</b>					
Segment expenses	204 632 745	71 072 291	41 399 953	541 906 652	859 011 641
Depreciation and amortisation	8 801 603	6 932 813	8 413 136	20 533 780	44 681 332
Impairment of assets	586 849	5 437 850	11 391 240	2 747 335	20 163 274
Loss on disposal of assets	451 520	995 071	24 585 595	8 174 738	34 206 924
Debt impairment	91 658 255	1 097 933	-	324 154 250	416 910 438
Interest expense	681 432	-	110 894	16 702 061	17 494 387
<b>Total segment expenditure</b>	<b>306 812 404</b>	<b>85 535 958</b>	<b>85 900 818</b>	<b>914 218 816</b>	<b>1 392 467 996</b>
<b>Total segmental surplus/(deficit)</b>	<b>54 492 041</b>	<b>(48 346 227)</b>	<b>(55 575 744)</b>	<b>(223 691 460)</b>	<b>(273 121 390)</b>
<b>Assets</b>					
Current assets	5 405 111	1 522 009	-	161 540 840	168 467 960
Non-current assets	292 364	303 996 487	372 640 972	531 591 571	1 208 521 394
<b>Total segment assets</b>	<b>5 697 475</b>	<b>305 518 496</b>	<b>372 640 972</b>	<b>693 132 411</b>	<b>1 376 989 354</b>
<b>Total assets as per Statement of financial Position</b>					<b>1 376 989 354</b>
<b>Liabilities</b>					
Current liabilities	151 311 902	16 394 480	4 861 520	229 057 736	401 625 638
Non-current liabilities	48 540 302	-	-	35 942 811	84 483 113
<b>Total segment liabilities</b>	<b>199 852 204</b>	<b>16 394 480</b>	<b>4 861 520</b>	<b>265 000 547</b>	<b>486 108 751</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>486 108 751</b>

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## Notes to the Annual Financial Statements

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### 57. Segment information (continued)

2022

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	314 579 627	19 108 100	22 716 000	73 436 864	429 840 591
Revenue from exchange transactions	5 428 099	8 521 191	291 943	629 242 349	643 483 582
Interest revenue	13 030 055	-	-	37 125 306	50 155 361
<b>Total segment revenue</b>	<b>333 037 781</b>	<b>27 629 291</b>	<b>23 007 943</b>	<b>739 804 519</b>	<b>1 123 479 534</b>
<b>Entity's revenue</b>					<b>1 123 479 534</b>
<b>Expenditure</b>					
Segment expenses	182 444 310	69 661 153	40 169 366	555 245 466	847 520 295
Depreciation and amortisation	6 828 281	6 663 511	15 039 523	12 916 278	41 447 593
Impairment of assets	204 872	351 634	-	2 738 541	3 295 047
Loss on disposal of assets	15 487	122 132	323	1 739 198	1 877 140
Debt impairment	23 907 307	1 462 917	-	181 018 062	206 388 286
Interest expense	756 465	-	182 391	3 572 351	4 511 207
<b>Total segment expenditure</b>	<b>214 156 722</b>	<b>78 261 347</b>	<b>55 391 603</b>	<b>757 229 896</b>	<b>1 105 039 568</b>
<b>Total segmental surplus/(deficit)</b>	<b>118 881 059</b>	<b>(50 632 056)</b>	<b>(32 383 660)</b>	<b>(17 425 377)</b>	<b>18 439 966</b>
<b>Assets</b>					
Current assets	165 894 190	353 298	-	169 867 762	336 115 250
Non-current assets	7 712 382	306 045 711	396 438 080	509 832 691	1 220 028 864
<b>Total segment assets</b>	<b>173 606 572</b>	<b>306 399 009</b>	<b>396 438 080</b>	<b>679 700 453</b>	<b>1 556 144 114</b>
<b>Total assets as per Statement of financial Position</b>					<b>1 556 144 114</b>
<b>Liabilities</b>					
Current liabilities	51 755 839	15 866 524	-	241 625 378	309 247 741
Non-current liabilities	52 853 402	-	-	30 040 464	82 893 866
<b>Total segment liabilities</b>	<b>104 609 241</b>	<b>15 866 524</b>	<b>-</b>	<b>271 665 842</b>	<b>392 141 607</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>392 141 607</b>

# **APPENDIX W – AUDIT REPORT ACTION PLAN**

SUMMARY : AGSA FINDINGS OPCA PROGRESS REPORT FOR 2022/2023						
AUDIT AREA	ISSUES RAISED	ISSUES IN PROGRESS	NOT ADDRESSED	ISSUES ADDRESSED BY MANAGEMENT	NO PROGRESS PROVIDED BY MANAGEMENT	% ADDRESSED
TRADE DEBTORS	1					0%
REVENUE	2					0%
COMPLIANCE	7	7				0%
TOTAL	10	7	0	0	0	0%



SUMMARY : AGSA FINDINGS OPCA PROGRESS REPORT FOR 2022/2023						
AUDIT NAME	ISSUES RAISED	ISSUES IN PROGRESS	NOT ADDRESSED	ISSUES ADDRESSED BY MANAGEMENT	NO PROGRESS PROVIDED BY MANAGEMENT	% ADDRESSED
MUNICIPAL MANAGER	0					0%
FINANCE	10		10			0%
COMMUNITY SERVICES	0					0%
INFRASTRUCTURE SERVICES	0					0%
CORPORATE SERVICES	0					0%
LED AND PLANNING	0					0%
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0%</b>

Par no.	Page #	Audit Area	Description	Detailed finding	Impact	New / Old finding	Root Cause	Auditor's recommendation	Action to be taken ( 0% - 100%)	Responsible person	Due date
9	2	Trade debtors	Material impairment – trade debtors	Material losses of R1 464 995 916 (2021-22: R1 139 026 751) were incurred as a result of a write-off of irrecoverable consumer debtors.	Not specified( No audit finding raised)	Old	Not specified( No audit finding raised)	Not specified( No audit finding raised)	- Implement power cuts for customers who have long outstanding debt - Develop debt collection strategy	ACFO	30-Jun-24
				Material electricity losses of R48 507 880 (2021-22: R59 218 778) were incurred, which represents 22.48% (2021-22: 25.40%) of total electricity purchased. Technical losses amounted to R11 219 614 (2020-21: R12 122 142) 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 R37 288 266 (2021-22: R47 096 636) and were due to negligence, tampering with meters and illegal connections.	The lack of appropriate controls to address and prevent these losses has resulted in losses amounting to R48 507 880.00 which is a direct loss of revenue which would have been received by the municipality.	Old	Management did not establish a system to manage deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality.	Management should establish a system to manage deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality. In addition the root causes should be addressed.	Implement the recommendations for electrical enclosures in order to protect municipal revenue and reduce losses at least 20 per financial year.	Manager Electricity	30 June for each financial year.
10	2	Revenue	Material losses – electricity	Material water losses of R31 758 730 (2021-22: R36 125 465) were incurred, which represents 33.12% (2021-22: 39.84%) of total water purchased. Technical losses amounted to R5 178 497 (2021-22: R4 896 886) and were due to physical loss through the water distribution network. Non-technical losses amounted to R26 580 233 (2021-22: R31 228 579) and were due to persistent leakages as a result of aging water supply infrastructure and illegal connections.	The lack of appropriate controls to address and prevent these losses has resulted in losses amounting to R31 758 730.00 which is a direct loss of revenue which would have been received by the municipality.	Old	Management did not establish a system to manage ageing water infrastructure. Theft and bypass of meters, illegal de-calibration of meters.	Management should establish a system to manage deteriorating water infrastructure or poor management of the networks, affecting the Municipality. In addition the root causes should be addressed.	Implementation of the Water Conservation and Water Demand Management Plan/Strategy recommendations.	Snr Manager Water & Sanitation	These are a multi-year project which depends on the availability of funds.
11	2	Revenue	Material losses – water	The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Non-compliance with section 122(1)(a)	Old	Management did not exercise oversight responsibility relating to internal controls to ensure that proper reviews are conducted on the Annual Financial Statement prior to submission for audit purposes.	Management did not exercise oversight responsibility relating to internal controls to ensure that proper reviews are conducted on the Annual Financial Statement prior to submission for audit purposes.	AFS to be adequately reviewed to ensure that complete and accurate information is disclosed before submission	ACFO	31-Aug-24
30	5	Compliance	Annual financial statements	Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 38(1).	Non Compliance with municipal supply chain regulations 36(1)(i) Reportable irregular expenditure	Old	Management did not effectively plan for the procurement of goods and services to ensure that both operational requirements and compliance with laws and regulations are met.	Management should effectively plan and document appropriately the reasons for deviation for the procurement of goods and services to ensure that both operational requirements and compliance with laws and regulations are met.	Management will endeavour to replace the damaged petrol tanks budget permitting.	ACFO	30-Jun-24
31	5	Compliance	Procurement and contract management	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	This results in non-compliance with MFMA section 65(2) e.	Old	Management did not review and monitor compliance with applicable legislation and ensure that invoices are paid within 30 days.	Management must monitor ensure that compliance with laws and regulations to ensure that invoices are paid within 30 days in line with section 65(2)e of the MFMA.	Management will strive for increased credit control on our households and will implement cost containment where applicable.	ACFO	On-going
32	5	Compliance	Expenditure management	Reasonable steps were not taken to prevent irregular expenditure amounting to R6 496 305 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 supply chain management processes.	This results in non-compliance with MFMA section 62(1)(d). If Irregular Expenditure is not prevented it would result in material financial loss of the municipality	Old	Management did not review and monitor compliance with applicable legislation and ensure that irregular expenditure is prevented.	Management should ensure that compliance with laws and regulations to ensure that irregular expenditure is prevented.	Irregular expenditure from deviations permanent solution to the water problem in the form of JoJo tanks so that deviation has been eliminated. The fuel deviation elimination is work in progress.	ACFO	On-going
33	5	Compliance	Expenditure management	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R187 976 602, 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.	This results in non-compliance with MFMA section 62(1)(d). If Unauthorised Expenditure is not prevented it would result in material financial loss of the municipality	Old	Management did not review and monitor compliance with applicable legislation and ensure that Unauthorised Expenditure is prevented.	Management should ensure that compliance with laws and regulations to ensure that unauthorised expenditure is prevented.	Continued consistent credit control implementation to try and reduce unauthorised expenditure.	ACFO	On-going
34	6	Compliance	Expenditure management	Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14 161 447, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments.	This results in non-compliance with MFMA section 62(1)(d). If Fruitless and Wasteful Expenditure is not prevented it would result in material financial loss of the municipality	Old	Management did not review and monitor compliance with applicable legislation and ensure that fruitless and wasteful expenditure is prevented.	Management should ensure that compliance with laws and regulations to ensure that fruitless and wasteful expenditure is prevented.	Continued consistent credit control implementation to try and reduce fruitless and wasteful expenditure.	ACFO	On-going
35	6	Compliance	Expenditure management	Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	Non-compliance with sections 32(2)(b) of the MFMA.	Old	Management did not perform a full investigation on irregular expenditure identified in order to comply with section 32(2)(b) of the MFMA.	Management should ensure that all, irregular expenditure is investigated to determine if any person is liable for the expenditure.	Continue with investigation in trenches as per the UFW reduction strategy.	Municipal Manager	Throughout the year As and when investigations are finalized.
36	6	Compliance	Consequence management								