



ANNUAL REPORT

2022/2023

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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



1.1 MAYOR'S FOREWORD

The 2022/2023 financial year has come to an end, this is the second financial year in office for the 5th local government administration. The first generation of the democratic sphere of government started in the year 2000, where the first councillors assumed office up until the year 2006. This has been a journey of learning and reflection on how the sphere of local government will be improved to enhance service delivery.

As the new administration which was voted into office in 2021, we are taking the baton from the service delivery giants of the yesteryears.

The year under review has been characterised by improved service delivery. The Municipality has installed all the valves at different points of the Klip River banks. The back overflow of water from the river has been an albatross to the residents of our town for many years. This administration, immediately after assumption of office budgeted R15 million to mitigate the risk of overflowing of water to the CBD. This will bring relief to the citizens of the town and much needed business confidence.

In addition to the installation of valves in the Klip River, the municipality has provided services such as fixing of potholes, cleaning of town and surrounding areas, streetlights maintenance to name just a few. The whole picture of service delivery achievements will be contained in the chapters of this annual report.

I believe it is prudent that the Mayor shares the importance of the annual report.

The annual report serves as a tool for reporting on the achievements made and the challenges encountered during the year. It also highlights the areas of under-performance and the corrective measures that need to be taken to rectify such challenges.

The role of the political wing is to play an oversight role in the administrative affairs of the municipality; therefore, the Council has functional oversight structures namely Municipal Public Accounts Committee (MPAC) which is responsible in ensuring that public funds are spent as per the legislative guidelines and the avoidance of malfeasance. This Committee reports to Council where the final decisions of the municipality are taken.

The annual report as stated above, reports on the financial and non-financial performance of the Municipality. Alfred Duma Local Municipality has been receiving an unqualified report with matters of emphasis for the past couple of years. We believe that the administration has what it takes to improve to the unqualified report without any matters which is dubbed as a 'clean audit'.

We are thankful to all the community members who strive to pay for the services rendered by the municipality despite the challenging economic times. We further encourage those who are unable to pay for different reasons to come to the municipality to state their cases. The municipality has an indigent policy to assist the qualifying residents and other available options such as 50% incentives.

Let me take this opportunity to appreciate and provide the words of gratitude to the Speaker of the Council, Executive Committee Members and all Councillors for providing oversight to the affairs of the Council. On the same breath, I wish to thank the Municipal Manager and her entire management team & staff for keeping Alfred Duma Local Municipality afloat in the year under review.

I am sanguine that even in the new financial year, administration will provide much needed services to the citizens of Alfred Duma Local Municipality and also abide by all the pieces of legislation that governs local government.

This is a trusted leadership.

I thank you

**The Mayor,
Cllr Z J Sibisi**

1.2 MUNICIPAL MANAGER'S FOREWORD



The 2022/2023 is the 2nd financial year of office for the current council and the leadership has spearheaded service delivery objectives that seek to serve the community of all 37 wards. The Alfred Duma Local Municipality Annual report for this financial year is a record of the performance that the municipality has made as well as a scale in sizing progress in ensuring that all goals are achieved as lined in the IDP. As a municipality we take pride in delivering services to the community while strictly adhering to Municipal Financial Management Act as well as the Municipal Systems Act as guides to proper conduct.

The importance and value of an annual report that serves as a helpful assessment tool in any local government organisation that is accountable, focused and purpose driven, cannot be emphasised enough. Documents such as these guide with assessment mechanisms, the way in which municipalities should function and account for activities of the previous financial year.

This annual report presents a fair evaluation of the municipality's performance for the 2022/23 financial year in addition to being a matter of compliance. So, this annual report appropriately depicts what the municipality accomplished throughout the year.

It is important to note that the municipality is continuously engaged in innovative processes that seek to address the challenges that are in the communities and by so doing always instilling discipline within our institution to present a well-run administration. We acknowledge various challenges faced by the communities of the Alfred Duma Local Municipality and continuously work towards addressing such challenges.

The fulfilment of service delivery targets and achievements must be evaluated in conjunction with the municipality's financial performance and our capacity to adhere to a broad range of municipal laws. Therefore, the purpose of this report is to attest to the joint efforts of the municipal administration and Council to gradually meet the expectations of our citizens.

As a local government institution, we will always be subject to scrutiny on the capacity to provide high-quality services, foster economic development, maintain budgetary responsibility, ensure efficient governance, and support the expansion of our municipality in order to meet the changing requirements of our constituents.

A great deal of gratitude goes to the council leadership for offering guidance in elements of shaping the Alfred Duma Local Municipality into a municipality that delivers and works for its people.

Council has approved a number of policies in this financial year in an effort to put measures into place, measures that have helped the institution run effectively and efficiently. Included in the annual report's contents are Council-approved, evaluated, and implemented policies.

The municipality received unqualified audit opinion for the 2022/2023 financial year. It took a lot of work to achieve this, and I would like to thank and congratulate all those who had a role to play on the audit's successful conclusion. I would also like to thank the Mayor, Deputy Mayor, Speaker, all councillors and staff for ensuring service delivery to our communities. May we continue to work together to further achieve great outcomes that will place this municipality a cut above the rest.

I thank you

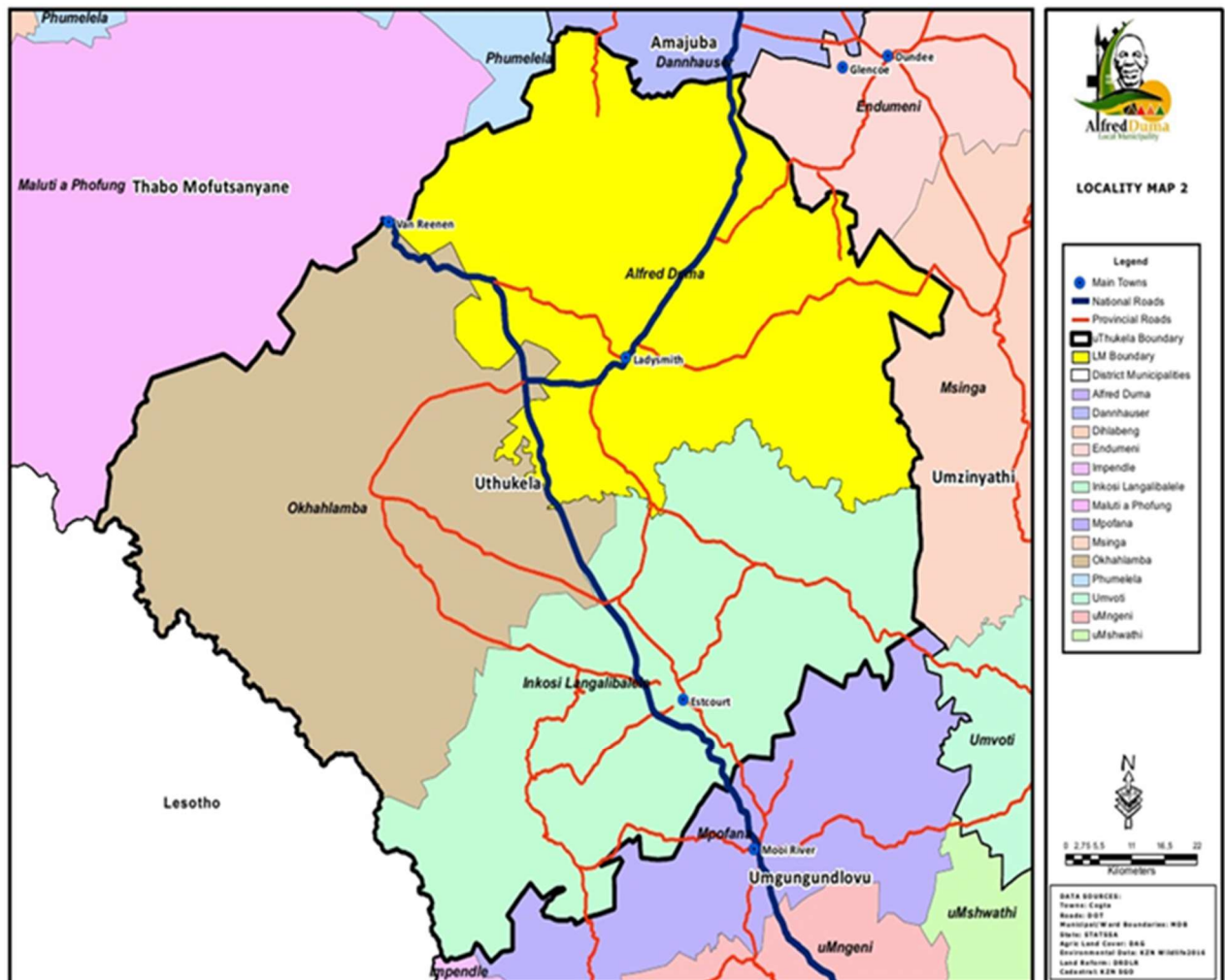
**The Municipal Manager,
Ms S S Ngiba**

1.3 MUNICIPAL OVERVIEW

1.3.1 THE MUNICIPALITY AT A GLANCE

The municipality is a category B municipality and is situated in the Northern part of KwaZulu Natal. The Alfred Duma Local Municipality (ADLM) is made up of three major towns Colenso, Ladysmith and Van Reenen and is one of the three municipalities situated within Uthukela District Municipality. In addition, ADLM is made up of a range of settlements, from urban to municipal service centres, agricultural landscapes, industrial, semi-rural residential settlements and areas that are predominantly rural.

The map below displays the municipalities that are within Uthukela jurisdiction.



1.3.2 Population

The current population for the Alfred Duma Local Municipality is 356 276 people as per the 2016 Community Survey by Statistics SA and the Dependency Ratio is sitting at 69.44%. One of the reasons that has led to decrease in the population is that the youth migrate to other cities like Durban, Pietermaritzburg and Gauteng looking for jobs and tertiary institutions.

The table below presents summarized statistical data for the municipality: -

TOTAL POPULATION	356276
POPULATION GROWTH RATE	0.52%
AVERAGE HOUSEHOLD SIZE	4.2
UNEMPLOYMENT	34%
FLUSH OR CHEMICAL TOILETS	41.1%
PIT TOILETS	50%
PIPED WATER INSIDE DWELLING	32%
WEEKLY REFUSE REMOVAL	58.1%
ELECTRICITY FOR LIGHTNING	53%

Source: Community Survey 2016

Alfred Duma Municipality spans over an area of 3 957.63 km² of which is dominated by 70% of rural settlements with limited basic services and infrastructure. ADLM comprises of 37 wards with 29 of those being rural wards and some of them administered by the Traditional Authorities name Inkosi Khumalo in Driefontein Block, Inkosi Shabalala in Matiwane, Inkosi Sithole Mhlumayo, Inkosi Mabaso.

The Municipality is strategically located along the N3 corridor which links Durban and Gauteng as well as the N11 which links it with Mpumalanga and Free State Provinces. and as such its long-term vision is to be the first metro municipality in the northern region. It has the highest population numbers compared to other municipalities and it is the most developed and serves as the regional economic hub in the district as most government regional offices and Industrial areas are located within the municipality jurisdiction.

Alfred Duma Local Municipality Powers and Function

In terms of the Municipal Structures Act No. 117 of 1998, the municipality is a category B Local Municipality which has the following powers and functions through which the performance of the municipality can be assessed in terms of the impact it has to its constituencies and service delivery;

- Billboards & Display of Advertisements in Public Places
- Building, Trading Regulations, Liquor & Public, Nuisance Control
- Cemeteries & Funeral Parlours
- Cleansing & Trade Areas
- Electricity Reticulation
- Fire Fighting Services Licensing, Facilities for Accommodation, Care & Burial of Animals
- Local Tourism
- Local Amenities
- Local Sport Facilities
- Markets Stalls / Trade Areas
- Municipal Town Planning & Planning in General
- Municipal Parks and Recreation
- Municipal Roads
- Storm Water Management
- Pounds

- Public, Nuisance Control Fire Fighting Services
- Public Places Booking and Reservation, i.e.; Halls and Parks
- Refuse Removal, Refuse Dumps & Solid Waste
- Street Trading and Informal Sector
- Traffic and Parking
- Storm Water Management

Alfred Duma Local Municipality comprises of the following areas:

- Ladysmith Area;
- Colenso;
- Ezakheni;
- Steadville;
- St Chads;
- Driefontein Complex;
- Matiwanoskop;
- Roosboom;
- Mhlumayo area;
- Limehill area;
- Uitvaal;
- Tholeni;
- Sahlumbe;

1.3.3 Local Space Economy

Alfred Duma Local Municipality encompasses of 37 wards with 22 of those being rural wards and some of them administered by the Traditional Authorities namely Inkosi Khumalo in Driefontein Block and Inkosi Shabalala in Matiwane, Inkosi Sithole, Inkosi Zwane, Inkosi Mthembu and Inkosi Mabaso Mhlumayo area and Inkosi Nxumalo, Inkosi Kunene, Inkosi Mbhense and Inkosi Mchunu in the Limehill area. The map presents range of settlements from urban to municipal service centres, agricultural landscapes, industrial and semi-rural residential settlements. The 37 wards within the municipal jurisdiction will be represented by 73 councillors and the number of the Executive Committee was determined after Local Government Elections took place in November 2021.

CHAPTER 2: GOVERNANCE**2A. GOVERNANCE STRUCTURES****2.1 Political Governance Structure****(a) Introduction**

The Municipal Finance Management Act no 56 of 2003 (MFMA) Section 52 (a) states: "The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality".

In terms of section 9 (d) of the Municipal Structures Act 1998, the Alfred Duma Local Municipality should have an executive system combined with a Council system.

The Audit Committee reports directly to Council, providing opinions and recommendations on financial processes and performance. Thereafter their report is submitted to the Municipal Public Accounts Committee (MPAC).

The Municipal Public Accounts Committee (MPAC) is in place to reinforce the oversight arrangements in the Municipality and to ensure the efficient and effective use of municipal resources. Its key role is to consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report, as required in terms of section 121 of the Local Government: Municipal Finance Management Act and Circular no. 63 dated September 2012 issued by National Treasury.

(b) Mayor: Councillor Z J Sibisi

The Mayor is the Chairperson of the Executive Committee (EXCO). In terms of the Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act no. 56 of 2003 (MFMA) and Municipal Planning and Performance Regulations, the Mayor performs duties, including any ceremonial functions, and exercises the powers delegated to the mayor by the Municipal Council or Executive Committee.

(c) Deputy Mayor: Councillor S Simelane

The Deputy Mayor exercises the powers and performs the duties of the Mayor, if the Mayor is absent or unavailable.

(d) Speaker: Councillor B P Sithole

- Presides at the meeting of the Council.
- Ensures that the Council meets at least once a quarter.
- Strictly ensures that the Council meetings are conducted in accordance with the rules and orders of the Council.
- The provision of administrative and secretarial support services to all councillors. This support strengthens the effectiveness of councillors in their role as public representatives.

(e) Municipal Whip: Councillor S Sithole

The Municipal Whip performs duties that are delegated to him by Council; including the following but not limited to:

- Developed and approved a Code of Conduct for councillors. The Council Speaker and the Council Municipal Whip have co-responsibility to ensure adherence to the Code of Conduct.

(f) Political decision-taking

Section 53 of the Municipal Systems Act no. 32 of 2000 stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.

The section below is based on Section 53, of the Municipal Systems Act no. 32 of 2000, roles and responsibilities that was approved at the Council meeting of August 2016.

The political decision making at the Alfred Duma Local Municipality is supported by the Management Committee. Management decided on forwarding only issues that have to be submitted to EXCO and Council, either in terms of the EXCO and Council's delegated authority or through requests received from any of the Portfolio Committees.

Once the Executive Committee (EXCO) has accepted the recommendations, such recommendations are submitted to Council for consideration and adoption/noting respectively. In the few cases where there is no consensus on a matter within Council, such issue will go to the vote. Once the Minutes of the Council meeting has been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement such resolutions.

Municipal Council

- governs by making and administering laws, raising taxes, and taking decisions that affect people's rights;
- is a tax authority that may raise property taxes and service levies;
- is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to the Executive Committee and/or Administration;
- can delegate responsibilities and duties for the purpose of fast and effective decision making;
- must strive towards the constitutional objectives of local government;
- must consult the community regarding local government matters; and
- is the only decision maker on non-delegated matters such as the approval of the IDP and Budget.

The Municipal Council of the Alfred Duma Local Municipality consists of seventy-three (73) members. Thirty-six (36) represent wards and the remainder of Councillors are proportional representatives elected to represent political parties based on proportional representation. The ruling party in Council is the Inkatha Freedom Party (IFP). The second Council Meeting held on 17 December 2021, elected the Mayor, Deputy Mayor, Council Speaker and Municipal Whip.

COUNCIL REPRESENTATION

Political Party	Number
Abantu Batho Congress (ABC)	1
African National Congress (ANC)	28
African People's Movement (APEMO)	1
Democratic Alliance (DA)	3
Economic Freedom Fighters (EFF)	5
Inkatha Freedom Party (IFP)	33
National Freedom Party (NFP)	1
National Political Alliance (NPA)	1
Total	73

EXECUTIVE COMMITTEE REPRESENTATION

Political Party	Number
African National Congress	4

Economic Freedom Fighters	1
Inkatha Freedom Party	5

2.1.1 Portfolio Committees

These committees are established in terms of Sections 79 and 80 of the Municipal Structures Act No. 117 of 1998, in order to deliberate and make recommendations to the Executive Committee.

The Council has six (6) portfolio committees and every political party is represented in all committees. Members of the Executive Committee are tasked with the responsibility of chairing the supporting committees. The committees are:

Members of the Community and Social Services Portfolio Committee

Member	Political Party
Cllr T P Dlamini (Chairperson)	Inkatha Freedom Party
Cllr G S Kubheka	African National Congress
Cllr S E Kubheka	African National Congress
Cllr Z I Madondo	Inkatha Freedom Party
Cllr K Mdluli	Inkatha Freedom Party
Cllr X F Mhlongo	Inkatha Freedom Party
Cllr X P Mngadi	African National Congress
Cllr Z T Thabede	Inkatha Freedom Party
Traditional Leaders	
Inkosi M A J Nkosi	

Members of the Corporate Services Portfolio Committee

Member	Political Party
Cllr T P Khumalo (Chairperson)	Inkatha Freedom Party
Cllr N B Dlamini	African National Congress
Cllr L G Hlomuka	African National Congress
Cllr S L Mswane	Inkatha Freedom Party
Cllr A B Xaba	Inkatha Freedom Party
Cllr M G Zikalala	Inkatha Freedom Party
Cllr X S Zwane	African National congress
TRADITIONAL LEADER	
Inkosi N C Zulu- Zondi	

Members of the Development, Planning & Human Settlements Portfolio Committee

Member	Political Party
Cllr A S D Warasally (Chairperson)	Inkatha Freedom Party
Cllr N Mbhense	Inkatha Freedom Party
Cllr N D Mkhasibe	African National Congress
Cllr N Mlotshwa	African National Congress
Cllr M S Mngadi	African National Congress
Cllr S M Nene	Inkatha Freedom Party
Cllr K Ntini	Inkatha Freedom Party
Cllr F Zuma	Inkatha Freedom Party
TRADITIONAL LEADERS	
Inkosi M A J Nkosi	

Members of the Public Safety and Emergency Portfolio Committee

Member	Political Party
Cllr S E Madondo (Chairperson)	Economic Freedom Fighters
Cllr S Makhathini	African National Congress
Cllr M N Mbhense	African National Congress
Inkatha Freedom Party	
Cllr L Nkosi	Economic Freedom Fighters
Cllr K E Shabalala	Inkatha Freedom Party
Cllr N L Zikalala	African National Congress
Cllr M P Zungu	Inkatha Freedom Party
Traditional Leaders	
Inkosi N C Zulu-Zondi	

Members of the Strategic Planning, Governance and Finance Portfolio Committee

Member	Political Party
Cllr Z J Sibisi (Chairperson)	Inkatha Freedom Party
Cllr S A Buys	Democratic Alliance
Cllr L B M Kubheka	African National Congress
Cllr X O Kubheka	Inkatha Freedom Party
Cllr P P Mbambo	Economic Freedom Fighters
Cllr V F Memela	African National Congress
Cllr S L Msimango	Inkatha Freedom Party
Cllr B M Nzuza	Inkatha Freedom Party
Cllr N J Sithebe	African National Congress
Traditional Leaders	
NIL	

Members of the Technical and Infrastructural Portfolio Committee

Member	Political Party
Cllr S Simelane (Chairperson)	Inkatha Freedom Party
Cllr M M Khoza	Inkatha Freedom Party
Cllr B C Majola	Inkatha Freedom Party
Cllr N P B Mlotshwa	African National Congress
Cllr A Rajkoomar	Democratic Alliance
Cllr N S Sithole	African National Congress
Cllr S M Sithole	Inkatha Freedom Party
Cllr S X M Zwane	African National Congress
Traditional Leaders	
Inkosi M A J Nkosi	

2.1.2 Section 79 Committees in terms of the Municipal Structures Act**Members of the Municipal Public Accounts Committee (MPAC)**

Member	Political Party
Cllr M R Suddaby (Chairperson)	DA
Cllr B B Biyela	NFP
Cllr M Magasela	IFP
Cllr K E Mjiyakho	IFP
Cllr M N Mlotshwa	ANC

Cllr E N M Mthethwa	NPA
Cllr N C Mtshali	EFF
Cllr T N Ngcobo	IFP
Cllr S E Ngubane	IFP
Cllr O S Nxumalo	ANC
Cllr P M Nzuza	APM
Cllr T Xaba	ANC
Cllr N E Zwane	IFP

Members of the Rules Committee Members

Member	Political Party
Cllr B P Sithole (Chairperson)	IFP
Cllr B Gwala	EFF
Cllr L B M Kubheka	ANC
Cllr N Mlotshwa	ANC
Cllr A Rajkoomar	DA
Cllr N B Shabalala	IFP
Cllr S M Sithole	IFP
Cllr T Xaba	ANC
Traditional Leaders	
Inkosi M A J Nkosi	
Inkosi N C Zulu-Zondi	

Members of the Rapid Response Committee Members

Member	Political Party
Cllr Z J Sibisi (Chairperson)	IFP
Cllr B P Sithole (Speaker)	IFP
Cllr S Simelane (Deputy Mayor)	IFP
Cllr T P Dlamini	IFP
Cllr T Hadebe	ANC
Cllr S E Madondo	EFF
Cllr B M Mbhele	ANC
Cllr A Mchunu	ANC
Cllr T P Njoko	ANC
Cllr A S D Warasally	IFP

Members of the Women's Caucus Committee

Member	Political Party
Mtshali	Nikiwe Cynthia - (Chairperson) EFF
Biyela	Bonisiwe Beauty NFP
Buys	Sharon Ann DA
Dlamini	Nokwazi Barbara ANC
Gwala	Bonisiwe EFF
Hadebe	Thulile ANC
Hlonewane	Lindiwe Goodness ANC
Kubheka	Gladys Sihlesenkosi ANC
Kubheka	Lindiwe Bongiwe Marrilyn ANC

Kubheka	Sibongile Emily	ANC
Mbambo	Philile Patricia	EFF
Mbhense	Monica Ntombiningi	ANC
Mhlongo	Xoliswa Fikelephi	IFP
Mjiyakho	Khanyisile Evertrinah	IFP
Mlotshwa	Mosley Ntombizonke	ANC
Mlotshwa	Njabulo	ANC
Njoko	Thabisile Precious	ANC
Nxumalo	Octavia Sindisiwe	ANC
Shabalala	Khanyisile Elizabeth	IFP
Xaba	Tholakele	ANC
Zikalala	Nonhlanhla Lucia	ANC
TRADITIONAL LEADER		
Zulu-Zondi N C		

2.2 Administrative Governance Structure

Department	Head of Department	Designation	National key Performance Areas
Office of the Municipal Manager/ Mayoral Office	Ms S S Ngiba	Municipal Manager	• IDP Process • Assessment of the municipality's performance management system • Assessment of whether the municipality performance system complies with the Act • An assessment of the alignment of objective, output and measures • Review of Risk Management Strategy and Framework • Ensuring effective and functional Internal Audit Systems • Youth Development and Empowerment • Community public consultation and ward committees • Communications and municipal branding • Sport management services • Effective and functional war rooms through Operation Sukuma Sakhe programmes • Women, children and people with disabilities empowerment • Legal Support Services
Department: Corporate Services	Ms E C Molefe	Executive Director: Corporate Services	• Leave Administration • Staff Records and Appointments • Administration of IOD's and Pension Claims • Training Programmes Undertaken and submissions to LGSETA • Employee Study Bursaries • Information Technology – Governance, Security Management, User Access

			• Control, Program Change Management, Services Continuity • Provision Council Support Services • Implementation of Employment Equity Plan • Compliance with National Archives and Records Management Act • Administration
Department: Public Safety and Emergency Services	Mr P B B Simelane	Executive Director: Public Safety & Emergency Services	• Collection of Fines Paid • Reconciliation between Munsoft and Traffman • Fleet Management and Fuel Consumption • Licensing collections
Department Community and Social Services	Mr S N Kunene	Executive Director Community and Social Services	• Administration of the Thusong Centres • Provision and maintenance of Community Facilities. • Provision of library services • Provision of library outreach programmes in the rural areas • Provision of Refuse Removal services • Administration of environmental awareness campaigns and clean-up campaigns • Administration of clearing of illegal dumping • Provision and maintenance of recreational parks, cemeteries, sport fields and swimming pools. • Administration and maintenance of public open spaces and private vacant spaces. • Provision, maintenance and administration of the municipal animal pound
Department: Development, Planning and Human Settlements	Mr M Z Kunene	Executive Director: Development, Planning and Human Settlements	• Administration of Land Sales • Administration of Housing Projects • Administration of LED Projects • Town Planning • GIS • Tourism and Museum
Department: Budget and Treasury	Mr M T Nkosi	Chief Financial Officer	• Creditors Run and reconciliation • Long Term Loans Reconciliation • Grants Reconciliation • Fixed Assets Register and Asset Count • Investment and Interest Charged • Inventory / Stock Control • Cash Taking • Banking and Bank Reconciliation • Debtor Processes and Month End Trial Run for Services Rendered • Suspense Accounts; Commitments • Fruitless and Wasteful Expenditure • Journals Processed • Implementation of Indigent Policy • Salary Run, and ACB • Financial System Transaction Listing • Supply Chain Management Process

			• Contract Payments • Review of Mid-Year and Annual Financial Statements • Review of Mid-term and Annual Budget • Valuation roll and Rates Assessment
Department: Technical and Infrastructural Services which includes Electrical Services	Mr R H Mazibuko	Executive Director: Technical and Infrastructure Services	• Job costing and Sundry Services • Plan Approvals, Building Inspection and Occupation Certificates • Projects and Grants Funding Received • Flood Management • Maintenance • Project Management
			• Job costing and Sundry Services • Maintenance • Electricity loss calculations • Electricity Meter Books, Final Error Report, Meter Changes and Bulk Consumer Accounts • Projects and Grants Funding Received • Project Management

All municipal oversight committees

During the 2022/2023 financial year under review, the following number of Council oversight meetings were held:

Structure	No. of Meetings
EXCO	10
Special EXCO	5
Council	2
Special Council	13
Municipal Public Accounts Committee (MPAC)	7
Special Municipal Public Accounts Committee (MPAC)	0
Audit Committee	4
Special Audit Committee	1
Strategic Planning, Governance and Finance Portfolio Committee	12
Special Strategic Planning, Governance and Finance Portfolio Committee	2

2B. INTERGOVERNMENTAL RELATIONS

2.3 Intergovernmental Relations

The Municipal Systems Act, No. 32 of 2000 (MSA) Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.

Before 1994 South Africa had fragmented administrations: this meant that citizens were divided geographically with different population groups living in different suburbs and areas and only a small minority of residents benefited from development. Today South Africa has a unitary, yet decentralised, state with nine provincial governments and more than 283 municipalities.

The Constitution and the new democratic government recognise that the three spheres of government cannot function in isolation. Decentralisation and co-operation is critical to the successful transformation of the state in the coming decades.

The role of local government in Intergovernmental Relations has moved extensively from the symbolism of the past to meaningful interaction of common benefit with far reaching implications for the image of South Africa, and the development agenda at a local government level.

In this regard it has been determined that the growing demands and complexity of South African municipal service-delivery imperatives have impacted significantly on the range and depth of skills and competencies required from within the municipal economy. This has necessitated serious consideration of municipal international relations as an increasingly viable conduit for scarce skills and resources.

The Alfred Duma Local Municipality attends all IGR Forum meetings held at District level.

2.3.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on National level:

- SALGA meetings

2.3.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipality attends the following meetings on Provincial level:

- Premier's Coordinating Forum (Technical & Political Structures)
- MUNIMEC (Technical & Political Structures)
- Provincial Speakers Forum
- COGTA Local Government Indaba

The Municipality attends the following meeting on District Level:

- DDM Political Hub
- DDM Technical Hub
- DDM Governance Hub
- DDM Cluster Meetings
- Speakers Forum

2.3.3 KZN MONITORING AND EVALUATION FORUM MEETINGS

The Alfred Duma Local Municipality, during the period under review, was involved in the KZN Monitoring and Evaluation Forum Meetings co-ordinated by KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs.

The purpose of this committee is to deliberate on performance, monitoring, reporting and evaluation issues in municipalities.

The committee meets once a quarter. The Alfred Duma Local Municipality was represented in all four KZN Monitoring and Evaluation Forum Meetings that took place during the financial year 2022/2023.

The KZN M&E Forum meetings were held on the following dates:

DATE	VENUE	ALFRED DUMA LOCAL MUNICIPALITY'S OFFICIAL/S PRESENT
30/09/2022	Virtual Meeting- Ms Teams	NB Sithole
08/12/2022	Virtual Meeting- Ms Teams	ND Mwamba
16/03/2023	Virtual Meeting- Ms Teams	ND Mwamba
28/06/2023	Virtual Meeting- Ms Teams	ND Mwamba

2C. PUBLIC ACCOUNTABILITY AND PARTICIPATION**2.4 Public Meetings**

Ward	No. of Meetings Annum	Targeted per	No. of community meeting held per Annum	No. of Sectoral Reports Submitted in 2022/2023	Ward committee meetings held in 2022/2023
1	06		05	76	09
2	06		03	58	07
3	06		03	46	09
4	06		08	97	08
5	06		07	125	09
6	06		08	104	09
7	06		06	102	11
8	06		07	90	09
9	06		06	74	07
10	06		03	63	04
11	06		07	111	12
12	06		05	67	06
13	06		08	103	12
14	06		02	58	06
15	06		05	60	05
16	06		05	53	06
17	06		05	52	06
18	06		04	106	12
19	06		08	101	12
20	06		03	87	09
21	06		03	103	07
22	06		07	102	10
23	06		10	101	12
24	06		03	60	06
25	06		05	80	09
26	06		06	54	05
27	06		14	09	12
28	06		12	55	04
29	06		02	55	06
30	06		04	56	06
31	06		04	59	04
32	06		06	47	03
33	06		00	00	00
34	06		03	57	06
35	06		02	54	06
36	06		03	55	04
37	06		06	56	05

2.5 IDP Participation and Alignment

<i>Section 25 (1) (2) of the Municipal Systems Act, No. 32 of 2000 states that-</i> <i>(1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which—</i> <i>(a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;</i> <i>(b) aligns the resources and capacity of the municipality with the implementation of the plan;</i> <i>(c) forms the policy framework and general basis on which annual budgets must be based;</i> <i>(d) complies with the provisions of this Chapter; and</i> <i>(e) is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation</i> <i>(2) An integrated development plan adopted by a municipal council in terms of subsection</i> <i>(1) may be amended in terms of section 34 and remains in force until an integrated development plan is adopted by the next elected council.</i>

Table: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria	Yes/No	Reasons for non-compliance
Does the municipality have impact, outcome, input, output indicators?	Yes	N/A
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes	N/A
Does the IDP have multi-year targets?	Yes	N/A
Are the above aligned and can they calculate into a score?	Yes	N/A
Does the budget align directly to the KPIs in the strategic plan?	Yes	N/A
Do the IDP KPIs align to the Section 54 & 56 Managers	Yes	N/A
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes	N/A
Were the indicators communicated to the public?	Yes	N/A
Were the four quarter aligned reports submitted within stipulated time frames?	Yes	N/A

2D. CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Municipal Finance Management Act, 56 of 2003 section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

- 1.1. Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Alfred Duma Local Municipality. When properly executed risk management, provides reasonable assurance that the institution will be successful in achieving its goals and objectives.
- 1.2. A Risk Assessment is conducted annually; through facilitating the process of identifying and assessing risk per Department to determine the magnitude of risk exposure by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives. The identified risks are prioritised which enables Management to focus more time, effort and resources on higher risk areas.
- 1.3. To mitigate the risks it is confronted with, Management implements control activities by establishing policies and appropriate procedures such as approvals, authorisations, segregation of duties, reconciliations and physical safeguards.
- 1.4. The report is tabled to Management on a monthly basis after the sitting of the Risk Management Committee.
- 1.5. In addition, the Risk Management Section reports quarterly to the Audit Committee, all Portfolio Committees, Executive Committee and Council on progress made to mitigate high risks.
- 1.6. Below is the analysis of the risks that were in the Registers for the 2022/2023 financial year.

2.1 ANALYSIS OF THE PROGRESS MADE IN MITIGATING HIGH RISKS AREAS

No.	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final Year	
1.	Critical	00	00	00	00
2.	Major	14	14	09	05
3.	Moderate	9	9	06	03
4.	Minor	02	02	02	00
5.	Insignificant	00	00	00	00
TOTALS		25	25	17	08

1.1. Organisational Strategic Risks

1.1.1. Highlight of the strategic risk areas:

- 1.1.1.1. Inability to implement sustainable Local Economic Development's catalytic projects to boost economic growth;

- 1.1.1.2. Inability to attract and retain businesses within the Municipality;
- 1.1.1.3. High level of red tapes that impedes small business to enter main stream economy;
- 1.1.1.4. Limited and/or stagnant revenue collection base;
- 1.1.1.5. Shortage of burial space;
- 1.1.1.6. Rampant illegal dumping across the Municipality;
- 1.1.1.7. Ageing infrastructure, plant and equipment; and
- 1.1.1.8. Increase of community protest which hinder service delivery.

1.1.2. Highlight of the mitigating factors per strategic risk area

- 1.1.2.1. The Department for Planning, Development and Human Settlement has prepared a Plan to implement the catalytic projects which will stimulate the local economy. This Plan will also cover the strategic risk as per number one above;
- 1.1.2.2. The Municipality as other parts of KwaZulu-Natal were badly affected by business looting and vandalism that occurred in July. The recovery plan was developed and submitted to relevant Department for funding and other affected businesses have made application from their respective insurance companies.
- 1.1.2.3. The Red Tape Reduction Programme is being pioneered by the Department of DPHS.
- 1.1.2.4. The revenue collection is badly affected by the Covid-19 and Management is devising strategies to improve revenue collection through Revenue Enhancement Strategy;
- 1.1.2.5. The alternative burial space has been identified for Ekuvukeni community and internal formalisation processes are ongoing;
- 1.1.2.6. Waste collection is being conducted on a weekly basis for urban and rural communities;
- 1.1.2.7. The maintenance plan has been prepared by Technical and Infrastructure Services to address the issue of ageing infrastructure; and
- 1.1.2.8. The election season brings about more protests as communities want to make their grievances known by authorities. The Rapid Response Team is attending to those matters as and when they occur.

1.2. Office of the Municipal Manager (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final Year	
1.	Critical	00	00	00	00
2.	Major	04	04	02	02
3.	Moderate	04	04	03	01
4.	Minor	03	03	03	00
5.	Insignificant	01	01	01	00
TOTALS		12	12	09	03

1.2.1. Highlights of the major risk areas:

- 1.2.1.1. Inadequate measures to manage and act upon consequences as a result of unauthorised, irregular, fruitless and wasteful expenditure;
- 1.2.1.2. Failure to adopt systems/policies to investigate allegations of misconduct and disciplinary procedure; and

- 1.2.1.3. Slow or inadequate response from management and leadership in addressing findings reported from the prior year and those raised by Internal Audit.

1.2.2.Highlight of the mitigating factors per major risk area

- 1.2.2.1. The Office of the Municipal Manager through Internal Audit & Risk Management investigates and make recommendations for consequences to be taken by Management on the instances of unauthorised, irregular, fruitless and wasteful expenditure;
- 1.2.2.2. All the policies to prevent, investigate and address the allegations of misconduct and disciplinary procedure have been adopted by Council before the start of the financial year;
- 1.2.2.3. The municipality received an Unqualified Audit Opinion for the 2022/2023 financial year.

1.3. Budget and Treasury Office (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Quarter 3	
1.	Critical	00	00	00	00
2.	Major	7	7	03	04
3.	Moderate	11	11	05	06
4.	Minor	03	03	03	00
5.	Insignificant	04	04	03	01
TOTALS		25	25	14	11

1.3.1. Highlights of the major risk areas:

- 1.3.1.1. Failure to act and collect outstanding debt;
- 1.3.1.2. Lack of proper controls and reconciliation over daily cash received
- 1.3.1.3. Poor customer care and management
- 1.3.1.4. Failure to follow procurement and contract management regulations in procuring goods and services of a transactions value above and below R200 000,00;

1.3.2.Highlight of the mitigating factors per major risk area

- 1.3.2.1. The impact of COVID 19 pandemic lockdown has negatively impacted on the collection rate. This is a further strain to the already downward slope of the Economy;
- 1.3.2.2. Control measures and reconciliations are being implemented to ensure balancing of all receipting through all payment methods. Ongoing
- 1.3.2.3. A Dedicated e-mail address has been implemented for all customer care enquiries and staff are available to address these enquiries. Measures are put in place to ensure all queries are attended too timeously. Information is also communicated to customers using different communication tools.

1.3.2.4. Up until the end of financial year, there were no elements of the non-compliance to the procurement and contract management regulations in procuring goods and services of the value below and above R200 000.00.

1.4. Corporate Services (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	00	00	00	00
2.	Major	00	00	00	00
3.	Moderate	02	02	02	00
4.	Minor	04	04	04	00
5.	Insignificant	03	03	03	00
TOTALS		09	09	09	00

1.4.1. Highlights of the major risk areas:

1.4.1.1. Information and Communication Technology (ICT)

1.4.2. Highlight of the mitigating factors per major risk area

1.4.2.1. All ICT related risks have been attended to by IT Section as detailed under paragraph 1.10 below.

1.5. Planning, Development and Human Settlement (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	00	00	00	00
2.	Major	03	03	01	02
3.	Moderate	01	01	00	01
4.	Minor	00	00	00	00
5.	Insignificant	00	00	00	00
TOTALS		04	04	01	03

NB: There were additional risks added by the Champion that needs to be discussed in the meeting.

1.5.1. Highlights of the major risk areas:

1.5.1.1. SMMEs/Co-ops development and sustainability;

1.5.1.2. Business development and retention;

1.5.1.3. Implementation of radical socio-economic transformation; and

1.5.1.4. Human Settlement projects.

1.5.2.Highlight of the mitigating factors per major risk area

- 1.5.2.1. Regular training and workshops interventions conducted with SMMEs and Co-ops internally and externally.
- 1.5.2.2. Business Retention and Expansion Program in place where struggling businesses are assisted in terms of their individual challenges.
- 1.5.2.3. Business are being supported by the establishment and implementation of the following policies: LED Strategy Informal Trading Policy, Business Retention Policy, Small, Medium and Macro Enterprise (SMME) Policy, Subcontracting Policy and LED Support Framework Policy.
- 1.5.2.4. Bottlenecks in the implementation of Human Settlement projects are addressed by tripartite formed by KZN Department of Human Settlement, the Municipality and Implementing Agents.

1.6. Technical and Infrastructure Services (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	00	00	00	00
2.	Major	07	07	06	01
3.	Moderate	02	02	01	01
4.	Minor	00	00	00	00
5.	Insignificant	00	00	00	00
TOTALS		09	09	07	02

1.6.1. Highlights of the Major risk areas:

- 1.6.1.1. Loss of revenue due to electricity theft;
- 1.6.1.2. Projects not completed in due time;
- 1.6.1.3. Inadequate maintenance of infrastructure, property and equipment; and
- 1.6.1.4. Inadequate network capacity to accommodate new connection at medium voltage.

1.6.2.Highlight of the mitigating factors per major risk area

- 1.6.2.1. Meter sweeps are conducted to check if there are any electrical losses as a result of theft;
- 1.6.2.2. Project Management Unit is monitoring the implementation of projects by appointed contractors if there are any delays the terms and conditions as per Service Level Agreement are invoked;
- 1.6.2.3. The Maintenance Plan has been prepared for the maintenance of Property, Plant and Equipment;
- 1.6.2.4. The project to provide increased medium voltage for new connections has been completed.

1.7. Community and Social Services (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	01	01	00	01

2.	Major	03	03	02	01
3.	Moderate	02	02	01	01
4.	Minor	00	00	00	00
5.	Insignificant	00	00	00	00
TOTALS		06	06	03	03

1.7.1. Highlights of the Major risk areas:

- 1.7.1.1. Shortage of burial space especially in Colenso and Ekuvukeni;
 1.7.1.2. Illegal dumping and picking of waste at the landfill site; and
 1.7.1.3. Vandalising of community facilities.

1.7.2. Highlight of the mitigating factors per major risk area

- 1.7.2.1. The alternative burial space is being explored by the Departments concerned
 1.7.2.2. Awareness campaigns are planned to discourage communities from illegal dumping but due to covid-19 restrictions none have been conducted;
 1.7.2.3. This also need an awareness campaigns which could not be held as of now.

1.8. Public Safety and Emergency Services (Operational Risks)

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	00	00	00	00
2.	Major	01	01	00	01
3.	Moderate	00	00	00	00
4.	Minor	00	00	00	00
5.	Insignificant	00	00	00	00
TOTALS		01	01	00	01

1.8.1. Highlights of the Major risk areas:

- 1.8.1.1. Radio coverage for the entire Municipal area.

1.8.2. Highlight of the mitigating factors per major risk area

- 1.8.2.1. The radio communication has been procured and awaiting authorisation by ICASA once authorisation has been approved, the radio communication will cover all the municipal areas.

1.9. Anti-Fraud & Anti-Corruption Risk Register

- 1.9.1. Over and above the general Risk Register prepared by the Municipality, there was still a need to formulate a Register solely for the detection, prevention and mitigation of fraud and corruption. The Register is also assessed as to whether the Action Plans to mitigate risks identified were fully implemented during the cause of the financial year.

- 1.9.2. Also, the Risk Management Section has circulated a pamphlet with a face of the Mayor at the forefront leading the awareness campaign against any wrongdoing which might occur to all internal and external stakeholders. The pamphlet has necessary reporting tools as per the approved Whistle Blowing Policy. This is part of the awareness campaign the office embarked on during the month of May 2022.
- 1.9.3. Anti-fraud and corruption policies and strategies have been adopted by Council for implementation in the upcoming financial year. Internal control deficiencies will be identified and more stringent controls put in place.
- 1.9.4. The Office of the Municipal Manager is ensuring that consequence management is applied where and when there are instances of alleged fraud and corruption, unauthorised, irregular, fruitless & wasteful (UIFW) expenditure and any other wrongdoing.

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	01	01	01	00
2.	Major	00	00	00	00
3.	Moderate	02	02	02	00
4.	Minor	04	04	03	01
5.	Insignificant	00	00	00	00
TOTALS		07	07	06	01

1.9.5. Highlights of the Major risk areas:

- 1.9.5.1. Supply Chain Management;
- 1.9.5.2. Illegal electricity connections;
- 1.9.5.3. Stock theft; and
- 1.9.5.4. Divulging of Council's critical information for personal gain.

There was no reported case or alleged case of fraud and corruption reported during the financial year 2022/2023.

1.9.6. Highlight of the mitigating factors per major risk area

- 1.9.6.1. Development and implementation of SCM Checklists and SCM Policies.
- 1.9.6.2. Appointment of service provider to conduct meter audits/sweeps.
- 1.9.6.3. Quarterly Stock Counts are conducted to monitor stock control.
- 1.9.4.4. All staff required to complete annual declaration form. Staff are workshopped on code of ethics and code of conduct.

1.10. ICT Risk Register

Information and Communications Technology (ICT) is one of the critical areas in the running of the organisation, therefore Management with Auditor General's recommendation prepared the separate register dealing with ICT related issues.

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Total Action Plans Completed (e)	Variance
				Final-Year	
1.	Critical	00	00	00	00
2.	Major	02	02	00	02
3.	Moderate	09	09	06	03
4.	Minor	01	01	01	00
5.	Insignificant	01	01	00	00
TOTALS		13	13	07	06

1.10.1. Highlights of major risk areas:

- 1.10.1.1. Inadequate backup and restoration processes for the Windows Active Directory, Munsoft, Munpay, Ovvio and Trafman systems.
- 1.10.1.2. Exposure of critical data and systems to acts of irregularity such as hacking and system attacks, internet and email misuse, manipulation of critical data, etc.
- 1.10.1.3. Non-alignment of information Technology Initiatives, projects, goals or processes with the strategic objectives of the Municipality.
- 1.10.1.4. Inadequate management of user accounts, Users not blocked from systems when employment terminated and Access to system menus not required for duties.
- 1.10.1.5. Outdated ICT infrastructure.
- 1.10.1.6. Exposure of critical data and damage / losses of ICT Assets.
- 1.10.1.7. Carrying out of intentional (authorised) changes on the Information Technology systems in an ineffective and inefficient manner.
- 1.10.1.8. Inability or Failure to provide direction on Information Technology Governance processes which give due consideration to the risks, processes and controls required to ensure Information Technology value and improved service delivery.
- 1.10.1.9. Users not blocked from systems when employment is terminated.
- 1.10.1.10. ICT Staff do not have the required skills to be able to adequately support the current and future ICT requirements of the municipality.
- 1.10.1.11. Different Software Systems using different processes and procedures.
- 1.10.1.12. A lack of regular employee security awareness trainings may result in staff not having appropriate knowledge and skills to deal with information security incidents.
- 1.10.1.13. Inadequate implementation of robust and firewall rules to protect the Municipality against threats.
- 1.10.1.14. Inconsistent Naming Convention across different systems used at the ADLM.
- 1.10.1.15. The System Administrator account in the Ovvio System has not been renamed and The System Administrator account cannot be linked to any individual.
- 1.10.1.16. The audit trail provided for changes made to user accounts did not contain sufficient information as it did not detail the user access amended.
- 1.10.1.17. System generated lists of program changes on the Windows Active Directory, Munsoft, Munpay, Ovvio and Trafman systems could not be provided to verify whether any changes had been implemented for the period.

1.10.2. Highlight of the mitigating factors per major risk area

- 1.10.2.1. ICT Policy was reviewed and approved by council for the 2022/2023 ICT Policy.
- 1.10.2.2. New version of the ESET system has been implemented to combat hacking and system attacks, internet and email misuse, and manipulation of critical data

- 1.10.2.3. A detailed review of the ICT Strategy has been performed to ensure that all required information is aligned to municipality's IDP Strategies.
- 1.10.2.4. A stricter management of user access and control forms have been implemented.
- 1.10.2.5. ICT Infrastructure Upgrades has been included in Council IDP as per ICT Strategy.
- 1.10.2.6. Public Safety has budgeted to repair the camera system in the 2023-2024 financial year.
- 1.10.2.7. Awareness of the Change Management Policy and Procedure has been conducted.
- 1.10.2.8. Awareness of the ICT Policy has been conducted to ensure Information Technology value and improved service delivery.
- 1.10.2.9. A Stricter management of the user termination forms has been implemented.
- 1.10.2.10. The IT Manager and HR Training Section has developed personal development plans (PDP's) for each staff and an ICT Unit training plan which addresses the training needs required by ICT staff.
- 1.10.2.11. All existing SLA's have been amended to ensure they are aligned with the ICT Policy.
- 1.10.2.12. Information Security Awareness Information has been distributed on a regular basis to ensure that all employees are aware of information security risks and are empowered to positively respond to the risks.
- 1.10.2.13. The IT Manager has liaised with the firewall service provider to enhance the rule commentary section to include the date, name of the individual who implemented the change and descriptive metadata.
- 1.10.2.14. All user accounts created now follow a standard naming convention which consists of the users' first two initials and surname unless otherwise impossible to do so, whereas the initials must be followed with a full stop, then the surname. Where naming conventions cannot be followed, the service provider must request in writing to deviate from the rule.
- 1.10.2.15. Management accepts the risk of the inability of the system to change the System Administrator account and will monitor the risk via the Audit Trails and Risk register.
- 1.10.2.16. Management has liaised with the Ovvio service provider to enhance their audit trails to be in line with the Auditor-General requirements.
- 1.10.2.17. Management Accepts the risk due to the system limitations and will monitor the risk via the Risk Register. Management has implemented change control procedures and continue to monitor the changes which are logged via the procedures.

2.7.3. Risk Management Committee Meetings:

Quarters	Targeted No. of Meetings	No. of Meetings Held	Reasons for not Achieving Target	Corrective Measure
1	3	3	N/A	N/A
2	3	3	N/A	N/A
3	3	3	N/A	N/A
4	3	3	N/A	N/A
Total	12	12		

CONCLUSION

The Risk Management Unit will strive to ensure that the identified risks are mitigated and Departments concerned provide necessary evidence demonstrating the processes undertaken to mitigate those risks.

2.8 Supply Chain Management

Supply Chain Management (SCM) may be defined as “the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof”. The Municipal Supply Chain Management unit ensures that the procurement of goods and services is done with Alfred Duma Local Municipality in a system that is fair, equitable, transparent, competitive and cost effective. The Supply Chain Management unit has to plan for the annual procurement of goods, services or infrastructure projects in a pro-active manner and move away from merely reacting to purchasing requests. The Supply Chain Management unit ensures that goods and services are delivered on time as per the correct specifications and of the highest quality.

The Supply Chain Management unit has compiled its annual report to Council on the implementation of the Supply Chain Management policy. The Supply Chain Management policy was adopted by Council at its meeting that was held on 25th March 2021. In terms of Clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, it deals with the Oversight role of Council of the municipality or board of directors of a municipal entity. The Council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its Supply Chain Management policy. The Accounting Officer must, within ten (10) days of the end of each quarter, and within thirty (30) days of the end of each financial year, submit a report on the implementation of the Supply Chain Management policy to the Mayor of the municipality or the board of directors of the municipal entity, as the case may be.

2.8.2 Minimum competency requirements Supply Chain Management

The Alfred Duma Local municipality has developed the Supply Chain Management Policy and it is reviewed annually to cater for the newly introduced supply chain management regulations and guidelines.

The Supply Chain Management unit has a total number of 12 permanent employees of which 4 employees meet the minimum competency requirements. It must be noted that the other 8 employees are in the process of completing the outstanding required unit standards of the Municipal Finance Management Program.

2.8.3 SCM Policy & Procedures

The SCM Policy was adopted by Council at its meeting held on 15 December 2022.

2.9 By-laws

By- laws are the laws that governs the town. All by-laws need to be gazetted on the government gazette however there is a process that needs to be followed before they are gazetted. The process is as follows:

- First the by-law needs to be approved by Council.
- After it has been approved by Council, it needs to go for public comments.
- After the public comments the by-law needs to go back to Council for final approval.
- After it has been approved by Council the by-law may be sent to the government printing works to be gazetted. There were no Bylaws that were gazetted in 2022/2023 financial year.

2.10 Websites

(a) List of Publications

Municipal Documents Published	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
Budget-related policies	Yes
The previous year's annual report	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All supply chain management contracts above a prescribed value (R100 000)	Yes

The Municipality has a communication strategy informed by State of the Nation Address (SONA), State of the Province Address (SOPA), State of the District Address (SODA), State of the Municipal Address (SOMA), Integrated Development Plan (IDP), National Development Plan (NDP) and National Council Service (NCS), National Public Service (NPS) for alignment purposes. The strategy embraces the overall approach of government's mandate which is the 5 plus 2 priorities, i.e. Health, Education, Safety & Security, Land Reform & Rural Development, Job Creation, Infrastructure Development and Basic Services. Our communication strategy was developed within the electoral cycle of five (5) years, however it is reviewed annually in order for it to be relevant in dealing with the changing environment.

The general public perception is positive largely due to the successful merger of the Indaka Municipality and Emnambithi/ Ladysmith Municipality, however there are certain constituencies where the municipal citizens are not satisfied particularly with service delivery backlogs in rural development.

Through the Municipal Rapid Response, we have addressed many service delivery protests emerging from the shortage of water. However, the municipality has done well in the provision of electrification in some rural wards.

Within the municipal constituency there is a community radio station, Nqubeko FM

The majority of the municipal citizens listen to UKHOZI FM, NQUBEKO FM, IGAGASI FM and EAST COAST RADIO. Municipal Notices and adverts are published local using the Ladysmith Gazette Newspaper. We also make use of the social media pages (Facebook and WhatsApp) for the dissemination of municipal related information.

We also have the Ladysmith Herald newspaper which is free to communities and offers balanced stories.

We publish news through the community newspapers known as INHLOSO YESIZWE and UTHUKELA EYETHU which publish in IsiZulu.

Our Municipal Communication objectives include among many the following:

- To improve the image of the municipality both internally and externally
- To communicate progress and share insights into the impact of these programmes/ services on the lives of the communities.
- Operation Clean Audit, Good Governance and responsive local government
- Create a platform for growth, empowerment and skills development
- Re-affirm those communities with backlogs that development is underway

- Encourage public participation and community ownership of programmes run by the municipality
- Alignment of the municipal programmes with other Departments and the District, including Sukuma Sakhe to eradicate poverty, inequality and underdevelopment.
- To actively account and participate in various legislated and progressive communication forum.

On Intergovernmental Relations, the Municipality has maintained good relations with various stakeholders namely:

- Business sector
- Professionals
- Traditional leaders
- Religious leaders
- Ratepayers
- Ward Committees
- Youth Forums
- Civil Society Groups
- The Public Transport Forum

Many of our engagements with the various stakeholders were facilitated by the District Communicators Forum and Intergovernmental Relations Forum where all stakeholders meet and discuss issues affecting the community, whether rural/urban. The Municipal Website is functional and is updated regularly.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE**3.1 MUNICIPAL MANAGER DEPARTMENT****3.1.1 Performance Management Section**

The Alfred Duma Local Municipality has a Performance Management Unit which has been fully functional for the year under review. The overall responsibility of the unit is to assist Council members of Alfred Duma Local Municipality in discharging their responsibilities relating to the safeguarding of assets and the operation of adequate and effective systems.

The Municipality has an effective performance management system implemented at top and middle management levels. Service delivery and client service are monitored on a monthly basis and evaluated formally on a quarterly basis. Quarterly reports are submitted to Council Committees.

3.1.2 Internal Audit Section

The Alfred Duma Local Municipality has an Internal Audit Unit which has been fully functional for the financial year under review.

The Internal Audit function is in house and not out-sourced to an external service provider, and is fully funded from the municipality's operational budget.

The roles and responsibilities of the Internal Audit Unit is set out in Section 165 of the Municipal Finance Management Act, Act No. 56 of 2003 as follows: -

The Internal Audit Unit must -

- (a) Prepare on an annual basis a risk-based audit plan and an internal audit programme for each financial year;
- (b) Advise the accounting officer and report to the Audit Committee on the implementation of the internal audit plan and matters relating to:
 - (i) Internal audit
 - (ii) Internal controls
 - (iii) Accounting procedures and practices
 - (iv) Performance management
 - (v) Risk and risk management
 - (vi) Loss control
 - (vii) Compliance with MFMA, Division of Revenue Act (DORA) and any other applicable legislation.
 - (viii) Safeguarding of assets.
 - (ix) Appraisal of the economy and efficiency with which resources are employed.
- (c) Perform other such duties as may be assigned to it by the Accounting Officer.

The Internal Audit Unit is accountable for the annual audit plan and functionally reports directly to the Audit Committee and administratively to the Accounting Officer.

In terms of the Annual Risk Based Internal Audit Plan the **key focus areas** included:

PROJECT FOCUS AREA	SCOPE
FOLLOW-UP AUDITS FOR 2022/2023	- To assess the extent of implementation of corrective and agreed upon actions following the internal audit performed - To Assess whether the implemented action addressed the original findings adequately - To Monitor the outcomes of Internal Audit Effort
AUDIT OF PERFORMANCE MANAGEMENT SYSTEMS, IDP, AND SDBIP	- Review compliance of the IDP, SDBIP and Performance Agreements in terms of activity, content and timeframes - Review compliance of the KPA's and KPI's in terms of the SMART principles - Review performance contracts (linked to IDP) for all Executive Directors and the Municipal Manager; - Review the link between PMS, IDP, SDBIP and Budgets; - Review credibility of POE files; - Conduct physical verification of projects.
RISK BASED AUDITS AND STATUTORY AUDITS	
2022/2023 Financial Statement Review	- Review Accounting Policies and compliance with GRAAP - Ensure that the AFS agrees to the Trial balance and General Ledger - Perform review of financial statements for validity, accuracy and completeness - Review working paper file and ensure that it agrees to information on the AFS, TB and GL
2023/2024 Mid-term Financial Statement Review	- Review Accounting Policies and compliance with GRAAP - Ensure that the AFS agrees to the Trial balance and General Ledger - Perform review of financial statements for validity, accuracy and completeness - Review working paper file and ensure that it agrees to information on the AFS, TB and GL
Audit of the adjustments budget 2023/2024	- Ensure that all compliance requirements are met - Review budget for validity, accuracy and completeness
Audit of the budget 2024/2025	- Ensure that all compliance requirements are met - Review budget for validity, accuracy and completeness
Audit Supply Chain Management	- Review daily procurements - Review tender process - Review contract register and contract payments - Review compliance with SCM policy, SCM Regulations and MFMA Circular 68
Audit Asset Management	- Review monthly asset reconciliations - Ensure asset reconciliation balances to general ledger and trial balance - Review fixed asset register - Test for existence of assets - Review depreciation calculations - Review compliance with GRAAP
Audit Payroll Management	- Review new appointments - Review employee's exiting the system - Review Overtime Payments - Review Standby allowances - Review Housing & Third-Party payments - Review Staff deductions
Audit Debtors and Revenue Management	- Review debit raising processes for main services rendered (rates, electricity, refuse) - Review debit raising processes for sundry services rendered - Review Debtors Age Analysis - Review Indigent Database
Audit Cash, Bank and Bank Reconciliations	- Review all cash and receipting processes - Review the bank reconciliations - Ensure that all reconciling items are valid and have adequate supporting documentation - Ensure that the bank reconciliation agrees to the bank statements, bank confirmations, and to the financial system

Audit of Grants and Project Management	- Review the Grants Register - Recalculate balances and ensure that it agree to the Financial System - Ensure compliance with the expenditure process and SCM policy and SCM Regulations - Ensure compliance with all grant conditions
Audit of Inventory Management	- Attend Quarterly Stock Counts - Observe Stock Count Procedures - Test for existence of Stock Items - Confirm quantity of stock items from physical stock to bin cards - Confirm quantity of stock items from bin cards to the financial system
Audit of Electricity Losses	- Verify, recalculate, validate and analyse the electricity losses reported by comparing the electricity purchased from the Eskom Accounts to the electricity sales - Review processes in place to reduce losses
Audit of Human Resource Management	- Review of Recruitment Process - Review of Leave Management - Review of Training Process - Review of Employment Equity Plan - Review of IOD and Pension Claims - Review compliance with HR Policies
Audit of Electricity Meter Reading function	- Review of Domestic Meter Reading and processing of accounts - Review of Commercial Meter Reading and processing of accounts - Review of Bulk Meter Reading and processing of accounts - Review of Electricity Discounts
Audit of Building Control & Illegal Structures	- Review process for plan approvals - Review process for building inspections - Review process for illegal structures
Audit of Waste Management / Landfill Site	- Review of Waste Management Process
Audit of Real Estate & Housing Section	- Review process for Disposal of Property - Review process for Purchase of Property - Review process for Rental of property - Review process for Lease of property - Review administration of Housing Projects
Review of Information and Communication General Controls	- Review of general control processes over all current IT systems within the municipality
ADHOC REVIEWS	
Special Requests & Investigations	- At the request of the Municipal Manager, the Audit Committee, or MPAC certain special assignments / projects will be undertaken
AUDITOR GENERAL	
Co-ordination of 2022/2023 external audit process	
Follow-up on 2021/2022 Auditor General Queries	

For each audit conducted, an Audit Report was compiled clearly outlining the scope of work, areas of risk, observations and findings, and recommendations.

AUDIT COMMITTEE: RESPONSIBILITIES

The Audit committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committee's work is guided by the Audit Committee Charter, and has discharged all its responsibility as contained therein. Refer to the Annual Report of the Audit Committee below.



**ANNUAL REPORT OF THE AUDIT
COMMITTEE**

2022-2023 FINANCIAL YEAR

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2022 TO 30 JUNE 2023**INTRODUCTION**

The Audit Committee of the Municipality has pleasure in submitting its Annual Report in respect of the 2022-2023. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial period from 1 July 2022 to 30 June 2023.

The report records the outcome of the work done by the Audit Committee. The committee from time to time made recommendations as preventative or corrective measures to the weaknesses identified by Internal Audit Unit in the municipality based on reports and information supplied to the Audit Committee.

AUDIT COMMITTEE MEMBERS

The Audit Committee meets as a minimum four times a year as per the approved Audit Committee Charter. The composition of the committee is a minimum of three members as per section 166 (4) (a) of the MFMA.

For the period 01 July 2022 to 31 January 2023, the committee consisted of members as listed below:

S Majola	-	Chairperson
P Mawila	-	Member
TV Tembe	-	Member

For the period 01 February to 30 June 2023, the committee consisted of members as listed below:

N Barron	-	Chairman
B Dladla	-	Member
N Manyathi	-	Member

NUMBER OF AUDIT COMMITTEE MEETINGS HELD

There were four (4) normal meetings held and one (1) special meeting held during this period on the following dates:

- 04 August 2022
- 26 October 2022
- 01 February 2023
- 04 May 2023

There was one (1) special meeting during this period on the following dates:

- 26 August 2022

Minutes of all Audit Committee meetings are submitted by the Internal Audit Section to Municipal Public Accounts Committee, Executive Committee and Council.

ATTENDANCE OF MEETINGS

COMMITTEE MEMBER	MEETING POTENTIAL	MEETINGS ATTENDED
Mr S Majola	3	3
Mr P Mawila	3	3
Mr TV Tembe	3	3

COMMITTEE MEMBER	MEETING POTENTIAL	MEETINGS ATTENDED
Mr N Barron	2	2
Mr B Dladla	2	2
Mr S Manyathi	2	2

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter, which was reviewed, and approved by Council, on the **26 May 2022** and discharged all its responsibility as contained therein.

LEGISLATIVE MANDATE

The MFMA No 56 of 2003 section 166 requires from the Audit Committee amongst other matters:-

To advise the Municipal Council, Political office bearers, the Accounting Officer and management staff on matters relating to:-

- a. Performance management and evaluation,*
- b. Internal financial control and internal audits.*
- c. Risk Management.*
- d. Accounting policies.*
- e. The adequacy, reliability and accuracy of financial reporting and information.*
- f. Effective governance*
- g. Compliance with MFMA, DORA and any other applicable legislation.*

OVERVIEW OF AUDIT COMMITTEE ACTIVITIES**1. PERFORMANCE MANAGEMENT AND EVALUATION**

- 1.1. Quarterly Performance Reports for the 2022-2023 financial year were submitted to our Audit Committee meetings. The performance information was reviewed by Internal Audit and reports were submitted to the committee.
- 1.2. There were some areas of concern raised by Internal Audit and the Audit Committee. These issues were dealt with during the amendment of the Service Delivery Budget Implementation Plan which was conducted during the Adjustment Budget Process.
- 1.3. The committee welcomed the submission of the Annual Performance Report Readiness Plan for the 2022-2023 financial year.

A Special Audit Committee Meeting was held on the 28/08/2023, to discuss the Draft Annual Report. Internal Audit Section had reviewed the Draft Annual Report and the Draft Annual Performance Report and provided a report to the Committee. The Internal Audit Report highlighted some areas of concern.

- 1.4. The committee also provided detailed comments on the Performance Information Reports.
- 1.5. The committee recommended that the areas of concern and comments raised by Internal Audit Section and the Committee be attended to by Performance Management prior to submission of the Draft Annual Report and Final Performance Report to the Auditor General on the 31/08/2023.

2. INTERNAL AUDIT FUNCTION

- 2.1. In terms of Section 165 (1) of the MFMA each municipality is required to have an Internal Audit Section. The Internal Audit Charter was adopted by the Committee on the **26 May 2022**, regulates the work of the Internal Audit Section.
- 2.2. The municipality has a fully sourced Internal Audit Section who have performed their tasks in terms of their approved Internal Audit Charter and Internal Audit Plan for the 2022/2023 financial year.
- 2.3. The Internal Audit Section presented its three-year rolling plan for 2022/2023, 2023/2024, and 2024/2025 and this was reviewed and approved by the Audit Committee after ensuring that all major risks were covered by this Strategic Internal Audit Plan. This plan also included the operational plan of the Internal Audit Section.
- 2.4. During this period, the Internal Audit Quarterly Reports were presented to the Audit Committee and discussed with management in the Audit Committee meetings. The following audits were conducted during the year under review:
 - Audit Human Resource Management
 - Audit on Supply Chain Management
 - Audit on Asset Management
 - Audit on Debtors and Revenue Management
 - Audit on Cash, Bank and the Bank Reconciliation
 - Audit Stores and Inventory Management
 - Audit Grant Management
 - Audit on Creditors and Expenditure Management
 - Audit Adjustments Budget
 - Audit Annual Budget
 - Audit of Fleet Management
 - Audit of Traffic Management
 - Audit of Licensing Management
 - Audit of Community Facilities
 - Audit Performance Management
 - Audit Electricity Losses

- Review Interim and Annual Financial Statements
- Review Midterm and Annual Information and Communication General Controls
- Investigations

- 2.5. As per the internal audit reports presented, the committee discussed the Internal Audit findings on the weaknesses of the system of internal control with management. Issues were deliberated upon and recommendations were made by the committee to improve and resolve these issues.

3. SYSTEMS OF INTERNAL CONTROL

- 3.1. The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are working effectively and efficiently managed.
- 3.2. Reports of the Internal Audit Section highlighted some systems of internal control deficiencies.
- 3.3. The Audit Committee made recommendations to management to address deficiencies highlighted and the committee will continue monitoring the implementation of these recommendations.

4. FINANCIAL MANAGEMENT AND REPORTING

- 4.1. The committee noted the finance reports which were presented at the Audit Committee meeting:
- Report on Monthly Budget Statements which contained the Creditors Age Analysis, Debtors Age Analysis, Bank Reconciliation, Grant reconciliation and Cash-flow Statements.
 - Annual Financial Statements and Audit Readiness Plan for the 2022-2023 financial year.
- 4.2. We noted that the Covid-19 Pandemic has had a very negative effect on the municipal revenue collection. Management need to urgently review the Revenue Enhancement Strategy in line with current activities.
- 4.3. We noted that some conditional grants were not fully spent however the projects were all 100% complete. There were savings. The municipality has however applied for rollover of these funds and are awaiting responses from National Treasury.
- 4.4. It is appreciated that the municipality deals with consequence management. The Department Budget and Treasury reports Unauthorised, Irregular and Fruitless and Wasteful Expenditure on a monthly basis to council.
- 4.5. The committee welcomed the Annual Financial Statement and Audit Readiness Plan for the 2022-2023 financial year.
- 4.7. A Special Audit Committee Meeting was held on the 28/08/2023, to discuss the Draft Annual Financial Statements as at 30 June 2023. Internal Audit Section had reviewed the Draft Annual Financial Statements and provided a report to the

Committee. The Internal Audit report highlighted many serious issues, which need to be urgently addressed.

4.8. The committee also provided comments to Finance management. It was recommended that the areas of concern and comments raised by Internal Audit Section and the committee be attended to by Finance Management prior to submission of the Final Annual Financial Statements to the Auditor General on the 31/08/2023.

4.9. Due to time constraints not all concerns and comments raised by the Audit Committee and Internal Audit were addressed by Finance Management.

5. RISK MANAGEMENT

5.1. During the year under review the Risk Management Section presented the Risk Management Policies and Registers for the 2022-2023 financial year to the committee.

5.2. At every Audit Committee Meeting the Quarterly Risk Management Report and the Risk Management Committee Meeting Minutes were presented to the committee.

5.3. The committee noted Risk Committee meetings are sitting, and there is an improvement on the attendance of members of the Risk Committee.

6. INFORMATION AND COMMUNICATION TECHNOLOGY

6.1. During the 2022-2023 financial year, on a regular basis reports on Information and Communication Technology Governance were submitted to the committee for review.

6.2. The Audit Committee will continue monitoring Information and Communication Technology issues to ensure that there is adequate strategy and progress made to manage all Information and Communication Technology changes.

7. ELECTRICITY LOSSES

7.1. During the year under review the mid-term and annual electricity loss report was presented to the committee.

7.2. The annual electricity loss report was submitted to the Special Audit Committee held on the 28/08/2023.

7.3. The electricity losses for the 2022/2023 financial year was 15.96 %, in comparison to the prior year figure of 16,83%. This is however still above the norm of 12%.

7.4. The committee recommended that an action plan be implemented by the Electrical Services Section to decrease the electricity losses during the 2023/2024 financial year.

- 7.5. The Audit Committee will continue to monitor the electricity losses report during the 2023-2024 financial year.

8. REPORT OF THE AUDITOR GENERAL FOR THE 2021-2022 FINANCIAL YEAR

- 8.1. The Auditor General Audit and Management Report 2021/2022 was presented to the committee.
- 8.2. The committee was pleased that the municipality had maintained their Unqualified Audit Opinion once again.
- 8.3. An audit response plan was developed and presented by management on how management is going to address the Auditor General findings for 2021/2022.
- 8.4. The Audit Response Plan remained a standing item on all Audit Committee meetings.
- 8.5. However, the one area the committee was concerned with regards the qualified opinion expressed by the Auditor General on Performance Information and stated that the Auditor General intends to escalate this opinion from the Management report to the Audit Report in future.
- 8.6. The audit committee recommended that the Municipality urgently investigates the acquisition of an electronic PMS system that will improve the current audit opinion and maintain a clean audit on predetermined objectives going forward.
- 8.7. The committee recommended that management go through all the audit findings when finalising the Annual Financial Statements and Annual Performance Report to ensure they are fully resolved before the commencement of the next audit process.

9. CONCLUSION

- 9.1. The Committee wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality and to the Municipal Manager and Senior Management for their support during the year.



CHAIRPERSON

ALFRED DUMA LOCAL MUNICIPALITY AUDIT COMMITTEE

3.1.3 YOUTH DEVELOPMENT

After having made various interventions to conceptualize and advance Youth Development since the dawn of democracy in 1994, a review on Youth Development indicates that despite much effort that has been made the challenges of developing young people remain mammoth (Huge), the fact that the majority of this young people hail from the previously disadvantage black communities in our wards.

Our main target are as follows:

- 18-35 years old
- School-aged-out -of- School aged
- Skilled and unskilled
- Youth in Business
- Youth in conflict with law
- Youth heading household
- Youth in Rural Areas
- Young Woman
- Youth with disabilities
- Youth with HIV and Aids

Key Performance Areas are:

Local Youth Services and Social Cohesion:

- Promote Youth Social Dialog and create opportunities for young peoples to serve their communities through Youth Mass Meetings around all wards within Alfred Duma Local Municipality.
- Outreach programmes.
- Youth Forums.
- Youth Council and Youth Desk.

Youth in Economic Participation:

- Enhanced the participation of young people in the economy through 35% set aside.
- 2022/2023 the Youth Development Office working together with National Youth Development Agency (NYDA) able to assist young people of Alfred Duma Local Municipality for NYDA grant and NYDA voucher of youth which benefited from the funds.
- Youth Development in partnership conducted mentorship on Youth in Business who has received training Certificates from NYDA.
- The Youth Development Office assisted learners for applying on varies institutions.
- Conducting onsite registration of National Student Financial Aid Scheme (NSFAS) and University of Free State (UFS)

Training and Development

- The Youth Development Office promote, facilitate and provide training and development opportunities to young people in order to enhance their socio-economic wellbeing.
- Youth Mass Skilling programme that the Youth Development Office recruited 36 graduates who are placed in various departments within the municipality which is our annual programme in ensuring that young people are getting exposed in the working environment in a period of 12 months,
- Capacity Building Workshop, for Unemployed Graduates and Youth Job seekers, by giving them necessary skills to seek jobs and empower themselves.

Youth Advisory and Information Services

- The Youth Development Office ensures that there is access for youth information about various interventions aimed at improving the living conditions of young people, including information and career guidance services for young people.
- 2022/2023, the Youth Development Office assisted more than 4 500 young people with access to information such as providing services with internet, career guidance and exhibition, science expo and conduct youth mass meetings, as per the Local Government Municipal Systems Act of 2000, about public participation, the establishment of the youth forums in all 36 wards which are functioning, the Youth Development Office also facilitates the functioning of 15 Youth Non-Governmental Organisation (NGO's) and Non-Profit Organisation (NPO's) within the municipality and further to that, the office assist more young people on Curriculum Vitae (CV) writings, interviews and job applications every year for free.

Our main Objectives

- To integrate Youth Development into the main stream of government
- To enable young people of Alfred Duma Local Municipality to develop the knowledge, skills and ability needed for them to make a healthy transition to adulthood.
- To give all young people of Alfred Duma Local Municipality a means out of long-term unemployment, by providing them with tangible opportunities which increase their chances of accessing economy.

YOUTH DAY CELEBRATION

- The Youth Day Commemoration June 16 held at Emathendeni Sport Field at ward 29 Umhlumayo Area which was attended by 1000+ young people within various wards. The Executive the honourable mayor, deputy mayor, speaker and Chief whipper of the municipality, which was well attended by the government department.

Programmes within the Youth Development Office for 2022/2023

Programme	Targeted Youth	Wards	Achieved or Not
Top 10 Matric Mayoral Awards	Learners from high schools	All	Achieved
Learning Grant-In-Aid (17 Students)	Full Time Students	All	Achieved
Youth Mass Meeting	Youth Structures	29, 31,14,17 & 33	Achieved
Outreach Programmes	Youth Structures	3, 09,1 4, 7 and 27	Achieved
Youth Day Commemoration 16	All youth under Alfred Duma	All at ward 29	Achieved
School Visits	Learners from High School	More than 15 schools	Achieved

3.2 DEVELOPMENT PLANNING & HUMAN SETTLEMENT DEPARTMENT

3.2.1 Development Planning

Introduction

The municipality has also complied with section 20(1) of SPLUMA by adopting the Municipal Spatial Development Framework as a core component of a municipality's economic, sectorial, spatial, social, institutional, environmental vision. In other words, it is a tool to achieve the desired spatial form of the municipality. In line with the municipality's mandate to facilitate and promote development in its area of jurisdiction the Section ensured that the municipality has a functional and effective Land Use Management System.

The Section has made some strides in ensuring compliance with the Spatial Planning and Land Use Act No. 13 of 2013 (SPLUMA). The section has complied with section 24(1) of the Spatial Planning and Land Use Management Act by adopting a single Land Use Scheme for the entire jurisdiction of the Alfred Duma Local Municipality. The Alfred Duma Local Municipality Single Land Use Scheme was gazetted on the provincial gazette on the 17 June 2021 as required by the SPLUMA and in the 2022/2023 financial year the Section has been tirelessly working towards the implementation of the Single Land Use Scheme. On 20 October 2022 the municipality published in the provincial gazette the appointment of members of the Municipal Planning Tribunal.

Municipal Planning Tribunal Members:

Name and Surname	Status	Designation
MZ Kunene	Chairperson	Executive Director Development Planning and Human Settlements
EC Molefe	Deputy Chairperson	Executive Director: Co-operate Services
KK Hlela	Member	Senior Manager: Development Planning
HS Mbelu	Member	Manager Land Use
M Khumalo	Member	Manager Spatial Planning
NE Mbili	Member	Senior Legal Advisor
S Nzama	Member	Senior Legal Adviser
M Mlotshwa	Private Member	Government
JJ Mathee	Private Member	Architect
LH Mabele	Private Member	Town and Regional Planner

The section has also had functional SPLUMA structures in the 2022/2023 financial year as required by SPLUMA with 4 meetings sitting for the 2022/2023 financial year.

In accordance with the prescripts of the Spatial Planning and Land Use Management Act No. 13 of 2013, the Section in 2022/2023 financial year processed the following development application:

Status of the applications	No. of applications
Received	56
Disapproved	4
Approved	17
Lapsed	9
Pending	26

In accordance with the prescripts of the National Building Regulations and building Standards Act No. 103 of 1977, the Section in the 2022/2023 financial year processed the following building plans:

Status of building plans	No. of building plans
Number of building plans received	187
Number of approved building plans	132
Number of disapproved building plans	14
Number of building plans in circulation	42

The Section has introduced an online system for the submission of Business License applications, this system has started to bear fruits as it has eliminated the timeframe it usually takes to approve a business license application it has also made it possible for applicants to submit applications at the comfort of their homes thereby saving them much needed transportation costs and time.

In accordance with the prescripts of the Businesses Act No. 71 of 1998, the Section in 2022/2023 financial year processed the following business license applications:

Status of Business License applications	No. Business License applications
Received	103
Approved	63
Pending	40
Disapproved	0

The Development Planning Section also processed Outdoor Advertising Signs both temporary and permanent advertising signs. The following Outdoor Advertising applications were processed:

Status of Outdoor Advertising applications	No. Outdoor Advertising applications
Received	9
Approved	9
Pending	0
Disapproved	0

3.2.2 HUMAN SETTLEMENTS

In terms of the Housing Act No. 107 of 1997, Housing Code date 2009 and the housing accreditation framework, the Alfred Duma Local Municipality aims to promote, facilitate and develop integrated and sustainable human settlements. The municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate facilitate, promote and enable suitable housing development. As part of the IDP, to take steps to ensure that the residents of its area have access to adequate housing on a progressive basis and conditions which are not conducive to health and safety are removed.

The municipality has developed an Integrated Sustainable Human Settlement Plan (ISHSP) that will identify what is required to unlock housing delivery in a particular area of Alfred Duma Local Municipality, identify what other social and infrastructural services would be required to do so in a holistic and integrated manner.

According to Statistics South Africa, Alfred Duma Local Municipality has approximately 41200 households, with a population density of 356 000 people. The total number of houses need to be constructed are included on the Municipal Housing Sectorial Plan.

HUMAN SETTLEMENTS PROJECTS

Most of the housing projects were stalled due to additional funding that was requested from the Department of Human Settlements as the current subsidy is inadequate for the IA's to construct the houses and they have advised that this is due to the current economic state with the sharp rise of materials in the country.

APPROVED HOUSING PROJECTS FOR STAGE 1 (URBAN)

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Acaciavale Phase I Housing Project 1000 units K1709958	20	1000	Lwazi Contractors	The project was approved by MEC for Human Settlements. The Bi-Lateral was signed by all parties. All specialist studies were conducted and completed by the Implementing Agent. The SPLUMA application was approved by the municipality. IA has submitted the general plan to the KZN Surveyor General's office for approval. The IA's engineer concluded that additional funding will be required for the augmentation of the current bulk services as the infrastructure will be required for both Acaciavale Phase 1 & 2. A letter was written to the Department of Human Settlements for such funding. The services layout plan was approved by the uThukela District municipality
Roosboom Housing Projects K17090076	13	1000	Shatsane Systems Solutions (Pty) LTD	The project was approved by MEC for Human Settlement. The Tripartite Agreement was signed by all parties. All specialist studies conducted by the Implementing Agent. The SPLUMA approval was obtained from the municipality. IA is in the process of submitting the layout plan to the Office of the Surveyor Generals Office for approval.
St Chads Housing projects K17090078	7/27	500	CHS Developments	The application for the approval of the project was submitted to the Department of Human Settlements for approval. The project has been recommended by the TEAC and has since been approved by the MEC for Human Settlements. The contract was signed by all parties. The IA has commenced with Stage 1 activities.
Limit Hill K17090073/1	22	200	Morula / MTTP JV	The application for the approval of the project was submitted to the Department of Human Settlements for approval. The project has been recommended by the TEAC and has since been approved by the MEC for Human Settlements. The contract was signed by all parties. IA to commence with Stage 1 activities.

Colenso 4000 units Housing Projects (IA awarded 1000 units)	25	1000	Thellong Services Developers	The IA was requested to consider reducing the number of units from 1000 to 400 units due to environmental issues, where after the project will be submitted to the Department of Human settlements for approval.
Ezakheni C 150 Housing project K17090067	5	150	Uthandolezwe Group	The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlements. The Tripartite Agreement was signed by all parties. All specialist studies conducted by the Implementing Agent. The SPLUMA application was approved by the municipality. The services agreement in respect of bulk services was signed the uThukela District Municipality and Council The IA is currently busy with finalizing the submission of the general Plan to the Surveyor Generals Office.
Acaciavale Phase II Housing Project K17090059	20	1000	Boo Wa Ndo Holdings	The project was approved by MEC for Human Settlements. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. The SPLUMA application was submitted to the municipality for approval. IA requested to submit outstanding documents. A service level agreement has been signed with the District municipality. The services layout plan was approved by the uThukela District municipality.
Colenso 4000 units (IA awarded 1000 units) K17090061	25	1000	Zamahlobo Trading	The IA for Colenso A has confirmed that they will close out the project as it is not feasible due to the environmental issues.
Mthandi 500 units K170900075/1	8	500	Tunols	The Application for the approval of the project was submitted to DoHS for approval. The project has been approved. The Tripartite Agreement has been concluded. The IA to commence with Stage 1 activities.
Besters	26		Sebatana Sebatane	The Besters housing project was Initiated by Council in partnership with the Department of Rural Development and land Reform in 2005. Approximately 14 farms were purchased from the farmers. The areas that the farms cover are Besters, Van Reenen. The project has been recommended by the Department of Human Settlements. Awaiting the contract.

APPROVED HOUSING PROJECTS FOR STAGE 1 (RURAL)

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Nazareth Rural Housing project K16060003		1000	Mkhombe Development	A Bi-lateral agreement was entered into with the service provider, however due to the land legal issues the IA indicated that they are trying to resolve the land issues before doing any further studies. The bi-lateral agreement has expired. The project is on Ingonyama land, privately owned land (Mnguni family) and a portion of unidentified land. Once the land issue has been resolved the project will be implemented in phases.
Vaalkop phase I Housing Project K05070005	32	430	Amehlo Development Esizwe	The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlement. The Bi-Lateral was signed by all parties. The IA is currently conducting specialist studies. The services agreement has been signed by all parties. The project is being implemented on privately owned land and on state land. In order to ensure that the project is not stall it was agreed that the project be implemented in phases. A development rights agreement was entered into with the state for the land that is registered in their name to commence with phase 1 of the project. A total of 430 potential beneficiaries were identified. The municipality also engaged the Mnguni family to release the land for housing development purposes. Extension of time has been approved for the project and the contract has been signed by all parties.
Cremin	26	500	Zamahlobo Construction	DoHS appointed Zamahlobo to undertake the project. Contract is being signed by all parties, where after the service provider will commence with the Stage 1 activities.

URBAN PROJECTS FOR SUBMISSION FOR APPROVAL

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Colenso 4000 units Housing project (IA awarded 1000 units)	25	1000	Black Rock Developers	The IA agreed to reduce the number of units from 1000 to 400 due to environmental issues. The project is expected to be submitted to TEAC for approval in October 2023.
Colenso 4000 units (IA awarded 1000 units)	25	1000	Makhosi Nyoka and Associates	The IA agreed to reduce the number of units from 1000 to 400 due to environmental issues. The project is

				expected to be submitted to TEAC for approval in August 2023.
Colenso 100 units housing Project	25	100	Morula / MTTP JV	The project was identified to address the housing shortfall in Colenso. The project area is in close proximity to the bulk services in terms of water and sewer. This project can adequately address the current housing shortfall experienced by the community living in the area of Tugelavale. The approval of the project will be submitted to the DOHS TEAC in October 2023 for approval.

APPROVED HOUSING PROJECTS FOR STAGE 2 (URBAN)

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Stimela D Housing Project	3/4	400	Zingwazi Contractors cc	The project has been approved for Stage 2 (installation of services). Contract is being circulated for signature, where after the service provider will commence with the implementation of the project.

PROJECTS AT CONSTRUCTION STAGE (URBAN)

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Acaciavale 250 Housing project K17090057	20	250	Vumesa PTY (LTD)	Currently the IA is on site .122 approved beneficiaries to date. The project is moving very slowly.10 approved beneficiaries were relocated as the sites were in close proximity to the dump site. The connection of the houses to the municipality's electricity network needs to be finalised. DoHS has not approved the funding for the electrification.
Umbulwane Area H Housing Project K20020034	9	505	Sarkum Dev	The IA is currently not on site. The internal Services installation is complete. The storm water damage repairs have been completed. The bulk water line is 80% complete. The DoHS approved additional funding for the connection of the bulk water and sewer and the electrification of the sewer pump station. The trenching to lay the electricity cable has been completed and the cable is to be installed. The municipality is addressing the issue of the missing beneficiaries together with the Implementing Agent. Uthukela District municipality has signed off the payment certificate for the bulk services and the

				invoice was submitted to the Department of Human settlements for processing. Slabs 400, Wall Plates 145, Roofs 105
Umbulwane Phase 1 19940024	9	62	UmpHEME Developments	Currently the IA is not on site, the IA vacated site in January 2021. The DoHS has verbally advised that the services of UmpHEME Developments were retained and that they are finalizing the contract. The IA has been introduced to the Ward councillors on 7 July 2023
Umbulwane Phase 2 K19960213	27	107	UmpHEME Developments	Currently the IA is not on site, the IA vacated site in January 2021. The DoHS has verbally advised that the services of UmpHEME Developments were retained and that they are finalizing the contract. The IA has been introduced to the Ward councillors on 7 July 2023
Steadville 770 Rectification Housing project K2001006	21	678	Moteko Construction	Currently the IA is on site. The progress on the project is very slow. Letter of non-performance sent to the service provider. Notwithstanding the fact that they have received the letter of non-performance they have not improved their performance. Slabs 153, Wallplates 121, Completions 10
2010 Rectification Housing project K130700913	1,2,3,9	199	Gikha Construction and Projects	Currently the IA is not on site. They completed 30 slabs and 90 sites cleared. The IA did an engineering report regarding the status of all the houses at wall plate height for submission to the DoHS. First invoice has been paid by DoHS to the municipality.
Ezakheni C624 K20000016	5	585	Ayona Construction	Currently the IA is on site. A letter of non-performance was sent to the service provider. The IA has also advised that they are dealing with the issue of site pegging.
Colenso/Mgazini Emergency Housing Project K14050018	25	152	To be appointed by the DoHS	The project is currently stalled subject to the WIP approval by DoHS. Awaiting the DoHS to approve additional funding for the project. The DoHS is in the process of appointing a new Implementing Agent.
Roosboom Phase1, 2 & 3 Rectification Housing project K19970008 K19980080 K20000066	11	545	SNS Group	Currently the IA is on site. The project is moving very slowly and the workmanship is poor. The municipality has written a letter of non-performance to the service provider. Slabs 76, Wallplates 19, Completions 1

Ekuvukeni Emergency Housing Project K19060003	35	33	35	Get-a-life Properties	Currently the IA is not on site. The IA has entered into a cession agreement with Ayona construction. Eight (8) houses which were left at various stages. An addendum to the contract was granted by the DoHS and is being signed by the municipality.
2012 Storm Damage Housing project K13070013 K13070017 K13070019 K13070015 K13070014 K13070018		9,10,20, 21,22	2205	Tshwara Construction Thebe	Currently the IA is on site. An addendum to the contract was granted by the DoHS for the period 27 October 2022 to 27 October 2025. The IA has assessed 101 houses for submission to the Department of Human settlements for the approval of the BOQ. The municipality has written a letter of non-performance to the service provider. The project is moving very slow.
Ekuvukeni Phase 2 Rectification Housing project K20000049		33	657	Vumesa (PTY) LTD	Currently the IA is on site. An addendum to the contract was granted by the Department of Human Settlements for the period 8 August 2022 to 8 December 2024. The project is moving very slowly. The IA has commenced with the installing roof to the wall plate units.
Ekuvukeni Phase1 Rectification Housing project K19960319		33	250	Triviron	Currently the IA is not on site. An addendum to the contract was granted by the Department of Human Settlements for the period 5 December 2022 to 5 December 2024. The project is moving very slowly and the workmanship is poor. The municipality has written a letter of non-performance to the service provider. A final letter of termination is being sent to the IA.

PROJECTS AT CONSTRUCTION STAGE (RURAL)

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Fitty Park Housing Project K1470009	28	1000	Step-Up Engineering	Currently the IA is on site, however the progress is slow. Step up Engineering (Setheo Engineering) was appointed on the 25 November 2012 to undertake the fitty Park Rural Housing Project which consist of 1000 units. The current contract is from October 2021 to October 2023. The DoHS has approved 300 sites as phase 1, phase 2 300 and phase3 400units. The project will consist of 2 phases. The PSC was afforded training by the Municipality. Toilets to be constructed as this is part of the project. Water harvesting done for 13 houses. The 13 houses have been handed over to the beneficiaries on 23 November 2022

KWASHUZI HOUSING PROJECT K13100002	28	1000	Tshwara Thebe	The Implementing Agents concluded the Stage 1 Activities and the Stage 2 applications were submitted to the Department of Human Settlements during early 2022 for approval. The Department of Human Settlements has submitted a letter dated 09 February 2023 confirming that the projects have been approved. The DoHS requested that the house plans be submitted to them for confirmation. The house plan has been approved the municipality and submitted to Department of Human Settlements for the preparation of the contract. The contract is awaited. To date 739 beneficiaries have been approved. The project will be implemented in phases.
SOMSHOEK AND ESIKOKO HOUSING K14060014	28	1000	Go Big Construction and Projects	The Implementing Agents concluded the Stage 1 Activities and the Stage 2 applications were submitted to the Department of Human Settlements during early 2022 for approval. The Department of Human settlements has submitted a letter dated 09 February 2023 confirming that the projects have been approved. The DoHS requested that the house plans be submitted to them for confirmation. A contract for stage 2 (construction) has been signed by all parties. The IA has commenced with the Pre –construction activities. They have subsequently submitted comments which were sent to the IA to amend the house plan accordingly as the specifications will form part of the contract. The plans have been approved by the municipality and will be submitted to the Department of Human Settlements to form part of the contract. The contract is awaited. To date 778 beneficiaries have been approved. The project will be implemented in phases.

SERVICED SITES

PROJECT NAME	WARD	UNITS	IMPLEMENTING AGENT	STATUS
Indoor Sports Complex K21080004	11/12	2000	Mahlori Consultants	The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlement. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. The application for the approval of the Environmental Impact Assessment was

				submitted to the Department of Environmental Affairs for approval. The SPLUMA application was approved. IA is currently finalising all specialist reports for Phase 2 of the project. The project is expected to yield 370 sites. The IA is finalising the relay out of the project. The meeting was held with the IA 31 May 2023 and it was agreed that will survey and peg phase 1 of the project and to register plan with survey general office. The IA to open the township register. The IA submitted a plan of action for the work to be undertaken. The SLA of the IA be aligned with the bilateral agreement which end in September 2023.
Dunlop K21080005	21	1300	DoHS to Appoint	The Proposed Mixed-Use Development is along Helpmekaar Road directly opposite the Danskraal Industrial Area. The project is expected to deliver 1000 mixed use sites. The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlement. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. EIA has been approved by the DEDTEA IA is currently engaging the Department of Transport. IA has advised that they are having financial issues and have submitted a letter of withdrawal from the project. A letter was drafted to terminate the contract.
Ezakheni D Phase 2 K21080006	4	200	Nkanivo Consultants	The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlements. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. The application for the approval of the Environmental Impact Assessment was submitted to the Department of Environmental Affairs for approval. The SPLUMA application was approved. The IA submitted the general plan to the Surveyor General which was approved. IA is in the process of registering the Township.
Ezakheni D Phase 3 K22020012	1	400	VST Consultants	The application for the approval of Stage 1 was submitted to the Department of

				Human Settlements. The project was approved by MEC for Human Settlement. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. The application for the approval of the Environmental Impact Assessment was submitted to the Department of Environmental Affairs for approval. The SPLUMA application was approval. The IA is finalising the submission of the layout plan for approval at the Surveyor Generals Office. A services agreement was submitted to the uThukela District Municipality for approval and signature by all parties. The project is expected to deliver 400 mixed use sites.
Ekuvukeni B 500 K22020013	33	500	Inzuzo	The application for the approval of Stage 1 was submitted to the Department of Human Settlements. The project was approved by MEC for Human Settlements. The Bi-Lateral was signed by all parties. All specialist studies were conducted by the Implementing Agent. The application for the approval of the Environmental Impact Assessment was submitted to the Department of Environmental Affairs for approval. The SPLUMA application was submitted to the municipality for approval. The IA has been requested to prepare a services agreement for submission to the uThukela District Municipality for approval and signature by all parties. The challenge is the access to bulk services in the area as experiences acute water shortages.

ENHANCED EXTENDED DISCOUNT BENEFIT SCHEME

The Department of Human Settlements made funding available for the transfer of approximately 3500 properties. The municipality appointed Messrs Mzolo JV to undertake the social facilitation for the project. Council appointed five (5) Conveyancers to undertake the transfer of the properties., namely, Mahumane Attorneys, Mkhize/Miya Attorneys, Gwagwa Attorneys, Gcotlotela and Peter Attorneys and Awuzibuse Trading on a three-year contract.

The breakdown of the number of units that require transfer is as follows:

PRE -1994

AREA	CONVEYANCER	OUTSTANDING TRANSFERS	FORMS COMPLETED SOCIAL FACILITATOR	DEED OF SALE SUBMITTED TO CONVEYANCERS	TRANSFERS EFFECTED
Ezakheni A	Mahumane	37	2	5	4

Ezakheni B	Mahumane	47	1	3	3
Ezakheni C	Mkhize Miya	96	2	0	0
Ezakheni D	Mahumane	125	7	0	0
Ezakheni E		318	6	16	0
Ladysmith	MS Gwagwa/Mkhize/Miya	203	0	20	1
Steadville	MS Gwagwa	137	33	33	0
Colenso	Mahumani	187	22	54	1
Ekuvukeni		147	0	0	0
TOTAL ERVEN					1293
TOTAL FORMS COMPLETE					73

POST -1994

AREA	CONVEYANCER	OUTSTANDING TRANSFERS	FORMS COMPLETED	DEED OF SALE SUBMITTED TO CONVEYANCERS	TRANSFERS EFFECTED
Ezakheni A	Mahumane	2	2	2	1
Ezakheni B	Mahumane	43	5	0	
Ezakheni C	Mkhize Miya	207	25	25	
Ezakheni D	Mahumane	254	98	0	
Steadville	MS Gwagwa	257	0	34	
Colenso	Mahumani	8	0	0	
Ekuvukeni	Gcotlotela and Peter	350	0	37	
Ntombi's Camp	Miya/Mkhize	381	0	0	
St. Chads	Gcotlotela and Peter	200		4	
TOTAL ERVEN					1702
TOTAL FORMS COMPLETED					130

TRANSFERS FOR RDP PROJECTS

Umbulwane Area H	96
Acaciavale 250	41

LAND SALES

In terms of the Policy for the Disposal of Immovable Property, land that is available for sale is disposed by public competition. During the financial year under review two bids were advertised.

BIDS ADVERTISED	BID 1	BID 2
Properties Advertised	42	31
Awards Made	17	Still Undergoing SCM Processes
Deed of Sale Signed	17	Still Undergoing SCM Processes
Deed of Sale Cancelled	5	

LEASE AGREEMENTS

In terms of the Policy for the Disposal of Immovable Property the municipality may grant the right to use, control or manage a capital asset. All long-term leases which are in excess of three years require a council resolution. Council has delegated the Municipal Manager this right if the value of the property is less than R10 000 000.00 and for a period less than or equal to three years. The

Asset disposal Committee is appointed by the Municipal Manager to advise on all matters relating to the granting of this right.

The following lease agreements were concluded for the following usage:

Towers	3
Driving Schools	3
Buildings	5
Vacant land	4

3.2.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

Vision

“To develop a people focused and cost-effective municipality, providing quality services, while addressing unemployment and poverty through promotion of Agriculture, Commercial and Industrial productivity, Education, Skills Development, Tourism and Conservation.”

Mission

“To ensure community participation in all projects, improve the skills of community members, strive for financial viability, provide sustainable services and promote Local Economic Development.”

Introduction

The economic development and tourism are still dominant units and sectors occupying the central pillar of economic drivers within the Alfred Duma Local Municipality guided by the national development plan as adopted by the national government. Recently an emphasis has been made towards re- engineering solid economic participation through the District Development Model (DDM) so that a solid plan towards implementing catalytic projects and poverty alleviation pre and post Covid19.

Background

In line with the coherent developmental trajectory and socio-economic transformation agenda, the Alfred Duma Local Municipality DPHS – LED & Tourism Unit drives the following programmes:

Unit	Key Focus Area	Interventions
1. Enterprise & Co-operative Development	• Compliance – CIPC, SARS, CIDB etc. • Provision of Start-up funding to and SMME's • Marketing assistance • Capacity Building – both technical and business practice • Provision of assistance to green economy and manufacturing (textile) co-operatives • Capacity Building – technical skills • Assist with funding proposals & applications to various funders	• 82 Cooperatives assisted with various compliance – completed • 2 Co-operatives awarded Funding from National Development Agency • 32 SMMEs & Cooperatives awarded Vula Fund

2. Informal Economy	• Registration of informal traders into Municipal database and issuing of trading permits in the new automated system • Provision of infrastructure through applications from various departments • Capacity Building – business practice training	• Permit Issued - 105 • Flood Relief Funding – 49 (EDTEA & TIKZN) • Seriti Flood Relief -76 • Funding for Informal SMME Stall secured – A total 4 Million (Infrastructure Economic Development Grant (IEDG) – Multi-year, Mathews Farm, Uitvaal, Ezakheni - Construction of 35 Stalls at Uitvaal Has Commenced • 500 Thousand Municipal Employment Initiative Grant
3. Incubation / Trading Centres and Property	• Provision of trading centres to manufacturing businesses • Facilitation of leasing of land • Allocation of SMMES in Thusong Centres	• SMMES currently operative at the following centres: Forbes Street, Ladysmith Cemetery road Handicraft Centre,
4. Agricultural Support	• Mayoral Ploughing Programme	• A total of 445 hectares were cultivated in the various Municipal wards
5. Events and Programmes Museums, Tourism, Arts and Culture	• Oral History Interviews: 25,29 & 30 Aug 2022, 20 Jan 2023, 23 Feb 2023 • Flea Market Day: 2 Sep 2022, 2 Dec 2022, 25 Mar 2023, 30 June 2023 • Outreach Programmes: 28 Sep 2022, 25 Oct 2022, 22 Feb 2023, 23 Feb 2023, 20 April 2023, 12 & 24 May 2023 • Heritage Festival: 17 & 24 Sept 2022 • Event Impact Assessment Workshop: 6 Dec 2022 • Tourism Masterplan and Monitoring Programme: 14 Feb 2023 • Easter Activation Roadshow: 5 April 2023 • Time Travel: 26 April 2023 • International Museum Day Celebration: 23 May 2023 • LTA Annual general Meeting: 24 May 2023 • Ladysmith Trade Show: 26-28 May 2023 • Tourism Winter Activation: 15 June 2023 • Tourism Stakeholder Engagement: 29 June 2023	• A total of 34 events and programs were achieved in partnership with Museums, Arts and Culture Unit as well as other internal and external stakeholders
6. Tourism Unit	• Tourism promotion and marketing of Ladysmith as a preferred tourism destination. • Ensuring tourism compliance in all tourism establishments • Rendering administrative support to the Ladysmith Tourism Association	• A total of 14 accommodation establishments were visited to address issues of compliance with tourism and business licensing.

		• The first siting of the Ladysmith Tourism Forum to endorse the Terms of Reference • Issuing of Ladysmith Tourism Association's membership certificates to renewing members • Facilitation of the siting of the Ladysmith Tourism association's Annual General Meeting.
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3.3 TECHNICAL AND INFRASTRUCTURAL SERVICES DEPARTMENT

3.3.1 Road transport

The road network in Alfred Duma Local Municipality comprises 908.63km of gravel roads and 305.360km of permanently surfaced roads. Block paving are 13.31km and 2.7km of unclassified roads.

Addressing the backlog in gravel roads remains a major focus area. For the next financial year, Alfred Duma Local Municipality has taken a strategic decision to increase the spending on infrastructure maintenance.

The Municipality has prepared Five (5) year maintenance plans for the Road Infrastructure and approximately R350 Million is required.

The Gravel Road Maintenance Plan involves working one month per annum in each of the municipal wards to address backlogs and maintain existing gravel roads. Roads are constructed in-house making use of Council's plant and equipment's.

Disruptions to the programme are encountered due to equipment aging and skills shortage however annual targets are always met.

During 2022/2023 the programme was not completed due to the Municipality addressing the backlogs that was created by Floods occurred in 2021/2022 financial year and plant breakdown also contributed to the backlogs.

In terms of tarred roads, potholes are patched, base failures are repaired preventive maintenance is undertaken in terms of overlays.

STORMWATER

The storm water drainage network in urban areas in the Alfred Duma municipal area comprises a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions. There are still some areas where there are no formal drainage networks and this causes flooding during summer.

The upgrading of roads however contributes to the addressing of this backlog as storm water drainage is installed together with the construction of roads. Storm water systems are maintained using high pressure jetting and there is a programme in place for cleaning of drains, addressing damaged catch pits, repairing kerbs and channels etc.

The misuse of the storm water system remains a matter of concern. Blockages that cause flooding regularly occur due to alien matter entering drainage pipes. Maintaining and cleaning the system is an ever-increasing expense and effort.

3.3.2 Spending against capital budget

Capital expenditures relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and cash surpluses.

The municipality spent 100% of the approved budget on capital projects

The table below indicates the capital expenditure against the total budget:

Description	Original Budget	Actual
Refurbishment of Jantha Substation Building in Ward 20	R 525 000,00	R 500 175.50
Upgrade of Ezakheni Swimming Pool in Ward 8	R 1 617 425,00	R 1 503 680,63
Construction of Gravel Road to Cemetery in Ward 19	R 3 000 000.00	R 2 921 166.73
Upgrade of ablution facilities in Illing Road Taxi Rank in Ward 10	R 1 882 575,00	R 1 830 389,22
Upgrade of AG Magubane and Settlers Park Sportsfield in Ward 21 and Ward 13	R 2 000 000.00	R 1 773 845.06
Rehabilitation of Circle Road in Ward 20	R 8 000 000.00	R 7 929 032.50
Construction of Acaciavale Sportsfield Phase 2 in Ward 20	R 4 888 600.00	R 4 285 600.05
Construction of Civil Works within Indoor High-Performance Centre Phase 4	R 20 943 000.00	R 17 869 139.53
Supply and Install 11 Tideflex valves at the Klipriver	R 10 800 000.00	R 10 212 434.29
Rehabilitation of Low Water Crossing in Roosboom Ward 25	R 2 000 000.00	R 1 347 034.23
Rehabilitation of Low Water Crossing in Kwamanzini Ward 26	R 2 000 000.00	R 1 235 672.55
Rehabilitation of Low Water Crossing in Emashiselweni in Ward 16	R 2 000 000,00	R 1 238 690.25
Construction of Satellite Fire station in Ekuvukeni Phase 2 in Ward 33	R 13 000 000.00	R 12 309 900.08
Upgrading- Staff Change Rooms and Ablution Facilities in Ekuvukeni Ward 33	R 2 000 000 .00	R 1 971 056.42

3.3.4 ELECTRICITY SERVICES

The number of consumers receiving 50kWh's of free basic electricity is 5 842

BACKGROUND

In terms of electricity losses, the total electricity losses are broken down into technical and non-technical losses as follows:

The older the infrastructure the more electrical losses will occur.

Non-technical losses are caused by actions external to the power system and consist primarily of electricity theft, non-payment by customers and errors in accounting and record keeping.

In order to curb losses to an acceptable standard, an effective meter audit team is required to inspect each meter and to ensure that meter seals are still intact. Meter sweeps/audits need to be done twice a year in order to deter tampering of meters.

The actions that are taken and in progress to prevent for limiting of losses are mentioned hereunder:

1. Inspection of meters during the disconnection drive.
2. Verification of meter readings during month end.
3. Meter sweep processes carried out by Service Providers.
4. Reports extracted from the system with minimum purchases for the month.

For 2022/2023 financial year, limited audits were carried out due to resources and service providers were appointed to carry out meter audits and eradicate illegal connections.

The energy losses for this period is 15.97 %. Technical is 5% and non-technical is 10.97%.

Tabled below is a comparison of electrical losses from previous years:

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Comments
% loss of total sales of unit	12,04%	12,18%	13,93%	16.83%	15.97%	Decreased by 0.86%
Total units lost	33 849 388	31 612 424	37 350 233	46 227 317	41 670 715	Decreased by 4 556 602 kWh
Rand amount	R22 679 090	R24 973 815	R31 374 196	R45 765 044	R45 004 373	Decrease of R 760 671.

The electricity losses in terms of kilowatt Units have decreased as compared to the previous year.

FINANCIAL IMPLICATIONS

The tamper charges raised by the Department Technical and Infrastructural Services (Electrical) for the 2022/2023 Financial Year amounts to **R 8 474 563.15**.

CHALLENGES

1. The theft of electricity by house owners.
2. Access to premises during working hours (customers not at home).
3. Refusal of access by customers to inspect meters.
4. Limited overtime budget to carry out audits afterhours.
5. Illegal connections.
6. Staff turnover.
7. Streetlight burning 24/7.

The Municipality has implemented Schedule 5B Electrification projects in the following areas:

- Electrification of 60 Households in Ensimbini- Ward 25. The budget amount is **R1 080 000.00** which was funded by DMRE. **Achieved.**
- Electrification of 60 Households in Goodhope- Ward 25. The budget amount is R1 080 000.00 which was funded by DMRE. **Achieved.**
- Electrification of 25 Households in Empungwini- Ward 4. The budget amount is **R450 000.00**

Which was funded by DMRE. **Not Achieved**: Electrical designs were done and approved by Eskom. Surveying was done but due to National Treasury taking away R1.5 million from the Gazetted budget construction was not done.

- Electrification of 36 Households Ematafuleni- Ward 25. The budget amount is R 648 000.00 which was funded by DMRE. **Achieved**.
- Electrification of 95 Households in Buhlebezwe- Ward 11. Ward 31. The budget amount is R1 710 000.00 which was funded by DMRE. **Achieved**
- Electrification of 13 Households in Roosboom- Ward 11. The budget amount R 234 000.00 which was funded by DMRE. **Achieved**
- Electrification of 100 Households in Ezakheni- Ward 1 to 8. The budget amount is R 1 800 000.00 which was funded by DMRE. **Not Achieved**: Electrical designs were done and approved by Eskom. Surveying was done project. But due to National Treasury taking away R1.5 million from the Gazetted budget construction was not done.
- Electrification of 30 Households in Ezimbuzini- Ward 16. The budget amount is R 540 000.00 which was funded by DMRE. **Achieved**
- Electrification of 115 Households in Emkhumula- Ward 16. The budget amount is R 2 070 000.00 which was funded by DMRE. **Achieved**
- Electrification of 70 Households in Emashiselweni- Ward 15. The budget amount is R 1 260 000.00 which was funded by DMRE. **Achieved**
- Electrification of 143 Households in Qhimkhowe- Ward 32. The budget amount is R2 880 000.00 which was funded by DMRE. **Achieved**
- Public Lighting Projects were implemented: Ward 1 and 06 High Mast Lights were installed. The budget amount is R2100 000.00. **Achieved**.
- Installation of 6 High Mast Lights in Ward 2. The budget amount is R2100 000.00. **Achieved**.
- Installation of 6 High Mast Lights in Ward 4. The budget amount is R2100 000.00. **Achieved**.
- Installation of 6 High Mast Lights in Ward 6&8. The budget amount is R2100 000.00. **Achieved**.
- Installation of 6 High Mast Lights in Ward 36. The budget amount is R2100 000.00. **Achieved**.
- Installation of 7 High Mast Lights in Ward 23. The budget amount is R2500 000.00. **Achieved**.
- Installation of 7 High Mast Lights in Ward 18. The budget amount is R2500 000.00. **Achieved**.
- Installation of 7 High Mast Lights in Ward 24. The budget amount is R2500 000.00. **Achieved**.
- Installation of 7 High Mast Lights in Ward 22. The budget amount is R2500 000.00. **Achieved**.
- Electrical Refurbishment in Ward 22: Circuit Breakers at Modelkloof- Ward 22 and TPN Switch House have been refurbished. The budget amount is R2000 000.00. **Achieved**.
- Achieved: 11KV Switchgear has been supplied and installed at Jantha Substation in Ward 20. The budget amount is R9 675 000.00. **Achieved**.

3.4 PUBLIC SAFETY AND EMERGENCY SERVICES DEPARTMENT

3.4.1. TRAFFIC AND LAW ENFORCEMENT SERVICES

(a) Introduction

Road safety programs assist motorists and pedestrians to act proactively and to change negative behaviour towards road safety. The aim is to reduce the risk of accidents through visibility of officers and the Road Safety Educational programs.

(b) Traffic Policing and By-law Enforcement

Category		Previous Year Actual Number (21/22)	Current Year Actual (22/23)
Number of law-enforcement officers in the field on an average day (Traffic and By-Law Enforcement)		36	35
Number of law enforcement officers on duty on an average day		36	35
Number of road traffic accidents during the year (Ladysmith, Steadville and Ezakheni Areas)	Ladysmith	1071	1165
	Steadville	32	67
	Ezakheni	289	220
	Driefontein	6	22
	R103	112	171
	N3	85	102
	N11	78	106
	Indaka	0	0
	Total	1673	1853

(c) Traffic Policing and By-law Enforcement Policy Objectives

Performance Objectives	Key Indicator	Performance Target	Actual	Comments
Compliance Indicators				
Provide an effective traffic and law enforcement service	Number of vehicle check points held per annum	600	4097	Target Achieved for Vehicle Check points to enable law enforcement and increase safety as well as prevent loss of life.
	Number of by-law operations held	Ongoing	Ongoing	Awareness operations were held to in respect of educating the community regarding by-laws and their responsibilities in respect of compliance.
	Number of Planned roadblocks held per annum	12	12	Joint Road Blocks were conducted on specific dates.
Ensure proper monitoring of the Client Service Charter	% of motor registration and licensing cases handled within a required time frame	100%	100%	This section consists of testing of candidates for learners and drivers Licenses to determine their proficiency and issuing of law enforcement and is subject to the supply vs. demand concept of the community.
Report to council regularly	Monthly report submitted?	Yes	Yes	Monthly reports are submitted

The following key performance indicators are measured on quarterly basis:

The safety of all road users is of great importance to the Alfred Duma Local Municipal Department Public Safety and Emergency Services and therefore all efforts are made to ensure the safe and free flow of traffic in and around Alfred Duma Local Municipality. Regular high visibility patrols are conducted. Point duty by traffic officers are conducted at certain problematic locations in the mornings.

- **Foot patrols:** Officers engage in both routine (as specified by the operational law enforcement plan) and random foot patrols. This has greatly assisted in regard to management and deterrence of illegal trading, parking violations, and other offences.
- **Roadblocks:** Due to high visibility and alcohol law enforcement during planned roadblocks in conjunction with other role players (e.g.: SAPS, RTI) Traffic Law Enforcement has managed to achieve a marked decrease in motor vehicle accidents during festive periods. Officers. Joint parties carry out targeted enforcement in terms of problematic traffic issues and warrant checks are carried out for all drivers stopped during the course of roadblocks. The visibility of Officers serves as an extreme deterrent to motorists who are likely to drink and drive. In this manner the Department Public Safety and Emergency Services has effectively utilized roadblocks as a tool to prevent loss of life and promote road safety.
- **By-law enforcement:** By-Law officers respond to complaints from the public in regard to health hazards, illegal dumping, stray animals, noise disturbances and other matters. These officers then educate the offenders and make efforts to rectify the source of the problem. By-Law officers liaise with other municipal sections in cases where their assistance is required to resolve an issue and follow up until the resolution of the matter. By-Law officers held operations in respect of educating the community regarding by-laws and their responsibilities in respect of compliance therewith.
- **Vehicle check points (VCP):** Officers utilized vehicle check points to target specific offences (e.g.: not wearing seatbelts, talking on a cellular phone whilst driving) as well as to check for the roadworthiness of vehicles. When officers address these traffic violations it urges motorists to refrain from committing the same offence in future. This resulted in more motorists using their seatbelts, refraining from using a cellular phone whilst driving and ensuring that their vehicles were in good working condition. In turn, this prevents the loss of life due to driver negligence and ensures road safety.
- **Driving and learners' licenses:** Officers ensure that they always check for the validity of the driver's licence in order to assess if the driver is authorized to drive the vehicle that they are operating. These checks guarantee a decrease in motorists who are likely to operate a vehicle without a valid licence. This is vital, as unlicensed drivers are more likely to pose a hazard to themselves and other road users. The dedicated licence checks by officers therefore contributes to road safety and prevents loss of life on the road.

A total of **14 446** notices were issued by officers during the 2022/2023 period broken down as follows:

TYPE OF NOTICE	NUMBER OF NOTICES
Section 56	12 424
NIP	2 022
TOTAL	14 446

The following is a breakdown of the additional Traffic Related Duties that were carried out during the 2022/2023 Financial Year:

Type of Duty	2021/2022 Financial Year	2022/2023 Financial Year
Vehicle Check Points (VCPs) Road Blocks Conducted	2 371	4 097
Planned Roadblock with SAPS and RTI Conducted	21	12
Drunken Driving Arrests Made	1	153
Warrants of Arrest Executed	1 005	1 590
Income Accrued from Warrants of Arrest Executed	R 1 037 800.00	R 2 785 450.00

- Law Enforcement Unit:** In May 2022, Council approved the establishment of a Law Enforcement Unit as per Council resolution LC30/05/2022. The establishment of the Law Enforcement Unit is due to increase in the crime rate and continued vandalism of municipal facilities within the Alfred Duma Local Municipality (which includes the arson at community halls, libraries and sports fields) as well as theft of essential municipal infrastructure, the municipality has come up with a crime prevention initiative to reduce these criminal activities that are happening in our area by establishing a Law Enforcement Unit team which would be working together with SAPS in fighting crime.

On the 19th of October 2022, the Mayor introduced the Law Enforcement Unit at the Town Hall at the official launch by means of a Parade. Three (3) Patrol Vehicles have been issued for use to the Law Enforcement Unit. An Analog Number Plate Recognition System (ANPR) was installed into one of the vehicles. The system is used in tracking outstanding warrants of arrests of offenders, and can be used to receive reports of suspected stolen vehicles.

Period	Written Notices	Warrants of Arrests Executed	Drunken Driving Arrests	Trucks in CBD
February 2023	283	35	35	172
March 2023	254	54	05	49
April 2023	373	34	10	48
May 2023	196	32	06	106
June 2023	157	49	07	52
Total	2614	338	133	1488

Arrests made include the following:

ARREST SUMMARY	SUMMARY JULY 2022 – JUNE 2023
Reckless and Negligent Driving	07
Interfering with the duties of an Officer/Defeating the ends of Justice	02
Common Assault	01
In possession of Illegal Firearm	01
In possession of Counterfeit Goods	01
Illegal Immigrants	15
Robbery	-
Housebreaking	01
Total	28

SAPS crime Reporting Statistical Report is being utilised to identify and patrol in high crime areas

3.4.2. LICENSING

The Licensing Section is divided mainly into two sub-sections which deal mainly with the following issues:

MLB – Motor Licensing Bureau:

For the 2022/2023 Financial Year a total of **30 823** (100%) of all vehicle transaction applications were received and processed by 30 June 2023.

DLTC – Driving Licence Testing Centre:

- Application of Learner's, Driving Licence's and PRDP
- Testing Learner's and Driving Licences
- Issue of Lerner's and Driving Licences
- Renewal of Driving licences

For the 2022/2023 Financial Year a total of **2 302**(100%) licences were issued to all successful applicants tested for learner's licences by 30 June 2023.

For the 2022/2023 Financial Year a total of **866** (100%) licences were issued to all successful applicants tested for driving licences by 30 June 2023.

It must be noted that the Licensing Office is mainly a demand driven service delivery section that seeks to facilitate effective Provincial Motor Transport and Traffic Law Administration services in order to ensure compliance with the National Road Traffic Act 93/96

3.4.3. FIREFIGHTING SERVICES

(a) Introduction

Alfred Duma Local Municipality has a Fire Fighting Service consisting of **four (4)** full time fire officers, **two (2)** contract fire officers and **Twenty (20)** working on fire-trained staff. The top service delivery priorities for the year under review were:

- Preventing the outbreak or spread of fires
- The saving of lives and property
- To react rapidly with the available resources to extinguish reported fires.
- To compile and follow a Control Burning Plan by creating and monitoring a controlled fire in areas where, should a fire occur, it will spread quickly or poses a fire hazard so that future risk will be mitigated
- To conduct Fire Prevention Inspections at business premises to reduce risk and ensure fire safety
- To conduct inspections of tanks, vehicles and premises storing flammable gasses and/or liquids within the municipal jurisdiction in order to mitigate risk and ensure fire safety.

During the year under review, the Alfred Duma Fire Service reacted to **one hundred and eighty-three (183)** fire and incidents within the Alfred Duma Local Municipal Jurisdiction during average turnout time especially within urban areas. The service delivery within the rural areas is still challenging.

Category	Previous Year Actual Number (2021/2022)	Actual Number (2022/2023)
Total fires attended in the year	201	183
Average turnout time - rural areas	30 Minutes	30 Minutes
Average turnout time - urban areas	15 Minutes	15 Minutes

INCIDENT TYPE	2021/2022	2022/2023
Formal Structural Fires	708	60
Veld / Forest Fires	39	74
Disaster Related Incidents	22	21
Other Incident / Rubble	31	26
Motor Vehicle on Fire	31	24
TOTAL CALLS	201	205

The following is a breakdown of the Fire Related Service Duties carried out during the 2022/2023 Financial Year:

DESCRIPTION	2021/2022	2022/2023
Fire Prevention Inspections	357	515
Building plans	193	182
Business Licenses	64	47
Fireworks Permits	5	0
Certificate of Registration	64	61
Fire Hydrants Inspected	370	305
After hours electricity complaints	4050	731

(b) Fire Service Policy Objectives

Performance Objectives	Key Performance Indicator	Target	Actual	Comments
Compliance Indicators				
Communicate Disaster Management Plan with relevant role-players	Number meetings held	1	1	Disaster Management Plan was perused and reviewed for adoption by the Alfred Duma Local Municipal Council
Compilation and annual review of the Disaster Management Plan	Compilation completed by 30 th June 2023	30 th June 2023	Submitted to Council for approval and adoption as per meeting held in May 2023	Plan will be reviewed and workshopped with relevant parties The following Plans were adopted accordingly: a) Disaster Management Plan b) Winter Season Contingency Plan c) Summer Season Contingency Plan d) Disaster Management Sector Plan. e) Disaster Risk Policy Framework Plan
Disaster Management Sector Plan	Compilation completed by 30 th June 2023	30 th June 2023	Submitted to IDP and then to COGTA	Plan will be reviewed and workshopped accordingly
Provide a quality firefighting service	Monthly inspection of vehicles and equipment done?	Yes	Yes	This is done on a bi-weekly basis as well as during random inspections.
	Number of vehicles not operational for more than 5 days during the month	0	0	This is checked on a bi-weekly basis as well as during random inspections.
	Complaints not sufficiently addressed within 5 days regarding firefighting services	0	0	All complaints were sufficiently addressed within 5 days.

(c) Employees: Fire Services

Salary Level (Task Grades)	Permanent Posts	Short Term Contract Posts	Employees	Vacancies
05 - 10	3	2	5	1
11 - 14	1			0
15 - 18				
Total	4	2	6	1

3.4.4. Fleet management

The Fleet Section currently comprises of Assistant Manager: Fleet, one Administrative Clerk, one Superintendent, four mechanics, one qualified wheel alignment technician, one motor mechanic assistant and three driver mechanic assistants that are responsible for approximately two hundred and eighty nine (289) Council vehicles which are subdivided into the following categories with only the listed Staff Strength appointed to affect internal repairs and maintenance to these vehicles, along with assessing repair requirements for outsourcing and subsequent routing for outsourcing:

TYPE OF COUNCIL OWNED VEHICLE	TOTAL AMOUNT OF VEHICLES
Light Motor Vehicles	149
Heavy Motor Vehicles	97
Plant	36
Total Fleet	289

This shortage of manpower creates a challenge in terms of the turnaround time for the repairs of vehicles. Long turnaround times affect service delivery. Supply Chain delays are also a contributing factor in the increased turnaround time. Driver abuse results in the increased frequency that vehicles visit the workshop. Vehicle abuse is reported to the Municipal Manager for disciplinary action. Service level agreements are in place for the repairs and maintenance to Council's fleet.

The following repairs were carried out to Council vehicles during the 2022/2023 Financial Year:

Type of vehicle	Outsourced	Insourced
Number of light vehicles received and attended to	58	262
Number of heavy vehicles received and attended to	44	334
Number of heavy plants received and attended to	26	106

COMMUNITY & SOCIAL SERVICES DEPARTMENT**3.5.1 PARKS, RECREATIONAL AREAS, SWIMMING POOLS AND CEMETERIES****(a) Introduction**

Alfred Duma Local Municipality operates and maintains recreational and sporting facilities. These facilities include 16 sports facilities, 7 recreational & entertainment parks and 7 public swimming pools. These facilities cater for a variety of sporting codes including soccer, netball, tennis, athletic tracks and volleyball. Vandalism of facilities is an area of concern however; employment of security personnel assists to mitigate the scourge of vandalism suffered. Constant supervision is also required as another mitigation measure. Unfortunately, full time supervision cannot be provided at all facilities due to the operational cost implications. The cost of the operation and maintenance of sport facilities remains a challenge as sport facilities in rural areas do not generate enough income to cover the operation and maintenance expenditure.

There are four (4) active, out of the Seven (7) Municipal Swimming pools operating during the 2022/2023 swimming season. The Department conducted Water Awareness Safety campaigns in partnership with private swimming organisations and instructors. The swimming season ended at the end in April 2023. The Teams are busy with maintenance of the pools ensuring the pools are ready for the next season especially on the active pools which are:

- White Road Swimming pool
- Agra Swimming Pool
- Limit Hill Swimming Pool
- St Chads Swimming Pool

The department has a technical team (welder, builder & tiller) which is responsible for in-house renovations and repairs. A tree felling team which is responsible for the trimming of trees, cutting down of nuisance trees such as trees obstructing electric lines & traffic, trees posing as danger to public, removal and control of alien invasive and exotic trees that pose a threat to the environment. The Department is responsible for the maintenance of public open spaces, road curbs, road islands and entrance gardens within the Municipal wards.

The Department operates and maintains 5 active cemeteries. The services provided include the timely and correct preparation of graves for use, maintaining a register of graves and the maintenance of cemeteries to an acceptable level of tidiness.

The Municipality maintains public open spaces from all Municipal wards and entrance gardens.

(b) Parks and Recreational Areas and Swimming Pools Policy Objectives

Performance Objectives	Key Indicator	Performance Target	Actual	Comments
Compliance Indicators				
To preserve and protect the natural environment and bio-diversity.	Number of trees planted through promotion of greening programme by 30 June 2022	80	120	The Municipality was afforded more trees through the partnership between Department of Agriculture, Fisheries & Forestry for the greening programme.

(c) Comment on the performance of sport, parks and recreational areas and swimming pools:

The section is battling vandalism in most facilities & shortage of funds for maintenance purposes. The section was able to increase revenue collection in most of the Sport facilities.

3.5.2. COMMUNITY FACILITIES AND HALLS

(a) Introduction

The Department of Community Services is responsible for the administration of the Municipality's property portfolio, such as community halls.

(b) Community Facilities and Halls Policy Objectives

Performance Objectives	Key Indicator	Performance	Comments
Compliance Indicators			
Adequately maintain facility infrastructure	Number of community halls maintained		The non-payment of insurance claims hinders the progress of renovating the vandalised facilities
Provision of caretaker ship in all municipal halls	Number of halls with caretaker ship services		To be included on the new organogram and no budget available for employment of caretakers.

(c) Comment on the performance of Town and community halls overall

- Challenge with vandalism at the at the community facilities
- Caretakers and general workers are rotated as when required for cleaning and transporting of tables and chairs.
- Provision of transport at the Halls is a major challenge, in transporting workers for maintenance purposes.
- The section aims in attracting private business sectors to operate at the Multipurpose Centre.

3.5.3 Functionality and sustainability of community service centres

(a) Introduction

- The Department of Community Services is responsible for the administration of the Municipality's property portfolio, such as Thusong centres
- The Alfred Duma Local Municipality has 5 (five) Community Services Centres (CSC) in the St Chads, Roosboom, Watersmeet, Ekuvukeni and Driefontein areas. Large number of people from these previously under-served communities use to visit these facilities to access government and other related services. However, most government departments have stopped rendering the services in these CSC.

(b) Comment on the performance of Community Service Centres overall

- Challenge with vandalism at the at the community facilities
- The section aims to provide access to Government services (e.g.: Home Affairs) to the surrounding community and to promote the social economic opportunities at the Thusong Centres.
- The section aims in attracting private business sectors to operate in both the Thusong and Multipurpose Centre.
- The challenge is that all Thusong Centres are now not connected to the ITC connectivity.
- The non-availability of the security in Roosboom and St Chads CSC is one of the major challenges.

3.5.4. LIBRARIES

(a) Libraries Objectives

Alfred Duma Municipality has Seven (7) libraries within the jurisdiction of the area. All libraries, i.e. those located in the area, Agra-Crescent, Colenso, Steadville, Ezakheni, Ekuvukeni. Somshoek and Main Library operate from Monday to Saturday. One modular library has been completed and it is functional at Somshoek. The location of the mini libraries at the Watersmeet, St Chads and Driefontein CSC is one of the municipality's successful project. The municipality is now in a process to set up a mini library in Roosboom CSC in 2022/23 financial year.

Performance Objectives	Key Performance Indicator	Actual	Comments
Protect library material through consumer training	Number of annual consumer training programmes/Library orientation	233	Programmes are based on library events calendar, demand from school, invitation from institutions
Improving Membership	Number of new memberships	580	
	Number of school visits conducted	35	Based on request and awareness calendar

3.5.5. Refuse removal

Refuse removal service is provided in all urban areas in Alfred Duma municipality and part of rural areas (Ekuvukeni, Waaihoek and Uitvaal)

(a) Refuse Removal Objectives

The strategic objective of the refuse removal is to provide an efficient, effective and economic service.

Performance Objectives	Key Performance Indicator
1 General KPIs	
Access to refuse removals	To ensure that all households have access to a basic refuse removal service.
Clearing of illegal dumping	To ensure that clearance of illegal dumping is done consistently to all wards.
	Promote Environmental awareness in the community
	Conduct clean up campaigns

(b) Comment on the performance of Cleansing and Solid Waste section

The section is face with the fleet challenges i.e. aging vehicles, mechanical breakdown. Currently, the section operates with 4 (four) out of 7 (seven) reliable compactor trucks, which makes it difficult to perform refuse collection with due diligence in all the wards.

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE**4A Introduction to the municipal workforce****4.1 Employee totals, turnover and vacancies**

Employee totals- **1492**

Turnover- **0.4%**

Vacancies- **7**

4B. Managing the municipal workforce**4.2 Policies. The following policies were adopted by Council for the 2022/2023 financial year:**

Acting Allowance Policy.

Batho Pele Principles.

Code of Conduct

Code of Ethics

Customer Care Policy

Dress Code Policy

Overtime Policy

Placement of Staff Policy

Practical Experiential and Training Policy

Standby Allowance Policy

Capacity Building Policy for Employees

Promotion Recruitment and Selection Policy

Sexual Harassment Policy

Attendance and Punctuality Policy

Leave Management Policy for Senior Managers

Employment Equity Policy

Strike Management Policy

Disciplinary Policy and Procedure

Job Evaluation Policy

Medical Aid Policy

Job Creation Policy

Termination of Contract Policy
Scarce Skills Policy

Employment Equity Plan.

Human Resource Strategy

Employee Health and Wellness Policy

Leave Policy for Municipal Employees

Occupational Health and Safety Policy

Management to ensure compliance with Occupational Health and Safety Act No. 85 of 1993 in all departments:

- Review and update on Risk Assessment for all departments.
- Refresher Training of Management representatives, Supervisors. team leaders and Health and Safety Committee.

They were trained on the Occupational Health and Safety Act no. 85 of 1993 together with regulations and Compensation for Occupational Injuries and Disease Act 1993, Incident Investigation, Hazard Identification and Risk Assessment is high priority for all Incidents and accidents to assist reduce Injuries on duty.

- Strong communication channel on departments to report to Occupational Health and Safety Office immediately all incidents and accidents as they occur and case management.
- Occupational Health and Safety Office and departments to providing more support for all Injured employees.
- Provision of correct Personal Protective Equipment and training on the correct use of Personal Protective Clothing.
- Increase prevention programmes (Induction of new employees, refresher training for old employees and tool box talks).
- Increase monitoring of Occupational Health and Safety programmes within each municipal department.

4.3 Injuries & Sickness

DEPARTMENT	SECTION	IOD	SICK LEAVE	COMMENTS
Municipal Manager's office	NIL	NIL	NIL	• There are minimum hazards because employees are mainly office based.
Budget and Treasury	NIL	NIL	NIL	• There are minimum hazards because employees are mainly office based.
Corporate Services	• Admin and Records Management	01	05	• There are minimum hazards because employees are mainly office based.
Development Planning and Human Settlement	• LED - Museum	01	04	• There are minimum hazards because employees are mainly office based.
Community and Social Services	• Cleansing and Solid Waste	15	145	COMMENTS • High rate of injuries because sections have lots of hazards causing these accidents. RECOMMENDATIONS • To conduct incident investigation for each injury, in order to pick up trends of the accidents and incidents. • To review and amend risk assessments as per the new corrective measures recommended in the incident investigation. • Amend Risk Assessments as per the new corrective measures. • Conduct Job Analysis and Job Observations. • Increase prevention programmes, conduct Induction for new employees, awareness and refresher training for old employees. • Continuous inspections and tool box talks are high priority in these sections.
	• Parks and Gardens	08	109	
	• Community Venues and Libraries	02	01	

Public Safety and Emergency Services	• Traffic Licensing and • By Laws • Emergency Services	04 02 01	117 02 06	COMMENTS • Traffic officers have high risk jobs due to the nature of their jobs dealing with the public on the public road. RECOMMENDATIONS • Induction, refresher training and awareness, needs to form part of parade to discuss safety issues.
Technical and Infrastructural Services	• Electrical Engineering Services • Maintenance	05 14	105 263	COMMENTS • High rate of injuries because sections have lots of hazards causing these accidents. RECOMMENDATIONS • To conduct incident investigation for each injury, in order to pick up trends of the accidents and incidents. • To review and amend risk assessments as per the new corrective measures recommended in the incident investigation. • Amend Risk Assessments as per the new corrective measures and. • Conduct Job Analysis and Job Observations. • Increase prevention programmes, conduct Induction for new employees, awareness and refresher training for old employees. • Continuous inspections and tool box talks are high priority in these sections.

4.4 Performance Rewards

Performance bonuses are only paid to the deserving section 54/56 managers who were assessed by the Performance Evaluation Committee established by Council.

The following Managers are subjected to performance evaluations:

MUNICIPAL MANAGER AND EXECUTIVE DIRECTORS
Municipal Manager
Executive Director: Corporate Services
Executive Director: Community and Social Services
Executive Director: Development Planning and Human Settlements
Chief Financial Officer (CFO)
Executive Director: Technical and Infrastructural Services
Executive Director: Public Safety and Emergency Services

4C Capacitating the municipal workforce

4.5 Skills Development & Training

Skills development enhances the capability of employees to improve the Workforce efficiencies in the employee's specific sphere of influence, productivity in the workplace and the quality of life of workers, their prospects of work and their mobility. It enhances Career Development.

ONSITE TRAINING PROGRAMMES CONDUCTED FOR THE 2022/2023 FINANCIAL YEAR

NAME OF TRAINING	NUMBER OF OFFICIALS ATTENDED
CONFLICT AND ANGER MANAGEMENT TRAINING	25
FIRST AID LEVEL 3	50
TREE FELLING TRAINING	10
SUBSTANCE ABUSE AND ADDICTION IN THE WORKPLACE	20
MUNICIPAL FINANCE MANAGEMENT TRAINING	20
MUNICIPAL GOVERNANCE TRAINING	20

THERE WERE 13 BURSARIES IN DIFFERENT FIELDS THAT WERE ALLOCATED TO MUNICIPAL OFFICIALS

CHAPTER 5: FINANCIAL PERFORMANCE**5A Statement of Financial Performance****5.1 Grants**

GRANT	BUDGET	SPENT
Municipal Disaster Relief Grant	R 37 699 175	R 19 477 274
Municipal Infrastructure Grant	R 70 409 000	R 69 677 119
Community Library Services Grant (Recapitalisation)	R 2 039 000	R 2 039 000
Provincialisation of Libraries	R 5 890 000	R 5 890 000
Equitable Share	R 285 377 000	R283 480 830
Eradication of Bucket System – Ex Indaka	R 222 269.33	R0
Expanded Public Works Programme - EPWP	R 2 993 000	R 2 993 000
Finance Management Grant - FMG	R 2 100 000	R 2 100 000
Housing Accreditation	R 3 156 122	R 1 387 100
Infrastructure Skills Development Grant - ISDG	R 4 500 000	R 4 500 000
Infrastructure Economic Development Grant (IED)	R 2 000 000	R 288 439
Integrated National Electrification Programme - INEP	R 12 252 000	R12 245 800.63
Local Government Sector Education and Training Authority - LGSETA	R 785 592	R 785 792
Museum Grant	R 235 000	R 235 000

5.2 Asset Management**Details on asset management and key elements of asset management policy**

The Asset Management Section falls under the Budget and Treasury Department who are responsible for financial reporting for all assets that belong to Council. The Assets Section has had its challenges from the inception of GRAP as the reporting standards to a fully-fledged Asset Management Unit within the Municipality. Councils Audit opinion has reviled a significant change noting that all asset queries have been resolved. In the 2021/22 Financial year there were not assets findings in the audit and management reports. The Asset Section no longer uses the services of consultants for financial reporting, and other verifications are also conducted in-house except for specialized expertise of the calculation of the Landfill Rehabilitation Provision and the Valuation, Completeness and Existence of all heritage assets within the Municipality. The Alfred Duma Local Municipality boasts a fully-fledged assets unit encompassing a Manager: Assets & Inventory, two (2) Senior Accountant's, and one (1) Accountant. The outcomes of the previous three (4) financial years audit are indicative of progress made in the Asset's Management Unit of the Municipality and in the financial year under review we have planned to have no material adjustments which may fall under

matters of emphasis on the report. Asset Management according to the MFMA is the responsibility of the Accounting Officer which is then further delegated to departmental HODs. This is a clear indication that Asset Management needs the co-operation of many stakeholders as there is not a single person appointed by Council that is not affected by Asset Management whether directly or indirectly.

The Asset Management Unit has the responsibility to manage assets acquisition and disposal management as guided by the SCM Regulations. We have further generated a procedure manual and reviewed it in the current financial year to try and increased internal controls to manage the movement of assets within council which are mostly not adhered to. The Asset management Unit is further responsible for generating controls to ensure the safeguarding of assets but still every year we experience theft, losses and vandalism of Councils assets where all departmental Heads need to play a pivotal role in their oversight roles. Disposal Management is also one of the key areas that we are focused on, to ensure that all necessary processes are adhered to as per the requirement of Section 14 of the MFMA.

The Asset Management Section works closely with the Internal Audit Section and has implemented an Asset Steering Committee with representation from all departments to increase efficiency in information flow. Repairs and Maintenance of Councils Assets are also largely affected by the outcomes of the asset verification and final asset registers even though there isn't sufficient budget to carry out our Maintenance plans.

This financial year the Infrastructure and Technical Services Department has further appointed a service provider to recalculate our provision to rehabilitate the landfill sites and to Net Present Value it, which was successfully achieved.

The Department: Development Planning & Human Settlements has further appointed a Heritage Assets Specialist to review conditions, impairment as well as conservation of Councils Heritage Assets which was also successfully achieved.

A lot of work has been done, and we have noted a lot of improvement in this regard but a lot of work still needs to be done collectively to ensure that the municipality receives positive audit outcomes.

5.3 Financial Ratios

Current Ratio: R 974 762 573
 R 309 041 401
 1: 3.15

Acid Test Ratio: CURRENT ASSET - STOCK / CURRENT LIABILITIES

R 941 534 913

R 309 041 401

1: 3.05

5B Spending against Capital Budget

5.4 Capital expenditure

PROJECT	BUDGET	ACTUALS
FURNITURE & EQUIPMENT	R 2 515 000	R 2 112 420,61
REFURBISHMENT OF ELECTRICAL	R 2 000 000	R 1 833 891.64
MUNICIPAL FLEET - PLANT & MACHINERY	R 24 000 000	R 23 723 352,71
MUNICIPAL FLEET - INSOURCING	R 1 000 000	R 557 801.00
UPGRADE CCTV CAMERA SYSTEM	R 1 500 000	R 1 386 849.50
SECURITY SYSTEM - STORES	R 500 000	R 350 250.00
SPEED MACHINES	R 500 000	R 467 014.00
FIRE FIGHTING EQUIPMENT - EZAKHENI	R 250 000	R 159 257.00
FIRE FIGHTING EQUIPMENT - EKUVUKENI	R 250 000	R 178 653.93
NUMBER PLATE RECOGNITION SYSTEM	R 250 000	R 167 343.48
PARKS & GARDENS - SMALL PLANTS	R 350 000	R 234 661.83
IT COMPUTER EQUIPMENT (ALL DEPARTMENTS)	R 1 200 000	R 1 121 886.95
REPLACEMENT OF MAIN SERVER	R 4 000 000	R 2 297 654.00
UPGRADE OF LISTER CLERANCE BUILDING	R 100 000	R 35 449.85
KLIPRIVER MAINTENANCE EQUIPMENT	R 10 800 000	R 10 212 434.29
CALL CENTRE	R 2 000 000	R 1 659 453.15
JANTHA SUBSTATION	R 9 675 000	R 9 401 655.05
REFURBISHMENT OF ACACIAVALE POWER STATION	R 525 000	R 500 175.50
NEWCASTLE ROAD SUBSTATION	R 13 000 000	R 7 460 524.50

5C Cash flow Management & Investment

5.5 Borrowing & Investments

The municipality has two (2) loans with an outstanding balance of R3 338 009 at the end of the financial year.

The loan with ABSA bank is at the fixed interest rate of 9.10% with a balance of R1 378 348 outstanding at the end of the financial year and is in respect of the Tsakane Electrification.

The loan with DBSA is at the fixed interest rate of 5% with a balance of R1 959 661 outstanding at the end of the financial year and is in respect of the former Indaka Local Municipal office buildings.

CHAPTER 6: AUDITOR GENERAL'S FINDINGS

6.1 Auditor General Report (2022/2023 Financial Year)



AUDITOR-GENERAL
SOUTH AFRICA

AUDIT REPORT

Alfred Duma Local Municipality

2022-23

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council of the Alfred Duma Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Alfred Duma Local Municipality set out on pages 96 to 218, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alfred Duma 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 Standard of Generally Recognised Accounting Practice (SA 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 57 to the financial statements, corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments

8. As disclosed in note 8 to the financial statements, material allowance for impairment of R127,21 million (2022: R99,55 million) on receivables from exchange transactions was raised as the recoverability of debtors was doubtful.
9. As disclosed in note 9 to the financial statements, material allowance for impairment of R365,92 million (2022: R318,40 million) on receivables from non-exchange transactions was raised as the recoverability of debtors was doubtful.

Material electricity losses

10. As disclosed in note 34 to the financial statements, material electricity losses of R45,00 million (2022: R45,77 million) were incurred, which represents 16% (2022: 17%) of total electricity purchased. Technical losses amounted to R14,09 million (2022: R13,59 million) and were due to power dissipation in the electricity system components. Non-technical losses amounted to R30,92 million (2022: R32,17 million) and were due to theft of electricity.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. 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.
14. 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

15. 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.

16. 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

17. 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 selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priorities that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery and infrastructure development	221-222	To ensure improved access to basic service
Local economic development	220-221	To create a conducive environment for local economic development

19. I evaluated the reported performance information for the selected development priorities 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.
20. 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 and verifiable to ensure that they are easy to understand and apply consistently and 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 what was 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.

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

22. The material findings on the performance information of the selected development priorities are as follows:

Basic service delivery and infrastructure development

Various indicators

23. Based on audit evidence, the actual achievements for houses electrified and ready for commissioning by Eskom indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported.

Indicator	Target	Reported achievement
Number of households provided with electricity infrastructure by Alfred Duma Local Municipality to accommodate new connections in terms of the ESKOM schedule 5b programme by 30 June 2023	747	622
Number of Households in Ensimbini-Ward 25, to be electrified and ready for commissioning by Eskom by 30 June 2023	60	58
Number of Households in Buhlebezwe- Ward 11, to be electrified and ready for commissioning by Eskom by 30 June 2023	95	89
Number of Households Qhimkhowe-Ward 32, to be electrified and ready for commissioning by Eskom by 30 June 2023	143	128
Number of Households in Goodhope-Ward 25, to be electrified and ready	60	53

Indicator	Target	Reported achievement
for commissioning by Eskom by 30 June 2023		
Number of Households in Ezimbuzini- Ward 16 to be electrified and ready for commissioning by Eskom by 30 June 2023	30	30
Number of Households in Emashiselweni- Ward 15 to be electrified and ready for commissioning by Eskom by 30 June 2023	70	70

Local economic development

Various indicators

24. I could not determine how the planned indicators would be measured and what evidence would be needed to support the achievements, as adequate supporting evidence was not provided for auditing. This was due to a lack of measurement definitions and processes.

Indicator	Target	Reported achievement
Number of job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2023	100	0
Number of jobs created and sustained through municipal capital projects by 30 June 2023	150	56
Number of support provision to SMME's and Co-ops through LED initiatives by 30 June 2023	60	219

Number of support provision to SMME's and Co-ops through LED initiatives by 30 June 2023

25. An achievement of 219 SMMEs and Co-ops supported was reported in the annual performance report. However, the indicator in the approved service delivery and budget implementation plan and integrated development plan was Number of support provision to SMME's and Co-ops through LED initiatives by 30 June 2023.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.
28. The municipality plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Basic service delivery and infrastructure development <i>Targets achieved: 78%</i> <i>Budget spent: 96%</i>		
Number of households provided with electricity infrastructure by Alfred Duma Local Municipality to accommodate new connections in terms of the ESKOM schedule 5b programme by 30 June 2023	747	622
Percentage of households with access to basic solid waste removal in the Urban Area by 30 June 2023	100%	99,40%
Percentage of households with access to basic solid waste removal in the rural areas (Uitvaal, Ekuvukeni and Waaihoek) by 30 June 2023	100%	99,30%
Number of Households in Empungwini- Ward 4 to be electrified and ready for commissioning by Eskom by 30 June 2023	25	0
Number of Households in Ezakheni- Wards 1 to 8, to be electrified and ready for commissioning by Eskom by 30 June 2023	100	0
Date of Refurbishment of Jantha Substation Building in Ward 20 by 30 June 2023	30 June 2023	Not achieved
Number of Low Water Crossing to be rehabilitated in Roosboom- Ward 25 by 30 June 2023	1	0
Number of Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26 by 30 June 2023	1	0
Number of Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16 by 30 June 2023	1	0
Number of Low Water Crossings to be rehabilitated in Kwahlathi- Ward 36 by 30 June 2023	1	0
Date of Informal Trading Stalls (8) to be constructed in Ward 35 by 30 June 2023	30 June 2023	Not achieved
Number of new houses in Wards 5,9, 10, 20,21, 22,28 & 33 to be constructed by 30 June 2023	80	60

29. Reasons for the underachievement of targets are included in the annual performance report on pages xx to xx.

Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Basic service delivery and infrastructure development and Local economic development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

31. 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.
32. 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.
33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

35. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, expenditure, non-current assets, cash flow statement, statement of comparison of budget and actual and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

36. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval, authorisation and payment of funds, as required by section 65(2)(a) of the MFMA. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.
37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R7,20 million, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-compliance with the Municipal budget and reporting regulations 11(2) as funding was not available to cover capital expenditure.

Other information in the annual report

38. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report

and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

39. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. 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

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
44. Management did not adequately review financial statements to ensure compliance with the SA Standards of GRAP and the requirements of the MFMA and Dora.
45. Management did not implement adequate review procedures to ensure that the annual performance report is accurately prepared and supported by reliable and credible information.
46. Management did not adequately review the service delivery budget implementation plan to ensure that the indicators and targets contained therein are well-defined and processes are in place to ensure that the reported performance is reliable.
47. Management did not adequately review and monitor compliance with key legislation applicable to the municipality.

Material irregularities

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

49. The material irregularities identified are as follows:

Material irregularities identified during the audit

Significant control deficiencies relating to free basic service payments

50. The municipality did not comply with section 65(2)(a) of the MFMA which requires the accounting officer of a municipality to take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds.
51. The municipality made payments for free basic electricity provided to indigent households without performing regular reviews of the beneficiaries to ensure that they are valid.
52. The irregularity is likely to result in a financial loss for the beneficiaries that do not meet the criteria to qualify for the benefit.
53. The accounting officer was notified of the material irregularity on 30 January 2023 and was invited to make a written submission on actions taken or to be taken to address the matter.
54. The accounting officer paused the provision of the free basic electricity while a list of beneficiaries that fully complies with the municipal policies is being developed. The community was invited to make applications and the vetting and verification process is still in progress. These processes will assist to prevent payments being made for invalid beneficiaries.
55. I will follow up on the outcome of these processes in the next audit.

Pietermaritzburg

30 November 2023



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 development priorities 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 the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a),

Legislation	Sections or regulations
	Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
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)

6.2 VOLUME II: AFS- A Copy of the Final Amended Annual Financial Statements



AlfredDuma
Local Municipality

Alfred Duma Local Municipality
(Registration number KZN 238)
Financial statements
for the year ended 30 June 2023

Alfred Duma Local Municipality

(Registration number KZN 238)

Financial Statements for the year ended 30 June 2023

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Local Municipality
Nature of business and principal activities	The primary function of Alfred Duma Local Municipality is to provide basic services i.e. electricity, refuse, roads and stormwater facilities within the municipality's jurisdiction. The mandate of the Municipality is in terms of section 152 of the Constitution of South Africa.
Mayoral committee	
Mayor	Cllr. ZJ Sibisi
Speaker	Cllr. BP Sithole
Deputy Mayor	Cllr. S Simelane
Chief Whip	Cllr. S Sithole
Executive Committee	
	Cllr. TP Dlamini
	Cllr. T Hadebe
	Cllr. TP Khumalo
	Cllr. ASD Warasally
	Cllr. SE Madondo
	Cllr. MB Mbhele
	Cllr. A Mchunu
	Cllr. TP Njoko
Grading of local authority	Grade 4
Municipal Manager	S S Ngiba
Chief Financial Officer	M T Nkosi
Registered office	Lister Clarence Building 221 Murchison Street Ladysmith 3370
Business address	Lister Clarence Building 221 Murchison Street 3370
Postal address	PO Box 29 Ladysmith Kwazulu-Natal 3370
Bankers	ABSA Bank, Standard Bank, Nedbank, Investec Bank and First National Bank
Auditors	Auditor General of South Africa

Alfred Duma Local Municipality

(Registration number KZN 238)

Financial Statements for the year ended 30 June 2023

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Municipal Council::

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Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
INEP	Integrated National Electrification Grant
MIG	Municipal Infrastructure Grant
MDRG	Municipal Disaster Relief Grant

Alfred Duma Local Municipality

(Registration number KZN 238)

Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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.

The Accounting Officer also certifies that salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office as disclosed in the Annual Financial Statements below are within the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act

The Annual Financial Statements set out on page 4, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 November 2023 and were signed on its behalf by:



S S Ngiba
Accounting Officer

Statement of Financial Position as at 30 June 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	528,673,702	502,913,157
Receivables from exchange transactions	8	131,353,281	126,075,696
Receivables from non-exchange transactions	9	281,507,930	240,112,127
Inventories	7	33,227,660	27,279,397
		974,762,573	896,380,377
Non-Current Assets			
Investment property	3	174,981,923	171,726,063
Property, plant and equipment	4	1,839,268,114	1,791,102,883
Intangible assets	5	1,185,668	1,183,591
Heritage assets	6	21,400,526	21,400,526
Eskom Deposits	61	3,003,430	1,827,950
		2,039,839,661	1,987,241,013
Total Assets		3,014,602,234	2,883,621,390
Liabilities			
Current Liabilities			
Long term loans	16	842,716	780,878
Finance lease obligation	13	801,919	1,048,934
Payables from exchange transactions	10	214,712,709	219,387,406
Consumer deposits	11	19,843,613	21,125,753
Unspent conditional grants and receipts	12	64,634,248	45,759,040
Provisions	15	2,040,196	923,699
Employee benefits obligation	14	6,166,000	3,939,000
		309,041,401	292,964,710
Non-Current Liabilities			
Long term loans	16	2,495,293	3,338,009
Finance lease obligation	13	-	801,919
Provisions	15	79,385,942	69,587,957
Employee benefits obligation	14	70,336,000	71,946,000
		152,217,235	145,673,885
Total Liabilities		461,258,636	438,638,595
Net Assets		2,553,343,598	2,444,982,795
Reserves			
Housing Operating Fund	17	47,445,537	42,990,817
Accumulated surplus	18	2,505,898,061	2,401,991,978
Total Net Assets		2,553,343,598	2,444,982,795

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	474,949,231	454,399,121
Rental of facilities and equipment	24	2,785,491	1,643,185
Interest received - receivables from exchange transactions	21	8,379,119	8,371,561
Agency services	26	3,081,748	3,375,812
Licences and permits	27	3,134,117	2,775,106
Construction contract revenue	60	10,309,119	14,301,285
Sale of goods and rendering of services	63	1,591,289	1,576,783
Operational revenue	29	5,987,525	7,937,460
Interest received - investments	22	31,400,547	18,522,043
Fair value adjustments	30	4,935,940	21,835,028
Actuarial gains	14	6,232,942	5,989,495
Inventories reversal on write down		1,005,629	-
Total revenue from exchange transactions		553,792,697	540,726,879
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	229,926,978	216,986,727
Property rates - penalties imposed	19	41,440,024	36,252,541
Transfer revenue			
Government grants and subsidies	23	400,185,201	398,287,788
Electricity availability charges		2,432,815	2,340,840
Public contributions and donations	41	939,544	14,505
Fines, penalties and forfeits	25	28,459,817	6,288,845
Interest on availability charges	62	862,846	721,307
Total revenue from non-exchange transactions		704,247,225	660,892,553
Total revenue		1,258,039,922	1,201,619,432
Expenditure			
Employee related costs	31	(374,924,898)	(343,026,671)
Remuneration of councillors	32	(28,888,565)	(25,982,766)
Depreciation and amortisation	37	(81,344,198)	(76,670,475)
Impairment on cash and non - cash generating assets	38	(1,484,960)	(7,345,904)
Finance costs	35	(3,455,919)	(3,036,151)
Lease rentals on operating lease	28	(1,505,131)	(1,734,142)
Debt Impairment	40	(71,525,216)	(73,289,572)
Bad debts written off		(15,782,499)	(11,431,693)
Construction contract expenditure	60	(11,300,588)	(14,301,285)
Bulk purchases	34	(348,956,352)	(332,910,050)
Contracted services	33	(79,558,423)	(73,013,322)
Transfers and subsidies	39	(8,072,861)	(11,340,778)
Loss on disposal of assets	4	(7,573,074)	(9,802,435)
Inventories losses/write-downs		-	(12,050,685)
Inventory consumed		(23,673,396)	(15,711,441)
Operational costs	36	(96,743,586)	(75,397,041)
Total expenditure		(1,154,789,666)	(1,087,044,411)
Surplus for the year		103,250,256	114,575,021

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Housing Operating Fund	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	39,022,075	2,462,371,004	2,501,393,079
Adjustments			
Prior year adjustments	61,436	(173,499,663)	(173,438,227)
Balance at July 1, 2021 as restated*	39,083,511	2,288,871,341	2,327,954,852
Changes in net assets			
Proceeds transferred to gains/losses on sale of land	-	(2,060,942)	(2,060,942)
Net movement of the Housing Operating Fund	3,907,306	-	3,907,306
Net movement of the Self-Insurance Fund	-	606,559	606,559
Net income (losses) recognised directly in net assets	3,907,306	(1,454,383)	2,452,923
Surplus for the year	-	114,575,020	114,575,020
Total recognised income and expenses for the year	3,907,306	113,120,637	117,027,943
Total changes	3,907,306	113,120,637	117,027,943
Restated* Balance at July 1, 2022	42,990,817	2,401,991,993	2,444,982,810
Changes in net assets			
Net movement of the Housing Operating Account	4,454,720	-	4,454,720
Net income (losses) recognised directly in net assets	4,454,720	-	4,454,720
Surplus for the year	-	103,250,258	103,250,258
Total recognised income and expenses for the year	4,454,720	103,250,258	107,704,978
Net movement of the Self Insurance Fund	-	655,810	655,810
Total changes	4,454,720	103,906,068	108,360,788
Balance at 30 June 2023	47,445,537	2,505,898,061	2,553,343,598
Note(s)			

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxation		192,737,265	199,763,347
Sale of goods and services		473,932,037	433,948,523
Grants		427,362,460	433,491,923
Interest income		38,306,884	21,964,003
		<u>1,132,338,646</u>	<u>1,089,167,796</u>
Payments			
Employee costs		(391,524,864)	(363,179,203)
Suppliers		(581,537,853)	(567,662,856)
Finance costs		(394,049)	(497,128)
		<u>(973,456,766)</u>	<u>(931,339,187)</u>
Net cash flows from operating activities	42	<u>158,881,880</u>	<u>157,828,609</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(129,794,623)	(107,360,533)
Proceeds from sale of property, plant and equipment	4	213,478	549,777
Purchase of other intangible assets	5	(534,900)	(571,400)
Net movement in Eskom deposits	5	(1,175,480)	(368,130)
Net cash flows from investing activities		<u>(131,291,525)</u>	<u>(107,750,286)</u>
Cash flows from financing activities			
Finance lease payments		(1,048,934)	(862,051)
Repayment of Long term loan		(780,877)	(723,335)
Net cash flows from financing activities		<u>(1,829,810)</u>	<u>(1,585,386)</u>
Net increase/(decrease) in cash and cash equivalents		25,760,545	48,492,937
Cash and cash equivalents at the beginning of the year		502,913,157	454,420,220
Cash and cash equivalents at the end of the year	2	<u>528,673,702</u>	<u>502,913,157</u>

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Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actuals

	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
2023											
Financial Performance											
Property rates	231,016,000	665,913	231,681,913	-		231,681,913	229,926,978		(1,754,935)	99 %	100 %
Service charges	490,693,572	6,991,853	497,685,425	-		497,685,425	477,382,045		(20,303,380)	96 %	97 %
Investment revenue	15,597,108	10,325,418	25,922,526	-		25,922,526	31,400,547		5,478,021	121 %	201 %
Transfers recognised - operational	303,066,012	36,132,034	339,198,046	-		339,198,046	322,825,176		(16,372,870)	95 %	107 %
Other own revenue	72,022,452	31,293,341	103,315,793	-		103,315,793	117,263,448		13,947,655	114 %	163 %
Total revenue (excluding capital transfers and contributions)	1,112,395,144	85,408,559	1,197,803,703	-		1,197,803,703	1,178,798,194		(19,005,509)	98 %	106 %
Employee costs	(393,309,120)	(2,077,599)	(395,386,719)	-	-	(395,386,719)	(374,924,898)	-	20,461,821	95 %	95 %
Remuneration of councillors	(29,064,060)	(1,451,949)	(30,516,009)	-	-	(30,516,009)	(28,888,565)	-	1,627,444	95 %	99 %
Depreciation and asset impairment	(115,753,704)	-	(115,753,704)			(115,753,704)	(82,829,157)	-	32,924,547	72 %	72 %
Finance charges	(372,780)	(8,111,915)	(8,484,695)	-	-	(8,484,695)	(3,455,919)	-	5,028,776	41 %	927 %
Materials and bulk purchases	(390,932,676)	(3,039,324)	(393,972,000)	-	935,260	(393,036,740)	(372,629,746)	-	20,406,994	95 %	95 %
Transfers and grants	(13,457,184)	(300,000)	(13,757,184)	-	-	(13,757,184)	(8,072,860)	-	5,684,324	59 %	60 %
Other expenditure	(243,769,896)	(70,428,104)	(314,198,000)	-	(935,260)	(315,133,260)	(283,046,359)	-	32,086,901	90 %	116 %
Total expenditure	(1,186,659,420)	(85,408,891)	(1,272,068,311)	-	-	(1,272,068,311)	(1,153,847,504)	-	118,220,807	91 %	97 %
Surplus/(Deficit)	(74,264,276)	(332)	(74,264,608)	-		(74,264,608)	24,950,690		99,215,298	(34)%	(34)%

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actuals

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	84,879,000	3,717,600	88,596,600	-		88,596,600	77,360,026		(11,236,574)	87 %	91 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	939,544		939,544	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	10,614,724	3,717,268	14,331,992	-		14,331,992	103,250,260		88,918,268	720 %	973 %
Surplus/(Deficit) for the year	10,614,724	3,717,268	14,331,992	-		14,331,992	103,250,260		88,918,268	720 %	973 %
Financial Position											
Total current assets	875,623,000	76,973,000	952,596,000	-		952,596,000	1,404,673,611		452,077,611	147 %	160 %
Total non-current assts	2,086,990,000	30,011,000	2,117,001,000	-		2,117,001,000	2,036,836,246		(80,164,754)	96 %	98 %
Total current liabilities	247,218,000	95,154,000	342,372,000	-		342,372,000	735,949,008		393,577,008	215 %	298 %
Total non-current liabilities	142,386,000	8,112,000	150,498,000	-		150,498,000	152,217,234		1,719,234	101 %	107 %
Community wealth / equity	2,573,009,000	3,717,000	2,576,726,000	-		2,576,726,000	2,553,343,614		(23,382,386)	99 %	99 %

Alfred Duma Local Municipality

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Statement of Comparison of Budget and Actuals

	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
Capital expenditure and funds sources											
Total capital expenditure	133,079,000	28,867,600	161,946,600	-		161,946,600	130,329,523		(31,617,077)	80 %	98 %
Sources of capital funds											
Transfers recognised - capital	84,879,000	3,718,000	88,597,000	-		88,597,000	67,351,795		(21,245,205)	76 %	79 %
Internally generated funds	48,200,000	25,150,000	73,350,000	-		73,350,000	62,977,728		(10,372,272)	86 %	131 %
Total sources of capital funds	133,079,000	28,868,000	161,947,000	-		161,947,000	130,329,523		(31,617,477)	80 %	98 %

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actuals

	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
Cash flows											
Net cash from (used) operating	52,371,000	12,199,000	64,570,000	-		64,570,000	158,881,880		94,311,880	246 %	303 %
Net cash from (used) investing	(133,079,000)	-	(133,079,000)	-		(133,079,000)	(131,291,525)		1,787,475	99 %	99 %
Net cash from (used) financing	(189,000)	-	(189,000)	-		(189,000)	(1,829,810)		(1,640,810)	968 %	968 %
Net increase/(decrease) in cash and cash equivalents	(80,897,000)	12,199,000	(68,698,000)	-		(68,698,000)	25,760,545		94,458,545	(37)%	(32)%
Cash and cash equivalents at the beginning of the year	385,223,000	-	385,223,000	-		385,223,000	502,913,157		117,690,157	131 %	131 %
Cash and cash equivalents at year end	304,326,000	12,199,000	316,525,000	-		316,525,000	528,673,702		(212,148,702)	167 %	174 %

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Significant decrease/increase is explained below;

Revenue Investment : The favourable interest rate throughout the year contributed to increased returns on investments, outperforming the initially projected budget. Cash flow was monitored to ensure investments were maximised where surplus funds became available, thereby maximising interest income.

Depreciation and asset impairment: The municipality revised the remaining useful lives of assets, which resulted in less depreciation charged.

Transfers recognised – Capital: Actual expenditure is lower than the grants allocated as a result of the grants (MIG, INEP, ISDG & IEDG) not fully spent and due to the SIG amounting R10 943 000 that was gazetted but not transferred to the municipality.

Finance Charges: The actual interest on landfill site provision as per the expert's report was less than that estimated.

Other expenditure: Actuals less than budget mainly due to underspending on the operational allocation of the MDRG (Municipal Disaster Relief Grant), and debt impairment actuals were lower than anticipated during the budget process.

Transfers and Grants: Actual expenditure lower than anticipated during the budget process due to less applications received for free basic electricity.

Total capital expenditure: Actual expenditure lower than budget mainly due to grants not being fully spent at financial year end.

Other own revenue: Actuals above budget due to construction contract revenue that was not budgeted for due to a change in accounting treatment of INEP funds subsequent to financial year end.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Accounting Policies

	Note(s)	2023	2022
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1. Presentation of Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Accounting Policies

STANDARDS APPROVED AND EFFECTIVE FOR 2022/23 FINANCIAL YEAR

The following GRAP standards have been approved and effective to the municipality for the 2022/23 financial year:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 5 Borrowing Costs

GRAP 9 Revenue from Exchange Transactions

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property Plant and Equipment

GRAP 18 Segment Reporting

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 20 Related Party Disclosures

GRAP 21 Impairment of Non -Cash Generating Assets

GRAP 23 Revenue from Non- Exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 27 Agriculture

GRAP 31 Intangible Assets

GRAP 34 Separate Financial Statements

GRAP 100 Discounted Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

GRAP 110 Living and Non-Living Resources

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Accounting Policies

INTERPRETATIONS OF STANDARDS OF GRAP APPROVED AND EFFECTIVE FOR 2022/23 FINANCIAL YEAR

IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an arrangement contains a lease

IGRAP 4 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

IGRAP 5 Applying the restatement approach under the Standard of GRAP on financial reporting in hyperinflationary economies

IGRAP 6 Loyalty Programmes

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue – Barter Transactions Involving Advertising Services

IGRAP 16 Intangible Assets – Website Costs

IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

IGRAP 18 Recognition and Derecognition of Land

IGRAP 19 Liabilities to Pay Levies

IGRAP 20 Accounting for Adjustments to Revenue

STANDARDS APPROVED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR UNDER REVIEW:

The following Standards have been revised with their amendments being effective from financial years commencing from 1 April 2023:

GRAP 25 Employee Benefits, as amended

GRAP 1 Presentation of Financial Statements as amended, as a result of changes agreed as part of developing the Guideline on The Application of Materiality to Financial Statements.

GRAP 104 Financial Instruments, as revised, which the effective date has not yet been determined by the Minister.

INTERPRETATIONS APPROVED BUT NOT EFFECTIVE FOR THE YEAR UNDER REVIEW:

The following interpretations have been approved, however the effective date commences for financial years commencing from 1 April 2023:

IGRAP 21 The Effect of Past Decisions on Materiality

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Accounting Policies

iGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The impact of the proposed amendments as per the Standards and Interpretations have been considered by the municipality and has been determined to be not material.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Annual Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Receivables from exchange and non-exchange transactions

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the 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, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

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Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 15 - Provisions.

Useful lives of infrastructure and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the infrastructure and other assets. This estimate is based on industry norm. Management will adjust the depreciation charge where useful lives are revised in comparison to previously estimated useful lives.

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 entity 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 entity 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 14.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Recognition and Derecognition of Land

In some instances the entity is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follows:

- Whether the municipality can direct the use of the land's future economic benefits or service potential to provide services to beneficiaries
- Whether the municipality can exchange, dispose of, or transfer the land; and/or
- Whether the municipality can use the land in any other way to generate future economic benefits or service potential

Where the municipality uses the land to provide future economic benefits or service potential while another entity has the right to exchange, dispose of, or transfer the land, the municipality shall assess its ability to exercise the right to exchange, dispose of, or transfer the land to determine if it is able to direct or restrict or deny access to the land.

When a municipality directs the use of the land to provide services to beneficiaries, either itself or through directing another entity to provide specific services, the municipality will conclude that it has the right to direct access to land and to restrict or deny access of others to land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follows:

- Whether another entity can direct the use of the land's future economic benefits or service potential to provide services to beneficiaries
- Whether another entity can exchange, dispose of, or transfer the land; and/or
- Whether another entity can use the land in any other way to generate future economic benefits or service potential

An entity may be granted a right to use the land for a period of time. Control of the land will be demonstrated if the entity has substantive rights to the land that enable it to direct access to the land, or to restrict or deny the access of others to land. For the entity to demonstrate control, the right of use needs to be for an unlimited period of time and the entity should have other substantive rights that enable it to direct access to the land, or to restrict or deny the access of others to the land. In the absence of the municipality demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another entity, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land.

Additional information is disclosed in Note 4.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied in determining whether the municipality is an agent are as follows:

a) It does not have the power to determine the significant terms and conditions of the transaction.

For an municipality to be an agent, it must not have the power to determine the significant terms and conditions of the transactions with third parties. This means that it should not have the power to affect the result of the transaction. The result of a transaction is the economic benefits or service potential (or both) that arise from that transaction. The economic benefits or service potential can therefore be quantitative or qualitative.

The quantitative result of a transaction represents the monetary amount of a transaction and could include:

- The amount paid by the third party for a good or a service received, or the amount of any tax, levy or other charge paid
- The amount paid to the third party for goods and services procured, or benefits paid as part of a non-exchange transaction, e.g. a social benefit.

The qualitative result of a transaction could include:

- The quality of a particular good or service received by the third party.
- The administrative efficiency with which a specific transaction or activity should be performed.
- The volume of a good or service provided to the third party

The municipality does not have the power to determine the significant terms and conditions of transactions with third parties if it is not able to decide, for example, the following aspects, but not limited to:

- What goods and services should be provided to, or procured from, third parties; or what taxes, levies or other charges should be levied on, or payments made to, third parties.
- To whom goods and services should be provided, or from whom goods and services should be procured; or on whom taxes, levies or other charges should be levied, or to whom payments should be made. This does not require the identification of specific individual third parties, and could be groups of affected third parties.
- The price to be paid by third parties, or agree on the price to be paid to third parties; or the amount of tax, levies or other charges to be paid by, or the amount of payments to be made to, third parties.
- The quality of the goods and services provided to, or received from, third parties. This may be less relevant to transactions that relate to taxes, levies, charges received by, or payment by or to, third parties

b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit

The types of resources that result from transactions with third parties could vary depending on the activities that are to be undertaken in terms of the binding arrangement. The resources that could result from transactions with third parties include:

- Receipts related to specific goods and services provided, or taxes, levies and other charges.
- Disbursements for specific goods and services procured to enable the execution of the transactions with third parties. The goods and services procured could also result in inventory.
- The municipality must not have the ability to use all, or substantially all, of the resources that result from the transactions with third parties. Where the municipality retains a portion of the revenue collected as a fee, e.g. a commission, or administration or transaction fee, for the service provided, this fee is usually nominal in relation to the total revenue collected, and as a result, the municipality would not have the ability to use all or substantially all of the resources that result from the transaction.

c) It is not exposed to variability in the results of the transaction:

A municipality is exposed to variability in the results of the transaction when it has exposure to both the positive and negative results associated with that transaction, and these exposures are not limited or fixed. There may be a number of factors that the municipality considers in determining whether it is exposed to the variability in the results of transactions. The municipality's exposure to the variability in the results of a transaction are usually limited if:

- Another party is responsible for fulfilling the rights and obligations established in the binding arrangement. For example, if the provision of a certain good or service is the responsibility of a specific type of entity in legislation, then it is likely that recipients of that good or service will look to that entity for delivery of those goods or services.
- The municipality has limited inventory risk, i.e. the risk of theft, obsolescence or other losses, as well as changes in value.
- The municipality receives a fixed fee or a fixed margin, e.g. commission, or administration or transaction fee, for carrying out the transactions.
- The municipality is not exposed to significant default risk, i.e. the risk of fees, taxes, levies or other charges not being paid by third parties.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the entity 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 are 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.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the entity, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

- (a) If information becomes known to the entity, and the entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.
- (b) If information becomes known to the entity, but the entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the entity, the entity accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the entity, the entity accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

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 entity, and the cost or fair value of the investment property can be measured reliably.

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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.

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Accounting Policies

1.5 Investment property (continued)

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

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the municipality has not determined that it will use the land as owner occupied property or for short term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- Property that is being constructed or developed for future use as investment property;
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment or Inventory as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner occupied property, including (among other things) property held for future use as owner occupied property, property held for future development and subsequent use as owner occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the Annual Financial Statements (see note 3).

The entity discloses relevant information relating to assets under construction or development, in the notes to the Annual Financial Statements (see note 3).

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 entity; 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.

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Accounting Policies

1.6 Property, plant and equipment (continued)

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 accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings - Community	Straight-line	50
Buildings - Administrative	Straight-line	50
Roads and Paving	Straight-line	10 - 50
Electricity	Straight-line	10 - 50
Landfill Sites	Straight-line	15
Stormwater	Straight-line	100
Bridges	Straight-line	50 - 100
Gravel Roads	Straight-line	10 - 50
Street Furniture	Straight-line	6 - 20
Recreational Facilities	Straight-line	15 - 50
Specialised vehicles	Straight-line	5 - 20
Other vehicles	Straight-line	5 - 20
Plant and Machinery	Straight-line	3 - 20
Furniture and Office Equipment	Straight-line	2 - 20
Plant and Equipment	Straight-line	3 - 20
Computer Equipment	Straight-line	3 - 10
Containers	Straight-line	7 - 10
Specialised Plant and Equipment	Straight-line	3 - 20
Other items of Plant and Equipment	Straight-line	3 - 20

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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Accounting Policies

1.6 Property, plant and equipment (continued)

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured at cost to the related asset is measured at cost

1.8 Intangible assets

An asset is identifiable if it either:

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

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Accounting Policies

1.8 Intangible assets (continued)

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 entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Servitudes	Straight-line	Indefinite
Computer software, other	Straight-line	2 - 10 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

1.9 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

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Accounting Policies

1.9 Heritage assets (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

Recognition

The entity 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 entity, 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 entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

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Accounting Policies

1.9 Heritage assets (continued)

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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:

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Accounting Policies

1.10 Financial instruments (continued)

- 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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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1.10 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from Exchange transactions (Contractual Receivables)	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 liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

In accordance with GRAP 104, the municipality does not recognise statutory receivables as financial instruments, as the Standard permits contractual receivables to be disclosed as such.

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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

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

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

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

Recognition

The entity 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.

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1.11 Statutory receivables (continued)

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity 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 entity 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 entity 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 entity 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 entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity 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, an entity 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.

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1.11 Statutory receivables (continued)

Derecognition

The entity 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 entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, 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.

1.12 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 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.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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1.13 Inventories (continued)

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 entity.

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.

1.14 Construction contracts

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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Accounting Policies

1.15 Cash and cash equivalents (continued)

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.16 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).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

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Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Reversal of impairment loss

The entity 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.

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.17 Impairment of non-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.

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1.17 Impairment of non-cash-generating assets (continued)

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

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).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed 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.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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 service amount is the higher of a non-cash-generating asset's 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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

The entity 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 entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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1.17 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required 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 entity 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.

Reversal of an impairment loss

The entity 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 entity 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.

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Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Employee benefits

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

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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Accounting Policies

1.18 Employee benefits (continued)

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.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Insured benefits

Where the entity pays insurance premiums to fund a post-employment benefit plan, the entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation to either:

- pay the employee benefits directly when they fall due; or
- pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods.

If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

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.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects 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 obligation.

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Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability 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;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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Accounting Policies

1.18 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the Annual Financial Statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, 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 rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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Accounting Policies

1.18 Employee benefits (continued)

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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Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.19 Provisions and contingencies

Provisions are recognised when:

- the entity 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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

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Accounting Policies

1.19 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 1.17.
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The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.20 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:

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Accounting Policies

1.20 Commitments (continued)

- 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.

1.21 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 entity 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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Accounting Policies

1.21 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 entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.22 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity 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.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

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Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.23 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.24 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.

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Accounting Policies

1.25 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Comparative figures

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

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.29 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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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Accounting Policies

1.30 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the entity were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.31 Internal reserves

Self-insurance reserve

The entity has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances).

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus. The self insurance fund is invested in the short term investments.

The entity operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

1.32 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.

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Financial Statements for the year ended 30 June 2023

Accounting Policies

1.32 Segment information (continued)

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.

The municipality has considered the information reported to management in determination of segments. The approved budget and monthly management reporting occurs in the format prescribed by municipal Budget and Reporting Regulations. Revenue, Capital and Operating Expenditure is reported by functional and department are, and therefore considered in determination of segments. The financial Position information is reported in its entirety to management and therefore has not been allocated to segments.

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.

1.33 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the Annual Financial Statements as the recommended disclosure when the Annual Financial Statements and the budget are on the same basis of accounting as determined by National Treasury.

1.34 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.

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Accounting Policies

1.34 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

The entity 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 entity 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.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.35 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 entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity 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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Accounting Policies

1.36 VAT

VAT is an indirect tax based on consumption of goods and services in the economy. Revenue is raised for the government by requiring certain traders or vendors to register and to charge VAT on taxable supplies of goods or services. The essential characteristics of VAT are:

- it is charged at each stage of the production and distribution process;
- the taxable person (vendor) may deduct the tax paid during the preceding stages; and
- the burden of the tax is on the final consumer.

The municipality renders goods and services to consumers, it is responsible to collect taxes from its consumers for the goods and services provided. The municipality (VAT vendor) is a deemed debtor to the national government when collecting and remitting VAT.

The municipality is registered to declare VAT transactions on the cash basis to SARS. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipality accounts for VAT on a monthly basis and VAT is settled between the VAT vendor and SARS, based on the cash collected by the municipality and the cash paid by the municipality.

VAT Receivable due/from SARS:

In accordance with GRAP 108, the VAT Receivable to/from SARS is considered to be a statutory arrangement, as this is based on legislation, being the VAT Act

Taking into account that the VAT due/from to the national government by the municipality (VAT vendor) results in a deemed debtor-creditor relationship, it is therefore considered to be a receivable or payable from exchange transaction.

VAT Accrual:

In accordance with the accounting standards, the municipality recognises transactions on an accrual basis of accounting. Therefore, the transaction between the municipality and customer includes the provision of goods or services in cash or credit; and the levying and/or collection of VAT by the municipality from the customer.

Similarly, the transaction between the municipality and the supplier includes the supply of goods or services in cash or credit; and the obligation to recognise VAT by the supplier to the municipality from the customer.

The VAT accrual accounts therefore does not represent amounts to be received or paid to SARS, but rather amounts that are associated with transactions that are yet to be settled. As a result, the accrual transactions are considered to be contractual in nature, and therefore do not meet the definition of a statutory arrangement.

As there is no transaction to "settle" with a specific counterparty at this point, the municipality considers the offsetting of the amounts as inappropriate, and has separately disclosed these transactions in the notes to the annual financial statements.

Input VAT Accrual represents amounts that are yet to be claimed from SARS, subject to settlement of the outstanding creditors by the municipality. This therefore shall be disclosed as a receivable from exchange transaction in accordance with GRAP 9.

Output VAT Accrual represents amounts that are yet to be paid to SARS, subject to collection from outstanding debtors of the municipality. This shall be accounted for as a trade and other payables in accordance with GRAP 19.

The municipality shall test the output VAT accrual for impairment, and account for this impairment in accordance with the impairment methodology for receivable from exchange and non-exchange transactions

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Notes to the Financial Statements

	2023	2022
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	82,473	83,060
Bank balances	376,784,681	301,503,029
Short-term deposits	151,806,548	201,327,068
	528,673,702	502,913,157

The municipality has the following bank accounts, which has been reported as bank and call accounts:

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	June 30, 2021	30 June 2023	30 June 2022	June 30, 2021
ABSA Bank - Current Account (Primary Bank Account)- 4071756088	37,031,109	30,187,075	38,224,114	31,032,416	22,599,847	27,066,832
ABSA Bank - General Call Account - 9207051716	188,537,305	132,300,794	74,018,608	189,800,197	132,300,794	73,882,395
ABSA Bank - Housing Grants Call Account - 9207052314	42,733,736	42,773,002	43,677,072	43,009,698	42,932,996	43,648,891
ABSA Bank - Grants Funds Call Account - 9207054081	46,807,151	44,055,333	42,593,409	47,109,103	44,055,333	42,458,291
ABSA Bank - Self Insurance Fund Call Account - 9251267674	15,804,483	14,485,914	14,719,647	15,842,741	14,502,590	14,704,084
ABSA Bank - Housing Operating Call Account - 9274469611	47,859,889	42,531,921	38,934,130	48,168,340	43,398,103	38,900,875
ABSA Bank - Housing Capacity Fund Call Account - 9285122301	1,810,824	1,710,435	793,581	1,822,185	1,713,365	790,929
Total	380,584,497	308,044,474	252,960,561	376,784,680	301,503,028	241,452,297

Differences between the bank statement and cash book are as follows:

Outstanding payments as at 30 June 2023, not cleared from the bank is R7 622 402.

Outstanding deposits as at 30 June 2023, not cleared from the bank is R3 430 758.

Additionally, accrued interest has been recognised to the cash book for the month of June, which has been paid to the municipality's bank account at the commencement of the following financial year.

Guarantee Held on Primary Account

The Municipality has a guarantee of R120 000 held in favour of The South African Post Office.

Short Term Investments

The Municipality invests in short term investments accounts, a summary of cash book balances have been indicated below:

Summary of cash book balances on investment accounts:

Nedbank	101,207,233	100,665,425
Standard Bank	50,599,315	100,661,644
	151,806,548	201,327,069

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	174,981,923	-	174,981,923	171,726,063	-	171,726,063

Reconciliation of investment property - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	171,726,063	(1,680,080)	4,935,940	174,981,923

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	149,891,035	21,835,028	171,726,063

Investment property in the process of being constructed or developed

There is no investment property in the process of being constructed or developed.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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3. Investment property (continued)

Investment properties have been valued in accordance with the municipal valuation roll and have been adjusted to take into account current market conditions, and other special assumptions depending on the categories of property.

The last effective date of the fair value adjustment was June 2023. The valuations were performed by a Professional Valuer. The valuation was based on the estimated amount for which an asset should exchange on the date of evaluation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The municipal valuer has extensive experience in the location and category for investment property valued with the necessary qualifications. The fair value adjustment for 2023 was done at year end.

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	386,652,577	-	386,652,577	386,735,027	-	386,735,027
Buildings	121,177,957	(72,663,134)	48,514,823	108,194,140	(71,756,355)	36,437,785
Infrastructure: Stormwater	209,144,548	(48,871,851)	160,272,697	194,826,048	(45,828,196)	148,997,852
Infrastructure: Electricity	420,927,733	(173,932,202)	246,995,531	394,252,214	(168,621,346)	225,630,868
Infrastructure: Solid waste	75,913,364	(36,962,669)	38,950,695	69,177,249	(33,746,467)	35,430,782
Infrastructure: Roads	1,867,204,257	(1,265,410,770)	601,793,487	1,858,842,818	(1,222,215,056)	636,627,762
Infrastructure: Street Furniture	9,094,224	(8,050,583)	1,043,641	9,115,602	(7,931,832)	1,183,770
Community	548,612,324	(283,870,836)	264,741,488	524,273,349	(269,337,969)	254,935,380
Motor vehicles	100,727,924	(60,174,581)	40,553,343	102,646,815	(60,553,511)	42,093,304
Plant and machinery	46,731,833	(15,425,945)	31,305,888	23,056,355	(14,166,400)	8,889,955
Furniture and office equipment	20,870,192	(13,454,342)	7,415,850	19,102,350	(13,194,281)	5,908,069
Computer equipment	27,247,841	(16,219,747)	11,028,094	23,347,129	(15,114,800)	8,232,329
Total	3,834,304,774	(1,995,036,660)	1,839,268,114	3,713,569,096	(1,922,466,213)	1,791,102,883

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers and Donations received	Transfers Made	Decommisionir g and restoration for environmental rehabilitation	Depreciation	Reversal/ (Recognition) of Impairment loss	Total
Land	386,735,027	-	(82,450)	-	-	-	-	-	386,652,577
Buildings	36,437,785	12,983,817	-	12,675,317	(12,675,317)	-	(906,779)	-	48,514,823
Infrastructure: Stormwater	148,997,852	14,342,393	(19,587)	998,358	(998,358)	-	(3,047,961)	-	160,272,697
Infrastructure: Electricity	225,630,868	36,182,604	(6,192,608)	4,880,576	(4,880,576)	-	(7,371,333)	(1,254,000)	246,995,531
Infrastructure: Solid waste	35,430,782	-	-	-	-	6,736,115	(3,216,202)	-	38,950,695
Infrastructure: Roads	636,627,762	8,361,440	-	10,875,272	(10,875,272)	-	(43,910,416)	714,701	601,793,487
Infrastructure: Street Furniture	1,183,770	22,964	(434)	-	-	-	(162,659)	-	1,043,641
Motor vehicles	42,093,304	2,098,650	(289,154)	-	-	-	(3,349,457)	-	40,553,343
Community	254,935,380	24,119,344	(21,671)	24,236,507	(23,649,652)	-	(13,932,760)	(945,660)	264,741,488
Plant and machinery	8,889,955	24,659,674	(99,832)	-	-	-	(2,143,909)	-	31,305,888
Furniture and office equipment	5,908,069	2,768,761	(151,526)	-	-	-	(1,109,454)	-	7,415,850
Computer equipment	8,232,329	4,254,974	(144,082)	352,688	-	-	(1,667,815)	-	11,028,094
	1,791,102,883	129,794,621	(7,001,344)	54,018,718	(53,079,175)	6,736,115	(80,818,745)	(1,484,959)	1,839,268,114

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers and donations received	Transfers	Decommisionir g restoration	Depreciation	Reversal/ (Recognition) of Impairment loss	Total
Land	393,285,807	-	(6,550,780)	-	-	-	-	-	386,735,027
Buildings	36,657,331	694,054	816	394,167	(394,167)	-	(914,416)	-	36,437,785
Infrastructure: Stormwater	146,176,231	4,959,627	2,642	6,851,064	(6,851,064)	-	(2,140,648)	-	148,997,852
Plant and machinery	8,371,940	1,916,496	(74,618)	-	-	-	(1,323,863)	-	8,889,955
Furniture and office equipment	6,854,897	383,796	(178,647)	14,505	-	-	(1,166,482)	-	5,908,069
Motor vehicles	34,854,554	10,955,056	(838,577)	-	-	-	(2,877,729)	-	42,093,304
IT equipment	8,068,739	1,867,472	(106,424)	-	-	-	(1,597,458)	-	8,232,329
Infrastructure: Solid waste	25,974,871	3,483,001	-	3,483,000	(3,483,000)	9,343,857	(3,370,947)	-	35,430,782
Infrastructure: Electricity	222,107,326	9,272,031	(99,198)	19,554,667	(19,554,667)	-	(7,022,688)	1,373,397	225,630,868
Community	241,126,917	35,005,373	(136,905)	62,437,476	(62,437,476)	-	(13,659,818)	(7,400,187)	254,935,380
Infrastructure: Roads	641,233,061	38,808,197	-	54,208,334	(54,208,334)	-	(42,094,381)	(1,319,115)	636,627,762
Infrastructure: Street Furniture	1,455,266	15,426	(2,647)	-	-	-	(284,275)	-	1,183,770
	1,766,166,940	107,360,529	(7,984,338)	146,943,213	(146,928,708)	9,343,857	(76,452,705)	(7,345,905)	1,791,102,883

Pledged as security

The Municipality have no assets pledged as security.

Donations

Furniture and fixtures	-	14,505
IT equipment	352,688	-
Community assets	586,856	-
	939,544	14,505

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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4. Property, plant and equipment (continued)

The municipality received fixed assets as donations amounting to R 939 544 (2022: R14 505). This relates to the donation of a borehole and computer equipment from Department of Arts and Culture.

Leased Assets

Included in the plant and machinery is a two way radio communication asset that is leased amounting to R2 383 932.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Furniture and Equipment	Total
Opening balance	5,466,817	18,866,506	299,886	-	24,633,209
Additions/capital expenditure	45,887,506	23,907,185	12,675,317	1,659,453	84,129,461
Impairment of assets	(539,299)	(1,111,801)	-	-	(1,651,100)
Transferred to completed items	(16,754,207)	(23,649,650)	(12,675,317)	-	(53,079,174)
	34,060,817	18,012,240	299,886	1,659,453	54,032,396

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	34,817,563	47,275,557	-	82,093,120
Additions/capital expenditure	56,499,749	34,892,653	694,053	92,086,455
Impairment of assets	(1,319,115)	(864,228)	-	(2,183,343)
Transferred to completed items	(84,531,380)	(62,437,476)	(394,167)	(147,363,023)
	5,466,817	18,866,506	299,886	24,633,209

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

Labour costs (amount paid to employees)	13,000,417	32,376,964
Contracted services (amount paid to suppliers)	41,540,873	29,816,644
Materials	19,731,365	16,112,817
Fuel and oil	1,433,159	3,062,787
	75,705,814	81,369,212

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

2023	2022
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4. Property, plant and equipment (continued)

Repairs and Maintenance on Property Plant and Equipment is detailed as follows:

Amount charged out to employee related cost for work done in house amounting to R 13 000 417 (2022: R32 376 964), is included in the employee related cost in the Statement of Financial Performance.

Amount paid to suppliers R41 540 873 (2022: R29 816 644), is included in the contracted services in the Statement of Financial Performance.

Materials amounting to R19 731 365 (2022: R16 112 817), is included in the inventory consumed in the Statement of Financial Performance.

Fuel and oil amounting to R 1 433 159 (2022: R3 348 137) is included in the operational cost in the Statement of Financial Performance.

Capital projects that have been significantly delayed

Construction work in progress has been included in the above mentioned property, plant and equipment, based on the nature of the project being constructed. The following projects have been identified as significantly delayed:

Construction of Ezakheni Sport Complex

Due to the poor performance of the various appointed contractors, this project has incurred delays. The last appointed contractor went into liquidation and as such there were ongoing court proceedings. The municipality then took a calculated decision to withdraw itself from the liquidation proceedings. Currently the municipality is looking at alternate avenues to fund the project. This will be done in phases as and when the budget is made available. An expert was appointed to assess the impairment of the asset in the 2022/2023 Financial Year. The project was impaired by a further R981 510.33 in the 2022/2023 Financial Year. The carrying amount of the project after impairment is R11 786 925.97.

Emnambithi Indoor Sport Complex

This is a multi year project. The municipality is implementing this project in phases. Planning and study phase of this project has been completed. To date, phases one (1), two (2) and three (3) of the project have been completed. An expert was appointed to assess the impairment of the asset. There was no impairment detected in the 2022/2023 Financial Year.

Ladysmith Airport Upgrade

The Municipality is exploring options to source grant funding to complete the project. An expert was appointed to assess the impairment of the asset in the 2022/2023 Financial Year. The project was impaired by R1 783 461.37 in the 2022/2023 Financial Year. The carrying amount of the project after impairment is R233 968.63.

Construction of Burford Sports field (Ward 14)

The sportfield was vandalised by the community. The Municipality will consider funding to complete the project during the next budgetary cycle and is exploring the funding stream to complete the project. An expert was appointed to assess the impairment of the asset in the 2022/2023 Financial Year. The project was impaired by R130 290.30 in the 2022/2023 Financial Year. The carrying amount after impairment is R297 890.53

Carrying amount as at 30 June, subsequent to impairment:

Construction of Ezakheni Sport Complex	11,786,926	12,768,436
Emnambithi Indoor Sport Complex	5,115,727	5,115,727
Ladysmith Airport Upgrade	233,969	2,017,430
Upgrade of Circle Road (Ward 20)	-	15,673
Construction of Burford Sports field (Ward 14)	297,891	428,181
	17,434,513	20,345,447

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Notes to the Financial Statements

5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and other licences	3,800,466	(2,614,798)	1,185,668	3,698,265	(2,514,674)	1,183,591

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software and other licences	1,183,591	534,900	(7,362)	(525,461)	1,185,668

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software and other licences	829,961	571,400	(217,770)	1,183,591

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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6. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	4,991,426	(152,000)	4,839,426	4,991,426	(152,000)	4,839,426
Historical buildings	16,566,600	(5,500)	16,561,100	16,566,600	(5,500)	16,561,100
Total	21,558,026	(157,500)	21,400,526	21,558,026	(157,500)	21,400,526

Reconciliation of heritage assets 2023

	Opening balance	Total
Art collections, antiquities and exhibits	4,839,426	4,839,426
Historical buildings	16,561,100	16,561,100
	21,400,526	21,400,526

Reconciliation of heritage assets 2022

	Opening balance	Total
Art collections, antiquities and exhibits	4,839,426	4,839,426
Historical buildings	16,561,100	16,561,100
	21,400,526	21,400,526

Heritage Assets above include the following:

	Cost	Accumulated impairment	Carrying amount
Historical monuments, such as graves and burial grounds	3,452,600	(5,500)	3,447,100
Movable objects, such as military insignia, medals, coins, stamp collections, or objects of decorative or fine art	4,991,426	(152,000)	4,839,426
Historical buildings that have a significant historical association	13,114,000	-	13,114,000
	21,558,026	(157,500)	21,400,526

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	2023	2022
7. Inventories		
Materials, supplies and assets held for disposal	1,395,019	1,396,329
Consumable stores	31,832,641	25,883,068
	33,227,660	27,279,397

Land derecognised where the municipality transfers control without legal ownership

Carrying value of land derecognised in the carrying value of Inventories - 173,921,379

In accordance with iGRAP 18, Recognition and Derecognition of land, an entity should assess whether it controls land. Control is evidenced by the rights and obligations arising from a binding arrangement. A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights and can be evidenced in several ways:

- (a) a contract concluded between the parties;
 - (b) legislation, supporting regulations or similar means including, but not limited to laws, regulation, policies, decisions concluded by authorities such as cabinet, executive committees, boards, municipal councils and ministerial orders (referred to as legislation or similar means for purposes of this Interpretation); or
 - (c) through the operation of law, including common law.
- A binding arrangement is often, but not always, in writing, in the form of a contract or documented discussions between the parties.

The municipality has assessed and derecognised land in the name of the municipality that relates to housing implementation projects, taking into account existence of a binding arrangement and applying the following key judgements made and assumptions applied to conclude that it does not control such land::

- The right to direct access to land, and to restrict or deny the access of others to land
- The use of the land in any other way to generate future economic benefits or service potential
- The ability to direct the use of the land's future economic benefits or service potential to provide services to beneficiaries
- the ability of the municipality to exchange, dispose of, or transfer the land.

8. Receivables from exchange transactions

Gross balances

Electricity	60,872,499	63,661,426
Consumer refund control clearing account	18,463	-
Sundry debtors	20,169,937	16,021,951
Refuse	130,020,789	106,971,231
Housing rental	3,739,534	3,473,098
VAT Control Receivable - due from SARS	5,827,970	3,376,773
Input VAT Accrual	37,909,908	32,117,839
	258,559,100	225,622,318

Less: Allowance for impairment

Electricity	(14,059,230)	(4,404,456)
Sundry debtors	(6,678,020)	(7,263,786)
Refuse	(103,094,691)	(84,600,718)
Housing rental	(3,373,878)	(3,277,662)
	(127,205,819)	(99,546,622)

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	2023	2022
8. Receivables from exchange transactions (continued)		
Net balance		
Electricity	46,813,269	59,256,970
Consumer refund control clearing account	18,463	-
Sundry debtors	13,491,917	8,758,165
Refuse	26,926,098	22,370,513
Housing rental	365,656	195,436
VAT Control Receivable due from SARS	5,827,970	3,376,773
Input VAT Accrual	37,909,908	32,117,839
	131,353,281	126,075,696
The receivables from exchange transactions have been restated in the prior financial year due to reclassification of the VAT receivable account into their respective contractual and statutory receivables/payables amounts, in accordance with the National Treasury Accounting Guidance in terms of GRAP 108 and the Accounting Standard Board guidance.		
Electricity availability charges has been previously disclosed as revenue from exchange transactions, however, based on NT accounting guidance for GRAP 9, the municipality has reclassified the portion of electricity charges that relate to availability to non-exchange transactions.		
Electricity		
Current (0 -30 days)	36,121,906	36,978,334
31 - 60 days	3,965,973	5,826,924
61 - 90 days	1,266,355	2,494,826
91 - 120 days	816,438	884,098
121 - 365 days	4,670,160	13,562,834
> 365 days	14,031,667	3,914,409
	60,872,499	63,661,425
Consumer refund control clearing account		
Current (0 -30 days)	18,463	-
VAT control receivable - due from SARS		
Current (0 -30 days)	5,827,970	3,376,773
Refuse		
Current (0 -30 days)	734,215	558,966
31 - 60 days	2,948,616	2,678,106
61 - 90 days	2,710,291	2,428,640
91 - 120 days	2,602,226	2,368,333
121 - 365 days	17,383,567	17,731,701
> 365 days	103,641,876	81,205,485
	130,020,791	106,971,231
Sundry debtors		
Current (0 -30 days)	398,174	2,550,322
31 - 60 days	584,517	216,413
61 - 90 days	310,346	182,017
91 - 120 days	1,731,330	1,035,911
121 - 365 days	310,346	385,775
> 365 days	16,835,224	11,651,514
	20,169,937	16,021,952

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	2023	2022
8. Receivables from exchange transactions (continued)		
Housing rental		
Current (0 -30 days)	39,720	79,860
31 - 60 days	38,091	40,364
61 - 90 days	36,507	39,584
91 - 120 days	38,987	39,095
121 - 365 days	219,520	372,112
> 365 days	3,366,710	2,902,082
	3,739,535	3,473,097

Credit quality for receivables that are neither past due nor impaired

The Municipality deems outstanding debt less than 90 days to be receivables that are not considered for impairment, on the following basis:

- The Municipality has a stringent customer care, credit control and debt collection policy which is actively implemented by the Municipality.
- This includes monitoring of debtors accounts, implementation of physical disconnections where necessary, as well as incentive payment programmes.
- Therefore the Municipality views debt outstanding for less than 90 days being a fair reflection of the credit quality.

Contractual receivables that are past due and not impaired as at the end of the reporting period

Electricity		
121 - 365 days	1,050,411	1,291,822
> 365 days	54,688	3,078,735
	1,105,099	4,370,557

Refuse		
121 - 365 days	2,056,470	1,441,535
> 365 days	11,265,514	14,135,420
	13,321,984	15,576,955

Sundry debtors		
121 - 365 days	51,590	66,849
> 365 days	1,603,991	1,126,199
	1,655,581	1,193,048

Housing rental		
121 - 365 days	3,600	-
> 365 days	43,447	53,250
	47,047	53,250

Renegotiation of debt for financial assets

No financial assets existed for the year under review that would otherwise be past due or impaired where terms have been renegotiated.

Statutory receivables included in receivables from exchange transactions are as follows, on a gross basis:

VAT Control Receivable from SARS	5,827,970	3,376,773
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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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8. Receivables from exchange transactions (continued)

Statutory receivables that are past due and have been impaired and included in receivables from exchange transactions

VAT Receivables due to/from SARS which are less than 3 months past due are not considered to be impaired. There is no amount that is past due for consideration as at year end.

Basis used to access and test whether a receivable is impaired

Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.

The total debts were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

The impairment calculations are based on the individual assessment criteria as well as group collection rate in accordance with customer care, credit control and debt collection policy.

The group impairment percentage is determined taking into account the average collection rate based on a three year trend by class of financial asset.

9. Receivables from non-exchange transactions

Gross Debtors

Department of Sports and Infrastructure Grant	5,212,188	-
Fines	22,554,006	20,587,506
Property rates	605,514,967	526,138,500
Electricity availability charges	14,144,529	11,790,467
Unauthorised expenditure	135	-
	647,425,825	558,516,473

Impairment

Fines impairment	(20,976,773)	(19,457,536)
Property rates impairment	(335,508,237)	(295,844,725)
Electricity availability charges impairment	(9,432,885)	(3,102,085)
	(365,917,895)	(318,404,346)

Net Debtors

Fines	1,577,233	1,129,970
Department of Sports and Infrastructure Grant	5,212,188	-
Property rates	270,006,730	230,293,775
Electricity availability charges	4,711,644	8,688,382
Unauthorised expenditure	135	-
	281,507,930	240,112,127

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:

Fines	22,554,006	20,587,506
Property rates	605,514,967	526,138,500
	628,068,973	546,726,006

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9. Receivables from non-exchange transactions (continued)

Statutory receivables are accounted for as follows:

Transactions arises from statute

Traffic fines are issued to offenders in terms of the Administrative of Road Traffic Offences (AARTO Act) and Criminal Procedures Act, by the way of notices to offenders which specify the value of the fine that must be paid.

Property rates is charged in terms of the Municipal Property Rates Act.

Determination of transaction amount

Schedule 3 of the AARTO Regulations 2008 for charge codes and descriptions, penalties and their discounts, and demerit points

Interest or other charges levied/charged

No interest is charged on outstanding fines, and any additions are further applied by the court is paid by the offender to the Municipality then paid to the court.

Property rates: Interest is raised on overdue accounts at 10.25% per annum in accordance with the National Credit Act, in respect of arrears arising after 1 November 2016. Arrear accounts arising before 31 October 2016 is charged interest at a rate of 9% per annum.

Basis used to access and test whether a statutory receivable is impaired

Traffic fines

The Municipality account for traffic fines impairment in accordance with iGRAP 1.

Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.

Management takes into account expired warrants for individual impairment.

The Municipality assesses the average collection rate in the determination of the group impairment percentage to be considered.

Property rates

The estimates were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.

Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.

The total debts were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

The impairment calculations are based on the individual assessment criteria as well as group collection rate in accordance with customer care, credit control and debt collection policy.

The group impairment percentage is determined taking into account the average collection rate based on a three year trend by class of financial asset

Statutory receivables included in receivables from non-exchange transactions above are as follows, net of impairment:

Traffic fines	1,577,233	1,129,970
Property rates	270,006,730	230,293,775
	271,583,963	231,423,745

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	2023	2022
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9. Receivables from non-exchange transactions (continued)

Statutory receivables that are past due and have been impaired and included in receivables from non-exchange transactions:

As of 30 June 2023, the following statutory receivables were considered to be past due and have been impaired. This was determined by taking into account the debt that is outstanding for a period of more than 90 days:

Provision for impairment - Traffic fines	20,976,773	19,457,536
Provision for impairment - Property rates	335,508,237	295,844,725
	356,485,010	315,302,261

Summary of aging of debtors

Electricity Availability

Current (0-30 days)	77,706	66,108
31 - 60 days	280,889	258,070
61 - 90 days	272,914	248,683
249973	266,531	249,973
121 - 365 days	1,755,750	1,874,109
> 365 days	11,490,740	9,093,525
	14,144,530	11,790,468

Property Rates

Current (0-30 days)	3,795,767	3,107,333
31-60 days	14,476,551	13,464,274
61-90 days	12,871,512	11,662,958
91-120 days	11,540,465	10,473,189
121-365 days	70,772,039	74,316,658
> 365 days	492,058,633	413,114,088
	605,514,967	526,138,500

Contractual receivables that are neither past due nor impaired

The Municipality deems outstanding debt less than 90 days to be receivables that are not considered for impairment, on the following basis:

- The Municipality has a stringent customer care, credit control and debt collection policy which is actively implemented by the Municipality.
- This includes monitoring of debtors accounts, implementation of physical disconnections where necessary, as well as incentive payment programmes.
- Therefore the Municipality views debt outstanding for less than 90 days being a fair reflection of the credit quality.

Contractual receivables that are past due as at the end of the reporting period

Electricity availability

121 - 365 days	591,888	19,141
> 365 days	2,946,206	1,179,456
	3,538,094	1,198,597

Statutory receivables were considered to be past due and not impaired:

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Financial Statements for the year ended 30 June 2023

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	2023	2022
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9. Receivables from non-exchange transactions (continued)

As of 30 June 2023, the following statutory receivables were considered to be past due and not impaired. This was determined by taking into account the debt that is outstanding for a period of more than 90 days which have not been subjected to impairment:

Property rates

121 - 365 days	32,476,867	28,856,394
> 365 days	162,900,166	127,437,155
	195,377,033	156,293,549

Renegotiation of debt for financial assets

No financial assets existed for the year under review that would otherwise be past due or impaired where terms have been renegotiated.

Basis used to access and test whether a contractual receivable is impaired

Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.

The total debts were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

The impairment calculations are based on the individual assessment criteria as well as group collection rate in accordance with customer care, credit control and debt collection policy.

The group impairment percentage is determined taking into account the average collection rate based on a three year trend by class of financial asset.

10. Payables from exchange transactions

Advance payments on consumer and other receivables accounts	46,622,476	42,558,449
Trade payables and accruals	88,017,847	88,440,587
Consumer refund control clearing account	-	563
Retention	18,322,648	35,185,298
Output VAT accrual	23,444,357	20,272,159
Output VAT accrual - Provision for doubtful debt impairment	(13,164,406)	(9,516,876)
Accrued Interest on outstanding financial liabilities	45,807	24,545
Unallocated deposits	8,386,915	6,766,084
Salary control payables	3,566,778	1
Bonus payable	7,522,970	7,524,277
Accrued leave pay	31,947,317	27,564,039
Deferred construction contract revenue	-	568,280
	214,712,709	219,387,406

Output VAT Accrual accounts has been reclassified from the consolidated disclosure on the Statement of Financial Position to payables from exchange in accordance with the National Treasury Accounting Guideline for GRAP 9, and Accounting Standards Board guidelines.

11. Consumer deposits

Electricity	13,370,833	14,797,158
Street Closure	2,840	3,120
Refuse	2,927,432	2,892,869
Posters	10,220	10,220
Housing rental	3,532,288	3,422,386
	19,843,613	21,125,753

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	2023	2022
11. Consumer deposits (continued)		
Guarantees held in lieu of electricity totals R8 875 566 (30 June 2022: R8 556 428).		
12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	731,881	948,860
Informal Economic Development Grant	1,711,561	-
Construction of Animal Pound	35,095	35,095
Department of Human Settlements	41,889,246	41,854,899
Municipal Disaster Relief Grant (MDRG)	18,221,929	1,285,203
Housing Accreditation	1,756,147	1,288,088
Eradication of Bucket System	222,269	222,269
Job Evaluation	66,121	124,627
	64,634,249	45,759,041
Unspent grants have significantly increased, due to MDRG that was received in February 2023 amounting to R22 000 000..		
13. Finance lease obligation		
Minimum lease payments due		
- within one year	823,741	1,151,980
- in second to fifth year inclusive	-	824,514
	823,741	1,976,494
less: future finance charges	(21,823)	(125,641)
Present value of minimum lease payments	801,918	1,850,853
Present value of minimum lease payments due		
- in second to fifth year inclusive	801,919	1,048,934
- later than five years	-	801,919
	801,919	1,850,853
Non-current liabilities	-	801,919
Current liabilities	801,919	1,048,934
	801,919	1,850,853

It is entity policy to lease certain equipment under finance leases. The Municipality has entered into a finance lease agreement with Trans Africa International Telecommunications (PTY) Ltd T/A EMCOM for lease of Two Way Radio Communication System.

The lease is valid from 01 March 2021 to 28 February 2024. The Municipality will take ownership of the equipment after 28 February 2024. The installment increases by 11% on an annual basis.

The lease term was 3 years and the average effective borrowing rate was 7.4% (2023:7.4%).

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2023 2022

14. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several accredited medical schemes. Upon retirement, an employee may continue membership of a accredited medical scheme. Upon a member's death in service, or death in retirement, the surviving dependants may continue membership of the medical scheme.

Eligible employees will receive a post employment subsidy additional of 50% of the contribution payable should they be a member of a medical scheme, subject to the following conditions:

- The total service of at least ten years at retirement.
- Membership of a municipality accredited medical aid scheme for the majority of their total services (i.e more than half of their services by retirement)

Continuation members and their eligible dependents receive either a 50%, 60% or 70% subsidy.

The most recent actuarial valuations of plan asset and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2023 by an independent valuers.

The present value of the defined benefits obligation and the related current cost and past cost, were measured using the Projected Unit Credit Method.

The principal assumptions used were as follows;

Discount rate used	12.40%	11.72%
Health care cost inflation rate	8.01%	8.29%
Net discount rate - health care cost inflation	4.06%	3.17%
Maximum subsidy inflation rate	5.63%	5.84%
Net discount rate - maximum subsidy inflation	6.41%	5.55%

Key Demographic Assumptions

Average retirement age	62	62
Continuation of membership at retirement	75 %	75 %
Proportion with a spouse dependant at retirement	60 %	60 %
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy and retirement	15 %	15 %

Mortality during employment	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010
Mortality post-employment		

Inservice members	304	304
Continuation members	70	65
	586	581

Amount recognised in the Statement of Financial Position are as follows:

Opening balance	55,624,000	57,028,000
Interest cost	6,372,000	5,534,000
Current service cost	1,994,000	2,132,000
Actuarial (gain) loss	(6,296,414)	(6,179,124)
Less: municipal paid benefits	(2,977,586)	(2,890,876)

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	2023	2022
14. Employee benefit obligations (continued)	54,716,000	55,624,000
Net expense recognised in the Statement of Financial Performance		
Current service cost	1,994,000	2,132,000
Interest cost	6,372,000	5,534,000
Actuarial (gain) loss	(6,296,414)	(6,179,123)
	2,069,586	1,486,877
Current liabilities	2,994,000	2,584,000
Non current liabilities	51,722,000	53,040,000
	54,716,000	55,624,000
Withdrawal rates		
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55+	0 %	0 %

Sensitivity Analysis on Current-Service and Interest Costs	Change	Current Svc. Cost	Interest Cost	Total	% Change
Central assumptions		1,994,000	6,372,000	8,366,000	
Health care inflation rate	+1%	2,208,000	6,788,000	8,996,000	8 %
	-1%	1,723,000	5,856,000	7,579,000	(9)%
Discount rate	+1%	1,654,000	6,112,000	7,766,000	(7)%
	-1%	2,440,000	6,666,000	9,106,000	9 %
Post-employment mortality	+1 Yr	1,949,000	6,192,000	8,141,000	(3)%
	-1 Yr	2,041,000	6,550,000	8,591,000	3 %
Average retirement age	-1 Yr	2,083,000	6,647,000	8,730,000	4 %
Membership continuation	-10%	1,741,000	5,955,000	7,696,000	(8)%

Superannuation funds

The latest statutory valuation of the Superannuation Fund (defined benefit) as at 31 March 2022 concluded that:

The fund's liabilities for service to the valuation date was 108% (2021:102%) funded on the discounted cash flow method at the valuation date.

The fund is 108.9% funded on the "best estimate" funding basis as at the valuation date, and is also fully funded on the financial soundness" basis incorporating the full solvency reserve. At the valuation report, the fund was in a sound financial position.

There was no deficit in respect of active members, A surcharge of 5.3% of pensionable salaries is payable.

Retirement funds

Alfred Duma Local Municipality

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Notes to the Financial Statements

2023	2022
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14. Employee benefit obligations (continued)

The latest statutory valuation of the Retirement Fund (defined benefits) as at 31 March 2022 reflected:

The funding level of the Pensions Memorandum Account increased over the valuation period from 124.5% to 128.8%. This was mainly due to the release of the Solvency Reserve.

Based on the valuation assumption applied in 2022, the fund was fully funded.

The statutory actuarial valuation carried out on the retirement fund as at 31 March 2022 reflected;

The fund is 107.1% (2018:101%) funded as at the valuation date at the overall level. A recommendation was that, an additional increase is required in respect of pensioners who retired during certain months over the valuation period. The actual increase due to a pensioner depends on the date of retirement. We recommend that those pensions be increased as required by the Act, backdated to 1 July 2022.

At the valuation report, the fund was in a sound financial position.

Pension Funds

The statutory valuation of the Provident Fund was performed as at 31 March 2022.

Assets exceeded the liabilities and reserves at the valuation date. Unallocated assets amounted to 0.2% of the assets after the release from the Risk and Expense Reserve and the Investment Reserve was 7.0% of Member Shares at the valuation date.

Members can elect a rate of contribution of 5%, 7.5% or 9.25% of pensionable salaries.

The default rate of contribution is set at 9.25% (the highest rate). This rate apply to each new employee unless he/she actively chooses to contribute at a lower rate.

The fund is 100.2% (2018:100.6%) funded as at the valuation date.

At the valuation report, the fund was in a sound financial position.

Long Service Awards

The independent valuers carried out a statutory valuation on the Long Service Awards benefits as at 30 June 2023.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Opening balance	20,261,000	15,220,000
Policy amendments	-	4,069,000
Interest cost	1,711,000	1,358,000
Current service cost	1,606,000	1,542,000
Actuarial (gain) loss	63,472	189,628
Less:municipal paid benefits	(1,855,472)	(2,117,628)
	21,786,000	20,261,000

Active members	792	758
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Net expense recognised in the statement of financial performance

Current service cost	1,606,000	1,542,000
Interest cost	1,711,000	1,358,000
Actuarial (gains) losses	63,472	189,628
	3,380,472	3,089,628

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Notes to the Financial Statements

	2023	2022
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14. Employee benefit obligations (continued)

Changes in the fair value of plan assets are as follows:

The entity expects to contribute - to its defined benefit plans in the following financial year.

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.38 %	11.01 %
Expected rate of return on assets	6.62 %	7.19 %
Expected rate of return on reimbursement rights	4.47 %	3.57 %

Current liabilities	3,172,000	1,355,000
Non current liabilities	18,614,000	18,906,000
	21,786,000	20,261,000

Key Demographic Assumptions

Average retirement age	62	62
Mortality during employment	SA 85-90	SA 85-90
Withdrawal from service (sample annual rates)		
Female - 20 years	9 %	9 %
Male - 20 years	9 %	9 %
Female - 30 years	6 %	6 %
Male - 30 years	6 %	6 %
Female - 40 years	5 %	5 %
Male - 40 years	5 %	5 %
Female - 50 years	3 %	3 %
Male - 50 years	3 %	3 %
Female - 55 years	0 %	0 %
Male - 55 years	0 %	0 %

Sensitivity Analysis on Current-Service and Interest Costs

	Change	Current Svc. Cost	Interest Cost	Total	% Change
Central assumptions		1,606,000	1,711,000	3,317,000	
General earnings inflation rate	+1%	1,732,000	1,826,000	3,558,000	7 %
	-1%	1,493,000	1,606,000	3,099,000	(7)%
Discount rate	+1%	1,503,000	1,748,000	3,251,000	(2)%
	-1%	1,722,000	1,666,000	3,388,000	2 %
Average retirement age	+2 yrs	1,713,000	1,852,000	3,565,000	7 %
	-2 yrs	1,478,000	1,536,000	3,014,000	(9)%
Withdrawal rates	x2	1,154,000	1,311,000	2,465,000	(26)
	x0.5	1,935,000	1,989,000	3,924,000	18 %

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Notes to the Financial Statements

	2023	2022
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15. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	69,587,957	9,797,985	79,385,942
Performance Bonus	923,699	1,116,497	2,040,196
	70,511,656	10,914,482	81,426,138

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	57,705,077	11,882,880	-	69,587,957
Performance bonuses	1,111,331	787,025	(974,657)	923,699
	58,816,408	12,669,905	(974,657)	70,511,656
Non-current liabilities			79,385,942	69,587,957
Current liabilities			2,040,196	923,699
			81,426,138	70,511,656

Environmental rehabilitation provision

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate the landfill site used for waste disposal.

The Municipality has two environmental landfill sites, being Ladysmith Waste Disposal Site and Indaka Waste Disposal Site.

The Municipality will incur R69 200 208 to rehabilitate Ladysmith Waste Disposal Site, calculated as at 30 June 2023 (30 June 2022: R57 154 171) to restore the site- at the end of the respective useful life.

The Municipality will incur R10 185 733 to rehabilitate Indaka Waste Disposal Site, calculated as at 30 June 2023, (30 June 2022: R12 433 786) to restore the site at the end of the respective useful life.

The valuation as at 30 June 2023 was performed by Iqhina Consulting. Iqhina Consulting is not affiliated to the Municipality.

Key assumption used;

Discounted amount is R 2 419 527, RSA bond rate of 10.52% was used.

Remaining useful lives;

As at 30 June 2023, Ladysmith Waste Disposal Site has a remaining useful life of 10 years.

As at 30 June 2023, Indaka Waste Disposal Site has a remaining useful life of 10 years.

Performance bonuses

The provision for performance bonuses relates to the constructive obligation on payment of performance bonus for section 57 employees in previous years.

The Municipality has been paying a performance bonus from 5-13% of the total remuneration and it was calculated at an average of 11%.

Performance bonuses are paid to the Section 57 employees after an evaluation by the Council.

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	2023	2022
16. Long term loans		
At amortised cost		
ABSA Bank - Tsakane Electrification	1,378,348	1,893,708
DBSA Bank - Indaka	1,959,661	2,225,179
	3,338,009	4,118,887
Total other financial liabilities	3,338,009	4,118,887
Absa Bank loans bears an interest of 9.10%, and redeemed monthly with interest bearing ending February 2026.		
DBSA Bank loan bears an interest of 5% and is redeemed bi-annually with interest ending September 2028.		
Non-current liabilities		
At amortised cost	2,495,293	3,338,009
Current liabilities		
At amortised cost	842,716	780,878
17. Housing development fund		
Unappropriated surplus	321,035	(4,133,685)
Loans extinguished by Government on 1 April 1998	47,124,502	47,124,502
	47,445,537	42,990,817
The housing development fund is represented by the following assets and liabilities		
Bank and cash	47,445,537	42,990,817
18. Self insurance reserve		
Ring-fenced internal funds and reserves within accumulated surplus - 2023		
	Insurance reserve	Total
Opening balance	14,803,567	14,803,567
Interest recognised	1,008,178	1,008,178
Utilisation of reserves	(352,352)	(352,352)
	15,459,392	15,459,392

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Notes to the Financial Statements

	2023	2022
18. Self insurance reserve (continued)		
Ring-fenced internal funds and reserves within accumulated surplus - 2022		
	Insurance reserve	Total
Opening balance	14,181,448	14,181,448
Interest recognised	678,904	678,904
Utilisation of reserves	(56,785)	(56,785)
	14,803,567	14,803,567

The Municipality has a Self Insurance Fund to set aside amounts to offset potential losses or claims, which fall under a stop loss determined and calculated by Council's insurance broker based on the insurance risk carried by the Municipality.

The funds are kept in a separate call account and invested on short-term fixed deposits, and the interest earned is credited to the fund.

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	2023	2022
19. Property rates		
Rates received		
Business and Commercial	56,306,489	53,478,702
Agricultural	8,034,166	4,868,092
Industrial	825,249	3,337,605
Vacant land	24,967,894	23,631,067
State owned properties	50,471,718	47,579,923
Residential	89,321,462	84,091,338
	229,926,978	216,986,727
Property rates - penalties imposed	41,440,024	36,252,541
	271,367,002	253,239,268

The following property allocation factors (rate) are applied to the various categories of property to determine assessment rates less the impermissible valuation allowed:

Valuations

Valuation Roll Randage

Residential	0.014110	0.013440
Business and Commercial	0.024730	0.023550
Industrial	0.015910	0.015150
Agricultural	0.003430	0.003260
Vacant Land	0.050900	0.048470
State owned properties	0.031130	0.029640

Valuation Roll Market Values	R'000	R'000
Residential	9,661,379	9,659,790
Industrial/Commercial/Business	2,497,677	2,470,025
Agricultural	1,556,997	1,548,248
Public Service Infrastructure	18,640	18,643
Vacant Land	485,697	484,733
Municipal Land	665,470	640,935
State	1,617,955	1,609,856
Non Profit Organisation	101,692	101,692
Place of Worship/Religious	171,930	166,205
Municipal Vacant Land	2,168	2,168
Public Vacant Land	3,230	3,230
Other	103,993	102,091
	16,886,828	16,807,616

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2017.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. One year extension was approved by the MEC.

Supplementary Valuation rolls have been received for 2022/2023 financial year.

Impermissible rebates are applied to residential properties valued less than or equal to R100 000 on market values.

Rates are levied on an annual basis with the final date for payment being Friday, June 30, 2023. Interest is raised on overdue accounts at 10.25% per annum in accordance with the National Credit Act, in respect of arrears account arising after 1 November 2016. Arrears accounts arising before 31 October 2016 is charged interest at a rate of 9% per annum.

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Notes to the Financial Statements

	2023	2022
19. Property rates (continued)		
The new general valuation will be implemented on 01 July 2023.		
20. Service charges		
Sale of electricity	444,075,639	425,091,620
Solid waste	30,873,592	29,307,501
	474,949,231	454,399,121
21. Interest received - receivables from exchange transactions		
Interest - Waste Management Receivables	6,615,038	6,727,588
Interest - Electricity Receivables	1,754,470	1,633,317
Interest - Housing Receivables	9,611	10,656
	8,379,119	8,371,561
22. Interest received - investments		
Interest received - investments		
Interest received - Primary and Call Account	22,344,627	10,704,724
Interest received - Investments	9,055,920	7,817,319
	31,400,547	18,522,043

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Notes to the Financial Statements

	2023	2022
23. Government grants & subsidies		
Operating - Government Grants		
Equitable share	285,376,934	258,163,000
Local Government Sectoral Education Authority (LGSETA)	785,591	531,122
Provincialisation of Libraries	5,389,802	4,921,458
Job Evaluation	210,680	180,225
Expanded Public Works Programme (EPWP)	2,993,000	4,143,000
Infrastructure Skills Development Grant	4,180,706	3,500,000
Financial Management Grant (FMG)	1,489,166	1,534,653
Museum Subsidy	148,773	134,269
Municipal Infrastructure Grant (MIG)	3,119,665	-
Housing Accreditation	1,112,011	1,372,016
Municipal Disaster Relief Grant (MDRG)	15,979,847	20,572,965
Recapitalisation of Libraries	2,038,999	1,701,000
	322,825,174	296,753,708
Capital - Government Grants		
Housing Accreditation	287,964	182,625
Museum Subsidy	86,227	90,729
Provincialisation of Libraries	500,198	688,542
Financial Management Grant (FMG)	610,834	415,347
Infrastructure Economic Development Grants (IEDG)	288,439	-
Municipal Disaster Relief Grant (MDRG)	3,497,428	10,078,833
Department of Sports and Infrastructure Grant	5,212,188	20,000,000
Eradication of Bucket System Grant	-	448,950
Infrastructure Skills Development Grant	319,294	-
Municipal Infrastructure Grant (MIG)	66,557,454	69,629,055
	77,360,026	101,534,081
	400,185,200	398,287,789
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	95,318,035	95,318,035
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy in accordance with the Municipality's approved Indigent Policy.		
In terms of the Department of Sports and Infrastructure Grant , an amount of R10 950 000 was gazetted and budgeted for, however, the municipality did not receive the funds. The municipality spent an amount of R5 212 188 using Council internal funds to fund this expenditure. A subsequent debtor has been raised and the funds have been received in October 2023.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	948,863	416,918
Current-year receipts	70,409,000	70,161,000
Conditions met - transferred to revenue	(69,677,119)	(69,629,055)
Withheld by National Treasury	(948,860)	-
	731,884	948,863

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	2023	2022
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23. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 12).

This grant is utilised to construct roads and bridges, sportsfields, community halls and streetlighting as part of the upgrading of informal settlement areas. Funds were withheld by National Treasury due to amount not spent from 2021/2022 financial year.

Informal Economic Development Grant

Current-year receipts	2,000,000	-
Conditions met - transferred to revenue	(288,439)	-
	1,711,561	-

Conditions still to be met - (see note 12).

This grant is utilised to assist the development of community Small Medium Micro Enterprises (SMME). No funds withheld.

Museum subsidy

Current-year receipts	235,000	225,000
Conditions met - transferred to revenue	(235,000)	(225,000)
	-	-

Conditions still to be met (see note 12).

This grant is utilised to subsidise expenses incurred solely for the Museums. No funds have been withheld.

Financial Management Grant (FMG)

Current-year receipts	2,100,000	1,950,000
Conditions met - transferred to revenue	(2,100,000)	(1,950,000)
	-	-

Conditions still to be met - (see note 12).

This grant is utilised for Interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements, and for Asset Management and Financial System enhancements and training. No funds have been withheld.

Provincialisation of Libraries

Current-year receipts	5,890,000	5,610,000
Conditions met - transferred to revenue	(5,890,000)	(5,610,000)
	-	-

Conditions met - (see note 12).

This grant is utilised to subsidise expenditure and upgrading of Libraries. Awaiting for the Department of Art and Culture to transfer funds. No funds have been withheld.

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	2023	2022
23. Government grants & subsidies (continued)		
Recapitalisation of Libraries		
Current-year receipts	2,039,000	1,701,000
Conditions met - transferred to revenue	(2,039,000)	(1,701,000)
	-	-
Conditions met - (see note 12).		
This grant is utilised for the remuneration of Cyber Cadets in Libraries. No funds have been withheld.		
Sports Facilities Grant		
Current-year receipts	-	20,000,000
Debtor raised for the recovery of expenditure incurred	5,212,188	-
Conditions met - transferred to revenue	(5,212,188)	(20,000,000)
	-	-
Conditions still to be met - (see note 12).		
This grant is utilised in the upgrading of sports facilities. Funds were gazetted however was not transferred to the municipality. This resulted to unauthorised expenditure, however, a debtor has been raised for the recovery of the amount incurred.		
Infrastructure Skills Development Grant		
Current-year receipts	4,500,000	3,500,000
Conditions met - transferred to revenue	(4,500,000)	(3,500,000)
	-	-
Conditions still to be met - (see note 12).		
This grant is utilised for the skilling of Interns in the areas of Engineering and Town Planning. No funds have been withheld.		
Construction of an Animal Pound		
Balance unspent at beginning of year	35,095	35,095
Conditions still to be met - (see note 12).		
This grant is utilised for the Construction of an Animal Pound.		
Department of Human Settlements		
Balance unspent at beginning of year	41,854,899	43,056,819
Current-year receipts	12,028,504	33,049,451
Expenditure incurred in accordance with conditions of the grant	(11,994,157)	(34,251,371)
	41,889,246	41,854,899
Conditions still to be met - remain liabilities (see note 12).		
This grant is for construction of low cost houses and tittle deeds. No funds were withheld		

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	2023	2022
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23. Government grants & subsidies (continued)

Municipal Disaster Relief Grant (MDRG)

Balance unspent at beginning of year	1,285,175	-
Current-year receipts	36,414,000	31,937,393
Conditions met - transferred to revenue	(19,477,274)	(30,652,218)
	18,221,901	1,285,175

Conditions still to be met - remain liabilities (see note 12).

This grant is for rehabilitation of infrastructure damaged due to a disaster occurred. No funds were withheld.

Housing Accreditation

Balance unspent at beginning of year	1,288,088	1,033,362
Current-year receipts	1,868,035	1,804,790
Conditions met - transferred to revenue	(1,399,975)	(1,550,064)
	1,756,148	1,288,088

Conditions still to be met - remain liabilities (see note 12).

This grant is utilised to capacitate the Municipality in the construction of houses as part of the upgrading of informal settlement areas.

Eradication of Bucket System

Balance unspent at beginning of year	222,269	671,219
Conditions met - transferred to revenue	-	(448,950)
	222,269	222,269

Conditions still to be met - remain liabilities (see note 12).

This grant was allocated to the previous Indaka Local Municipality.

Expanded Public Works Programme

Current-year receipts	2,993,000	4,143,000
Conditions met - transferred to revenue	(2,993,000)	(4,143,000)
	-	-

Conditions met - remain liabilities (see note 12).

The Expanded Public Works Programme is a government programme aimed at the alleviation of poverty and unemployment. This programme ensures the full engagement on Labour Intensive Methods of Construction to workers for skills development. No funds have been withheld. Last trench is to be transferred in March to offset the expenditure and the excess expenditure will be transferred to the Council funding where it is partially budgeted.

Local Government Sector Education and Training Authority

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	2023	2022
23. Government grants & subsidies (continued)		
Current-year receipts	785,592	531,121
Conditions met - transferred to revenue	(785,592)	(531,121)
	-	-

Conditions still to be met - remain liabilities (see note 12).

This grant is utilised for learners, in terms of workplace based skills development, in scarce and critical skills areas.

24. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	2,785,491	1,643,185
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25. Fines, Penalties and Forfeits

Overdue Books Fines	2,978	2,534
Pound Fees Fines	12,778	5,861
Municipal Traffic Fines	11,824,300	6,280,450
Retentions Forfeits	16,619,761	-
	28,459,817	6,288,845

The Municipality has forfeited long unclaimed retention fees R16 619 7619 as per the Approved Retention Policy.

26. Agency services

Vehicle registration	3,081,748	3,375,812
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The Alfred Duma Local Municipality entered into an agreement with the KZN Department of Transport, to collect process and collect driver licenses on behalf of the Department. The municipality act as an agent to this transaction in accordance with GRAP 109, Principal agent arrangements.

A fee of 8.62% of the total revenue collected is payable to the Municipality by deducting the fee amount from the funds collected on a daily basis. R79 is paid over for evry drivers licence card manufactured.

27. Licences and permits

Trading licences	165,642	80,360
Road and transport licences	15,201	48,675
Learners licences	727,380	689,769
Drivers licences	2,225,894	1,956,302
	3,134,117	2,775,106

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	2023	2022
28. Lease rentals on operating lease		
Plant and equipment		
Contractual amounts	1,462,550	1,697,703
Lease rentals on operating lease - Other		
Contractual amounts	42,581	36,439
	1,505,131	1,734,142
Minimum Lease Due		
Within one year	1,597,026	329,860
In second to fifth year	2,601,606	-
	4,198,632	329,860

The municipality entered into a lease agreement with ITECH to lease the photocopier machines. The commencement of the lease was 01 February 2023 and expires in 01 February 2026.

29. Operational Revenue

Transactional handling fees	4,589	129,346
Incidental cash surpluses	468,077	4,903,471
Discounts and early settlements	-	6,325
Registration fees	197,744	49,740
Other income	4,614,814	2,478,696
Sale of property	197,500	65,131
Skills development levy refund	36	-
Insurance refund	504,424	272,297
Staff recoveries	341	32,454
	5,987,525	7,937,460

The sale of property increased as a result of the burial tariff increases on the sale of plots of land.

Other income increased due to the municipality billing the District municipality for the repairs relating to the damage of roads.

Registration fees relates to the collection of issuing of flammable certificates.

The remaining increases is due to minor tariff adjustments that have resulted in a positive impact in our revenue collection.

30. Fair value adjustments

Investment property (fair value model)	4,935,940	21,835,028
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Notes to the Financial Statements

	2023	2022
31. Employee related costs		
Basic	255,454,337	234,230,072
Bonus	19,345,953	17,278,047
Medical aid - company contributions	10,561,670	10,043,325
UIF	2,054,171	1,930,004
Post retirement medical aid contributions	8,366,002	7,666,425
Leave pay contributions	8,980,299	4,669,803
Standby Allowance	4,147,906	5,043,246
Overtime payments	3,118,433	3,537,593
Long-service awards	3,317,000	2,821,243
Acting allowances	2,183,849	1,592,490
Car allowance	21,214,120	19,837,633
Housing benefits and allowances	943,544	943,080
Tools allowances	5,835	6,720
Group life contributions	88,075	50,781
Uniforms/special/protective clothing	185,500	158,709
Bargaining council contributions	123,298	111,465
Cell phone allowances	16,847	63,459
Pension contributions	34,818,059	33,042,576
	374,924,898	343,026,671

Remuneration of Municipal Manager

Annual Remuneration	1,345,871	1,427,312
Car Allowance	240,000	240,000
Performance Bonuses	203,829	284,905
Contributions to UIF, Medical and Pension Funds	2,125	31,574
Leave pay	286,963	-
Backpay	59,201	-
	2,137,989	1,983,791

Remuneration of Chief Financial Officer

Annual Remuneration	749,112	-
Car Allowance	108,000	-
Performance Bonuses	-	159,102
Contributions to UIF, Medical and Pension Funds	1,594	-
Acting allowance	43,490	149,883
Subsistence and Travelling Allowance	25,527	-
	927,723	308,985

Remuneration of Executive Director: Corporate Services

Annual remuneration	1,045,515	1,210,100
Car allowance	164,000	240,000
Performance bonuses	142,746	255,515
Contributions to UIF, medical and pension funds	1,948	2,097
Subsistence and travelling allowance	-	11,574
Leave pay	198,302	-
	1,552,511	1,719,286

Remuneration of Executive Director: Public Safety and Disaster Management

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
31. Employee related costs (continued)		
Annual remuneration	1,094,630	1,234,100
Car allowance	180,000	180,000
Performance bonuses	171,295	285,664
Contributions to UIF, medical and pension funds	2,125	2,097
Acting / backpay	50,674	11,574
Leave pay	166,291	-
	1,665,015	1,713,435

Remuneration of Executive Director: Development, Planning and Human Settements

Annual remuneration	965,265	1,204,572
Car allowance	244,250	192,000
Performance bonuses	157,020	235,388
Contributions to UIF, medical and pension funds	1,948	31,199
Leave pay	273,600	-
	1,642,083	1,663,159

Remuneration of Executive Director: Technical and Infrastructure Services

Annual remuneration	1,294,709	1,127,738
Car allowance	144,000	144,000
Performance bonuses	99,922	166,013
Contributions to UIF, medical and pension funds	2,125	156,033
Acting / Backpay	50,674	-
	1,591,430	1,593,784

Remuneration of Executive Director: Community Services

Annual remuneration	1,317,966	1,267,151
Car allowance	120,000	120,000
Performance bonuses	128,471	159,067
Contributions to UIF, medical and pension funds	2,125	40,621
Acting / Back pay	50,674	-
	1,619,236	1,586,839

In-kind benefits (Provision of Security Services)

The Municipal Manager has four (4) bodyguards, two (2) drivers and four (4) security guards for the period July 2022 until June 2023. The 2022/2023 financial year expenditure amount to R2 376 007 (2022: R2 647 591). The Municipal Manager has access to a backup council owned vehilce with a value of R474 360

The Executive Director: Public Safety and Disater Management has three (3) bodyguards for the period July 2022 until June 2023. The 2022/2023 financial year expenditure amount to R 812 958.12. (2022: R829 055)

The Executive Director: Technical and Infrastructure Services has three (3) bodyguards for the period July 2022 until June 2023. The 2022/2023 financial year expenditure amount to R 812 958.12 (2022: R915 228).

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
32. Remuneration of Councillors		
Executive Mayor	1,020,341	903,407
Deputy Mayor	825,789	749,404
Speaker	825,789	769,328
Chief Whip	512,127	474,930
Executive Committee Members	3,637,375	3,243,623
Councillors	22,067,144	19,842,074
	28,888,565	25,982,766

In-kind benefits

The Mayor, Deputy Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has two full time bodyguards and use of a Council owned vehicle.

The Deputy Mayor has two full time bodyguards and use of Council owned vehicle.

The Speaker has two full time bodyguards and use of a Council owned vehicle.

33. Contracted services

Outsourced Services

Animal care	200,292	170,270
Burial services	108,105	117,739
Business and advisory	30,879	51,323
Cleaning services	11,500	-
Professional staff	5,123	443,940
Security Services	24,731,667	22,423,853
Transport services	69,130	415,050

Consultants and Professional Services

Business and advisory	10,128,997	6,148,255
Infrastructure and planning	521,568	595,000
Legal cost	2,441,331	2,845,420

Contractors

Catering Services	863,376	333,054
Electrical	1,961,979	1,907,573
Event promoters	344,200	-
Gardening services	10,589	-
Maintenance of buildings and facilities	718,577	679,808
Maintenance of equipment	836,732	454,283
Maintenance of unspecified assets	33,769,359	33,252,975
Pest control and fumigation	48,993	64,033
Traffic and street lights	73,865	100,103
Transportation	240,723	170,131
Sewerage services	-	4,016
Sports and recreation	2,441,438	2,836,496
	79,558,423	73,013,322

34. Bulk purchases

Electricity - Eskom	348,956,352	332,910,050
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Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
34. Bulk purchases (continued)		
Electricity losses		
Units purchased (Kilowatt hours)	260,859,608	274,609,836
Units sold (Kilowatt Hours)	(219,188,900)	(228,382,519)
Total loss (Kilowatt Hours)	41,670,708	46,227,317
Comprising of:		
Technical losses (Monetary Amount)	14,086,419	13,593,187
Non-technical losses (Monetary Amount)	30,917,953	32,171,856
Total (Monetary Amount)	45,004,372	45,765,043
Percentage Loss:		
Total loss	16 %	17 %
35. Finance costs		
Non-current borrowings	291,004	351,828
Finance leases	103,045	145,300
Interest on landfill site provision	3,061,870	2,539,023
	3,455,919	3,036,151

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
36. Operational costs		
Advertising	664,590	539,816
Auditors remuneration	4,875,691	4,492,595
Bank charges	628,328	509,149
Cleaning and valet services	7,705	-
Commission paid	4,784,547	4,890,114
Asset less than Capitalisation	456,919	-
Discount allowed	1,763,254	1,186,356
Entertainment	5,637	13,055
Hire Charges	413,150	299,500
Insurance	4,634,972	4,068,982
External Computer Services	8,706,128	5,689,053
Skills Development Fund	2,763,337	2,451,959
Fuel and oil	13,571,195	8,681,517
Postage and courier	3,582,851	2,154,424
Printing and stationery	1,959,125	2,152,991
Protective clothing	3,347,995	3,019,055
Subscriptions and membership fees	4,297,480	3,108,482
Telephone and fax	4,713,728	4,496,952
Subsistence & Travel	2,140,627	1,304,694
Toll Gate Fees	9,303	13,490
Travel Agency Commission	52,260	39,592
Municipal Services	25,719,798	20,637,243
Licence fees	1,085,871	1,014,798
Conference and Seminars	1,262,461	1,452,781
Workmans Compensation Fund	2,247,680	1,519,026
Divers Licence and Permits	10,921	7,146
Vehicle Tracking	846,622	447,311
Communication and Satellite Signals	68,757	3,226
Employees Bursaries	876,980	219,465
Learnership and Internship	1,245,674	984,269
	96,743,586	75,397,041
37. Depreciation and amortisation		
Property, plant and equipment	80,818,736	76,452,705
Intangible assets	525,462	217,770
	81,344,198	76,670,475
38. Impairment loss		
Impairment		
Property, plant and equipment	4,559,939	7,345,904
Reversal of impairment		
Property, plant and equipment	(3,074,979)	-
The R2 498 161.95 is a reversal due to Circle Road being refurbished.		
The R576 817.31 is due to the refurbishment of AG Magubane stadium and Ezakheni E swimming pool as well as the settlers park stadium cricket pitch.		
Total impairment losses (recognised) reversed	(3,074,979)	-

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
39. Transfer and subsidies		
Transfers and subsidies		
Transfer to Public Corp-ESKOM	7,938,251	11,340,778
Educational Institution	134,610	-
	8,072,861	11,340,778

Due to the Material Irregularity that was raised by the Auditor-General, the Municipality took an item to Council in November 2022 to stop payments made in respect of the roll out of beneficiaries who were receiving tokens for Free Basic Electricity. Thereafter, ESKOM commenced with the de-configuration of meters of beneficiaries who had previously received tokens for Free Basic Electricity. Further items were submitted to Council in March and July 2023. The Municipal Manager has appointed a Committee to investigate this matter.

40. Debt impairment

Debt impairment	71,525,216	73,289,572
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The municipality has considered the impairment of debtors in accordance with the revenue management and debt collection policy as well as the methodology that has been established. There has been a reduction in the provision based on Council's efforts to reduce outstanding debtors. .

41. Public contributions and donations

Public contributions and donations	939,544	14,505
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2022/2023

The municipality received donated computer equipment from Department of Arts and Culture. A borehole was further donated by Department of Arts and Culture

2021/2022

Donated furniture for municipal library has been received by the Municipality from the Department of Arts and Culture.

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
42. Cash generated from operations		
Surplus	103,250,258	114,575,020
Adjustments for:		
Depreciation and amortisation	81,344,198	76,670,475
Gain/Loss on sale of assets and liabilities	7,573,074	9,802,435
Fair value adjustments	(4,935,940)	(21,835,028)
Impairment on cash and non cash generating assets	1,484,960	7,345,904
Debt impairment	71,525,216	73,289,572
Bad debts written off	15,782,499	11,431,693
Contribution to annual bonus payable	842,167	385,964
Actuarial gains/losses	(6,232,942)	(5,989,495)
Contribution to Refuse Site Rehabilitation-Finance Costs	3,061,870	2,539,023
Contribution to employees benefit obligations included in employee	11,683,000	10,566,000
Forfeited deposits recognised to revenue	(16,619,761)	(3,645,821)
Inventory gains/losses or write-downs	(1,005,629)	12,050,685
Donation of land and assets received	(939,544)	(14,505)
Contribution to performance bonuses provision	1,116,496	787,025
Contribution to staff leave	8,980,299	74,406
Changes in working capital:		
Inventories	(4,942,633)	(5,574,425)
Receivables from exchange transactions	(35,003,462)	(58,971,518)
Other receivables from non-exchange transactions	(98,977,642)	(62,826,913)
Provision	-	(974,657)
Payables from exchange transactions	2,690,877	(3,940,396)
Unspent conditional grants and receipts	18,875,208	545,632
Consumer deposits	(1,282,140)	2,185,449
Employee benefits obligation	(4,833,058)	(5,008,504)
Housing operating Fund	5,356,966	3,185,752
Movement - Self insurance fund	655,826	606,556
Movement in Construction Contract	(568,283)	568,280
Cash generated from operations	158,881,880	157,828,609
43. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	11,920,187	-
Total capital commitments		
Already contracted for but not provided for	11,920,187	-
This expenditure will be financed from:		
Already contracted for but not provided for		
• Municipal Infrastructure Grant (MIG)	4,078,003	-
• Informal Economic Development Grant	1,555,828	-
• Municipal Disaster Relief Grant	4,499,694	-
• Internal Funding	542,662	-
• Integrated National Electrification Programme	1,244,000	-
	11,920,187	-

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Notes to the Financial Statements

	2023	2022
44. Operating leases - as lessor (income)		
Minimum lease payments due		
-within one year	1,312,976	889,063
-in second to fifth year inclusive	3,366,764	2,865,114
-later than five years	4,198,687	3,372,013
	8,878,427	7,126,190

Certain of the municipality's property is held to provide a service to the community to assist with local economic and social development. Lease agreements are cancellable if agreed by both parties.

45. Section 45 of Supply Chain Management Regulations - Awards made to close family members of persons in the service of the State

The Municipality conducted business during the financial period with the below mentioned service providers, of which the directors are closely related to a person employed in the service of the State.

Harvey Word Travel (Emakozweni) - spouse employed at Department of Trade and Industry.	76,366	738,953
Mivusa Trading (PTY)Ltd - Spouse employed at the Municipality in the Revenue Section. The spouse has no influence in terms of any awards in accordance with the post.	1,084,780	2,873,805
One Stop Computers - Spouse employed at the Municipality in Revenue Section. The spouse has no influence in terms of any awards in accordance with the post.	6,449,430	5,240,006
Nsizi Global Industries - Spouse employed at the Municipality in contract Management Section.	35,899	128,279
Munsoft - Spouse employed at the Department of Justice.	12,590,625	9,235,217
Dulis Trading - Spouse is an employee of the South African Police Service.	38,031	26,000
Emkhonjana - Spouse is employed at Zululand District Municipality.	56,543	395,900
Niphile Consulting Engineers - Spouse employed at Ethekwini Municipality.	19,228,980	36,167,652
CYMEX - an employee of the State.	-	2,024,046
	39,560,654	56,829,858

46. Related parties

Related party transactions

Key Management Personnel and Councillors Remuneration.

Remuneration of Key Management Personnel and Councillors is set out in Note 32 & 33 to the Annual Financial Statements.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
47. Contingencies		
Contingent liabilities		
Contingent Liabilities		
The Municipality is defending a case for damages for allegations of unlawful arrest and defamation. The State Attorney's office is dealing with this matter. Case No. 11653/2015.	500,000	500,000
The Municipality is defending a case for damages involving a minor falling into a trench. The claim and the matter has not been set down for trial as yet. Case No. 9222/2010.	985,000	985,000
The Municipality is defending a case for an outstanding payments to a service provider. The Municipality is defending the claim and the case is at discovery stage and awaiting trial. Case No. 6040/2015	1,900,000	1,900,000
The Municipality is defending a case for an outstanding payments relating to the release of retention. The matter is still pending. Case No. 491/2018.	219,450	219,450
The Municipality is defending a case for damages for allegations of unlawful arrest. The Municipality is defending the matter and the matter is on the pleading stage. Case No. 60/2021.	200,000	200,000
The Municipality is defending a case for an outstanding payments due and payable to a service provider. Defenedent has filed a pre-trial Notice. Case No. 87872020/P.	1,406,030	1,406,030
The Municipality is defending a case for allerged service rendered to have been rendered to the former Indaka Local Municipality which were not paid for. The matter is awaiting trial date. Case No. 13232/17P	763,780	763,780
The muicipality is defending the case for the damages made by the municipal driver who reversed into her vehicle. The municipality is defending the case using the internal legal practitioner	28,000	-
	6,002,260	5,974,260

It has been brought to the attention of the municipality, that three councillors exited from the Councillor Pension Fund, whilst in the employment of the municipality. Thereafter, a letter of demand was issued against the municipality in respect of arrear pension fund contributions. The municipality appointed an attorney to litigate on behalf of the municipality. The municipality is challenging this obligation, as it acts as an agent by deducting the pension fund contributions and paying this over to the pension fund.

Contingent assets

No contingent assets exist for the period ended 30 June 2023 (2022: R0).

48. Risk management

Financial risk management

Due to the largely non trading nature of the activities and the way in which they are financed, the Municipalities are not exposed to the degree of financial risks faced by business entities.

The Municipality's finance section monitors and manages the financial risks relating to the operations of the Municipality. These risks include credit risk, liquidity risk, risk market relating to interest rate risk.

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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48. Risk management (continued)

Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2023	2022
Long term loans	842,716	780,878
Payables from exchange transactions	214,712,709	219,387,406
Finance lease obligation	801,919	1,048,934
Consumer Deposits	19,843,613	21,125,753

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.

Except as detailed below, the carrying amount of financial assets recorded in the Financial Statements, which is net of impairment losses, represent the municipality's maximum exposure to credit without taking account of the value of any collateral obtained.

Financial assets exposed to credit risk at year end were as follows:

	2023	2022
Financial instrument		
Cash and cash equivalents	528,673,702	502,913,157
Receivables from exchange transactions	125,525,311	122,698,923
Receivables from non-exchange transactions	9,923,967	8,688,382

The change of the amount is based on the circular that indicated that the input VAT amount be disclosed together with the Receivables from exchange and output VAT is disclosed with the Payables from exchange

Market risk

Interest rate risk

The Municipality's interest rate risk arises from long term borrowings does not affect the Municipality as the interest is fixed.

Cash and cash equivalents	528,673,701	502,913,156
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Price risk

Due to a legislation restriction, the Municipality does not trade these investments.

49. Going concern

We draw attention to the fact that at 30 June 2023, the entity had an accumulated surplus (deficit) of 2,505,898,061 and that the entity's total assets exceed its liabilities by 2,553,343,598.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

2023

2022

49. Going concern (continued)

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the sound financial management will remain in force for so long as it takes to maintain the solvency of the municipality.

Based on the above, the financial statements have been prepared on a going concern as sufficient measures are in place to curb the impact of the pandemic.

Repayments of long-term debt - The Municipality has not defaulted in meeting its obligations to repay its long-term debt, and currently has the same two existing loans.

Grant funding in terms of DoRA - Capital projects as well as operational expenditure are partially funded through gazetted transfers to the Municipality to ensure continued operations in terms of the budgeted expenditure for the 2022/2023 financial year.

Revenue Enhancement Strategy - The Municipality has implemented a Revenue Enhancement Strategy to ensure all money that is due is collected. It must also be noted that the Municipality has ongoing incentive drives for ratepayers and consumers to improve revenue collection. Further more the Municipality is continuing with the implementation of Credit Control and Legal action to reduce the outstanding debt. The Municipality has also adequately budgeted for the provision for bad debts in the 2022/2023.

Payment of Creditors within thirty (30) days - The Municipality has not defaulted in making creditors payments timeously, except where there are delays in receiving the necessary documents to process payments and delays are experienced with service providers who are not adhering to disclosing the correct the correct and required information on invoices submitted.

Payment of Bulk Services - The Municipality has not defaulted in paying Eskom for bulk service supplied. All payments are made before the due date.

Investments and Positive Bank Balance - The Municipality has maintained a positive bank balance for a number of years, and surplus funds are invested on a regular basis or transferred to a "Call Account" to maximise interest revenue.

Cash Flow Monitoring - The Municipality prepares monthly cash flow report to monitor the cash resources in terms of revenue collection and payments. These reports are distributed to key managers to monitor the cash flow of the Municipality.

Transactions and events after reporting - Transactions after year end on the general ledger were considered and no negative implications were identified that could change the going concern assumption. No events were also identified that could change the ongoing concern.

The Municipality's budget for the 2022/2023 financial year indicates a surplus in terms of cash backed reserves, and budgeted cash flows. Furthermore, Provincial Treasury has confirmed that the Municipality's 2022/2023 budget is funded.

The current ratio of the -Municipality is 1:3.15, which shows that the Municipality can be able to honour its obligations.

% of Unspent Grants Funded is 100%.

Debts to total Assets ratio is 0.15, this reflects a strong results in terms of all debts covered by total assets, thus the Municipality is solvent.

Cash and Cash equivalent - The Municipality's cash and cash equivalent is sitting at R 528 673 702 as at 30 June 2023.

Taking the above into account, there were no factors identified that would cast significant doubt on the Municipality's ability to continue as a going concern. Therefore, the Financial Statements were on a going concern basis.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

2023

2022

50. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Housing Development Project

The municipality is a party to a principal-agent arrangement in terms of the Housing Development Project. The municipality is considered to be an agent in accordance with GRAP 109, with the Provincial Department of Human Settlements being the principal in this arrangement.

Details of the arrangement is as follows:

The purpose of the arrangement is to construct low-cost houses for the identified beneficiaries. The funding is provided by the Provincial Department of Human Settlements.

Significant terms and conditions of the arrangement are as follows:

The municipality to manage and procure the implementation of the project.

Design the product in consultation with all stakeholders.

Investigate building systems and designs that are acceptable with the community, the municipality and the Department.

Construct the project in accordance with the drawings and specifications within the period of the agreement.

Significant risks have been identified as follows:

Delays in land acquisitions, and funding approval.

Social unrest, Inadequate funding to meet the requirements, and environmental risks.

Mitigation strategies and benefits associated with the relationship are as follows:

Negotiating with land owners prior to the construction.

Ensuring compliance with the agreements to ensure speedy release of the funding.

Constant communication with the community and ensuring public participation.

Be pro-active in the feasibility study to be aware of the environmental pre-conditions.

Entity as agent

The Municipality received funds totalling R12 028 504 in addition to the unspent opening balance of R41 854 900 and amount spent total to R 11 994 157. The unspent funds at end of the financial year is R-41 889 246. See note 12.

Revenue recognised

The Municipality does not receive compensation for the transactions carried out on behalf of the principal, in terms of the arrangement, and hence no revenue has been recognised in the current and prior financial year.

Liabilities and corresponding rights of reimbursement recognised as assets

No liabilities have been incurred on behalf of Human Settlements have been recognised by the municipality.

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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51. Events after the reporting date

2022/2023

Nature of Event

A notice of the Determination of Upper Limits of Salaries, Allowances and Benefits of different members of Municipal Councils' Gazette was published on 18 August 2023, and takes effective from 01 July 2022. The notice sets out the Upper Limits of Councillors' Salaries and Allowances. The Municipality is in the process of submitting a letter to the MEC for Co-Operative Governance and Traditional Affairs for approval after the end of the reporting date: 30 June 2023, however this is prior to the submission of the Annual Financial Statements on 31 August 2023.

The Municipality received a letter from the MEC for Co-Operative Governance and Traditional Affairs approving a 3% increase of the Councillors' Upper Limits on the 29th July 2022 after the end of the prior reporting date but before the submission of the Annual Financial Statements on 31 August 2022. Subsequent to this event, a Notice of Determination of Upper Limits of Salaries, Allowances and Benefits of different members of Municipal Councils' Gazette was published on the 02 November 2022, and takes effect as from 01 July 2022.

52. Unauthorised expenditure

Opening balance as previously reported	20,099,475	2,026,081
Add: Unauthorised expenditure - current	7,200,898	20,099,475
Less: Amount Approved/condoned/Authorised by Council	(20,099,475)	(2,026,081)
Closing balance	7,200,898	20,099,475

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

2023	2022
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52. Unauthorised expenditure (continued)

2022/2023 Incidents

The Municipality has incurred unauthorised expenditure amounting to R7 200 898 for the 2022/2023. financial year.

An amount of R20 099 475 incurred, as a result of non-cash items being processed in the finalisation of the annual financial statements for the 2021/2022 financial year, has been referred for an investigation in accordance with Section 32 of MFMA and written off by Council during the 2021/2022 financial year as irrecoverable.

An amount of R 5 212 188 was budgeted to be funded by Department of Sports and Infrastructure Grant, however the funds were not received by the municipality, therefore the expenditure is disclosed as unauthorised. The municipality has communicated with the Department and the funds were to be received before the end of the financial year 30 June 2023

An amount of R997 241 was incurred as unauthorised expenditure due to the loss on disposal of assets being higher than the estimated budget

For the year under review, the Municipality was required to declare output VAT on the proceeds received which the Municipality was not aware of this requirement until the National Treasury guidance was issued in August 2023. As a result, this reduced funds available to fund expenditure already committed to and therefore revenue recognition was limited to the funds received and available for use. A total amount of R991 469 was incurred as unauthorised expenditure due to a change in accounting treatment which occurred subsequent to financial year end.

2021/2022 Incidents

The Municipality has incurred unauthorised expenditure amount to R20 099 475 which of non cash items:

An amount R2 538 406.27 non cash item due to interest cost on Landfill site rehabilitation as the engineers report.

An amount of R7 992 062 due to a disposal of land held for sale and provision for long service awards

An amount of R9 569 006 as a result of a decrease in Net Realisable Value on inventory.

Analysed as follows: non-cash

Unwinding interest of Landfill site rehabilitation	-	2,538,406
Gains and losses	997,241	7,992,062
Net realisable value on inventory	-	9,569,006
	997,241	20,099,474

Analysed as follows: cash

Capital expenditure funded by Sports Infrastructure Grant	5,212,188	-
Construction contract expenditure in terms of INEP overspending	991,469	-
	6,203,657	-

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
53. Fruitless and wasteful expenditure		
Opening balance as previously reported	1,480,962	8,365,700
Add: Fruitless and wasteful expenditure identified - current	342,239	553
Less: Amount recovered - current	(305)	(66,918)
Less: Amount recovered - prior period	(341)	-
Less: Amount written off - current	(340,539)	(6,818,373)
Less: Amount written off - prior period	(582,766)	-
Closing balance	899,250	1,480,962

2022/2023 Incidents

An amount of R342 239 relates to the penalties incurred from Eskom, Telkom, Municipal Councillors Pension Fund and Workmens Compensation Fund.

An amount of R340 539, relating to the Workmens Compensation Fund was written off by Council during the financial year under review.

An amount of R305, that relates to Telkom and Eskom penalties has been recovered from staff during the year under review. The prior year amount of R 1 480 962 was investigated in terms of Section 32 of the MFMA and after the investigations the Council resolved to write off an amount R582 766.27 and R341 was recovered from staff during the year under review.

2021/2022 Incidents

An amount of R553 relates to the penalties incurred from Eskom and Department of KwaZulu Natal Revenue Services. R108 has been recovered after investigations as per Section 32 of MFMA. An amount of R446 is currently under the investigation. An amount of R514 876 has been written off during 2021/2022 financial year which relate to 2020/2021 financial year. A reminder of R6 303 497 relate to the prior period was also written off. An amount of R66 918 was recovered after investigations.

54. Irregular expenditure

Opening balance as previously reported	400,103	21,054,747
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	1,493,247	-
Less: Amount written off - current	(400,103)	(51,744)
Less: Amount written off - prior period	-	(20,602,900)
Closing balance	1,493,247	400,103

Incidents/cases identified/reported in the current year include those listed below:

Non - compliance with SCM regulations - section 17(c)	1,493,247	-
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Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

	2023	2022
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54. Irregular expenditure (continued)

2022/2023 Incidents

An amount of R1 493 247 was identified to be irregular expenditure during the audit process. The Municipality requested more than three service providers to submit quotations. However less than three quotations were received and the Municipality procured the goods/services. In terms of section 17(c) of the SCM regulations, the Municipality did not stipulate the reasons for obtaining less than three quotations

2021/2022 Incidents

No irregular expenditure incurred for the 2021/2022 financial year.

An amount of R14 234 003 has been written off by the Council after investigations as per Section 32 of MFMA. After the Council committee investigations, Council adopted the Council committee recommendation to write - off an amount of R14 234 003 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

55. Deviation from supply chain management regulations

Quotations: In terms of regulations 36 of the Municipal Supply Chain Management Regulations any deviations from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. These deviations refer to the instances- as stipulated in the regulations and relates mainly to emergencies and instances where it was impractical to follow SCM processes. There were no deviations incurred as at 30 June 2023.

Quotations	-	28,750
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56. In-kind donations and assistance

Donations received	-	734,523
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The municipality received no donations for 2022/2023 financial year. (2022: 734 523).

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments

Statement of Financial Position

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
Assets				
Current Assets				
Cash and cash equivalents	501,976,881	936,276	-	502,913,157
Receivables from non-exchange transactions	231,391,417	8,720,710	-	240,112,127
Receivables from exchange transactions	98,662,604	(4,302,941)	31,716,033	126,075,696
Inventories	142,510,832	(115,231,435)	-	27,279,397
VAT receivable	21,777,622	-	(21,777,622)	-
	996,319,356	(109,877,390)	9,938,411	896,380,377
Non-Current Assets				
Investment property	86,363,377	85,362,686	-	171,726,063
Property, plant and equipment	1,916,776,366	(125,673,483)	-	1,791,102,883
Intangible assets	1,112,056	71,535	-	1,183,591
Heritage assets	21,400,526	-	-	21,400,526
Eskom Deposits	-	1,827,950	-	1,827,950
	2,025,652,325	(38,411,312)	-	1,987,241,013
Total Assets	3,021,971,681	(148,288,702)	9,938,411	2,883,621,390
Liabilities				
Current Liabilities				
Consumer deposits	21,125,753	-	-	21,125,753
Employee benefit obligation	3,939,000	-	-	3,939,000
Long term loans	780,878	-	-	780,878
Provisions	923,699	-	-	923,699
Payables from exchange transactions	207,555,576	980,340	10,851,490	219,387,406
Unspent conditional grants and receipts	46,542,909	129,205	(913,074)	45,759,040
Finance lease obligation	1,048,934	-	-	1,048,934
	281,916,749	1,109,545	9,938,416	292,964,710
Non-Current Liabilities				
Long term loans	3,365,679	(27,670)	-	3,338,009
Employee benefit obligation	67,877,000	4,069,000	-	71,946,000
Provisions	69,587,957	-	-	69,587,957
Finance lease obligation	801,919	-	-	801,919
	141,632,555	4,041,330	-	145,673,885
Total Liabilities	423,549,304	5,150,875	9,938,416	438,638,595
Net Assets	2,598,422,377	(153,439,577)	(5)	2,444,982,795
Net Assets				
Reserves				
Housing development fund	42,716,927	273,890	-	42,990,817
Accumulated surplus	2,555,705,450	(153,713,472)	-	2,401,991,978
Total Net Assets	2,598,422,377	(153,439,582)	-	2,444,982,795

57.1. Cash and cash equivalents

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

Balance previously reported	501,976,881
Correction of error	936,275
	502,913,156

Interest corrections were effected to the cash book to correct the recognition in the relevant financial periods.

57.2 Receivables from exchange transactions

Balance previously reported	98,662,604
Reclassification	31,716,033
Correction of error	(4,302,941)
	126,075,696

The increase in Receivables from Exchange Transactions is due to the reclassification of the VAT Receivable account into their respective contractual and statutory receivable amounts, in accordance with National Treasury accounting guidance in terms of GRAP 108 and the Accounting Standards Board guidance.

In addition the correction of error relates to realignment of availability charges from exchange transactions to non-exchange transactions in accordance with GRAP 9 and GRAP 23.

57.3 Receivables from non-exchange transactions

Balance previously reported	231,391,417
Correction of error	8,720,710
	240,112,127

Interest and debtors balances relating to the recognition of availability charges as non-exchange were effected to enable alignment with GRAP 9 and GRAP 23.

57.4 Inventories

Balance previously reported	142,510,832
Correction of error	(115,231,435)
	27,279,397

Taking into account iGRAP 18, and the assessment of land, land was derecognised where land could be demonstrated to be no longer under the control of the municipality.

57.5 VAT receivable

Balance previously reported	21,777,622
Correction of error	(21,777,622)
	-

The reduction in the VAT receivable is due to the reclassification of the VAT receivable account into their respective contractual and statutory receivables and payables amounts, in accordance with the National Treasury Accounting Guidance in terms of GRAP 108 and the Accounting Standard Board guidance.

57.6 Property, plant and equipment

Balance previously reported	1,916,776,366
Correction of error	(125,673,483)
	1,791,102,883

The decrease is because of the write-offs, amortization and depreciation as well as the de-recognition of iGRAP 18 properties.

57.7 Intangible assets

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

Balance previously reported	1,112,056
Correction of error	71,535
	<u>1,183,591</u>

Correction of take-on software that were previously not included in the register.

57.8 Investment property

Balance previously reported	86,363,377
Correction of error	85,362,686
	<u>171,726,063</u>

Inventory was corrected to investment property where land was identified to be held for undetermined use.

57.9 Eskom Deposits

Correction of error	<u>1,827,950</u>
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Eskom deposits have been recognised as a prior period adjustment from 2017/18 financial year, due to these deposits being refundable to the municipality.

Paragraph 47 of GRAP 3 states that, when it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Based on the above, the Municipality could only go back for five (5) financial years, to account for the prior period error. This was the earliest date that is practical.

The Municipality could only go back for five (5) years based on the following:

The Municipality changed financial systems from SAMRAS to Munsoft in the 2016/2017 financial year and records had to be taken on as take on balances. Credible information prior to the change of financial system will be impractical to obtain.

Furthermore, some documents such as payment vouchers, files etc were also damaged in the basement of the Lister Clarence Building when flooding occurred in the prior periods.

The Municipality was also guided by the fact that documents need to be retained for a period of five (5) years as documented above. The Municipality is satisfied that it had looked at all information from the 2017/2018 financial year when an adjustment was made.

57.10 Payables from exchange transactions

Balance previously reported	207,555,576
Reclassification	10,851,490
Correction of error	980,340
	-
	<u>219,387,406</u>

Output VAT Accrual was reclassified from VAT receivable to payables, as well as prior year creditors being identified.

Salary clearing control was further reconciled and adjusted to take into account incorrect postings in the prior years.

Retention adjustments were processed based on the reconciliation.

57.11 Unspent conditional grants and receipts

Balance previously reported	46,542,909
Correction of error	129,205

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

Reclassification	(913,074)
	45,759,040

Interest corrections were effected to the unspent grants as interest is capitalised to certain grants.

57.12 Employee benefit obligation

Balance previously reported	67,877,000
Correction of error	4,069,000
	71,946,000

The valuator identified that a change in municipal policy that required restatement to the employee benefit obligation for the previous financial year.

57.13 Long term loans

Balance previously reported	3,365,679
Correction of error	(27,670)
	3,338,009

Interest was incorrectly recognised in the prior year, therefore disorting the recognitiion of the liability.

57.14 Housing development fund

Balance previously reported	42,716,927
Correction of error	273,890
	42,990,817

This relates to recognition of the housing interest of the which was not accounted for previously.

57.15 Accumulated surplus

Balance previously reported	2,555,705,450
Correction of errors	(153,713,472)
	2,401,991,978

The above mentioned prior period errors impacted the accumulated surplus in relation to Property,Plant and Equipment,Unspent Conditional Grants (INEP) and Payables from Exchange Transactions.

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

Statement of Financial Performance

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
Revenue				
Revenue from exchange transactions				
Service charges	456,739,961	(2,340,840)	-	454,399,121
Sale of goods and rendering of services	1,576,783	-	-	1,576,783
Operational revenue	7,890,216	47,244	-	7,937,460
Rental of facilities and equipment	1,643,185	-	-	1,643,185
Interest received - receivables	9,092,868	(721,307)	-	8,371,561
Agency services	3,354,239	21,573	-	3,375,812
Licences and permits	2,775,106	-	-	2,775,106
Fair value adjustments	4,458,539	17,376,489	-	21,835,028
Construction contract revenue	-	-	14,301,285	14,301,285
Actuarial gains	5,989,495	-	-	5,989,495
Interest received - investment	18,522,045	-	-	18,522,043
Total revenue from exchange transactions	512,042,437	14,383,159	14,301,285	540,726,879
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	216,986,727	-	-	216,986,727
Property rates - penalties and interest	36,252,541	-	-	36,252,541
Transfer revenue				
Government grants & subsidies	398,107,565	180,222	-	398,287,788
Public contributions and donations	14,505	-	-	14,505
Fines, Penalties and Forfeits	5,905,986	382,859	-	6,288,845
Electricity availability charges	-	2,340,840	-	2,340,840
Interest on availability charges	-	721,307	-	721,307
Total revenue from non-exchange transactions	657,267,324	3,625,228	-	660,892,553
Total revenue	1,169,309,761	18,008,387	14,301,285	1,201,619,432
Expenditure				
Employee related costs	(343,098,044)	71,373	-	(343,026,671)
Remuneration of councillors	(25,982,766)	-	-	(25,982,766)
Construction contract expenditure	-	-	(14,301,285)	(14,301,285)
Depreciation and amortisation	(78,668,505)	1,998,031	-	(76,670,475)
Impairment of cash and non-cash generating assets	(7,345,904)	-	-	(7,345,904)
Finance costs	(3,039,277)	3,126	-	(3,036,151)
Debt impairment	(73,333,424)	43,852	-	(73,289,572)
Lease rentals on operating lease	(1,734,142)	-	-	(1,734,142)
Bad debt written off	(11,431,693)	-	-	(11,431,693)
Bulk Purchases	(332,910,050)	-	-	(332,910,050)
Contracted services	(78,132,271)	5,118,949	-	(73,013,322)
Transfers and subsidies	(11,340,778)	-	-	(11,340,778)
Losses on disposals of assets and liabilities	(9,802,435)	-	-	(9,802,435)
Inventory consumed	(13,330,249)	(2,381,192)	-	(15,711,441)
Operational expenditure	(72,259,557)	(3,137,484)	-	(75,397,041)
Inventory losses/write downs	(12,050,685)	-	-	(12,050,685)
Total expenditure	(1,074,459,780)	1,716,656	(14,301,285)	(1,087,044,411)
Operating surplus	94,849,981	19,725,043	-	114,575,021
Surplus for the year	94,849,981	19,725,043	-	114,575,021

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

57.16 Service charges

Balance previously reported	456,739,961
Correction of error	(2,340,840)
	<u>454,399,121</u>

Electricity availability charges has been previously disclosed as revenue from exchange transactions, however, based on NT accounting guidance for GRAP 9, the municipality has corrected the portion of electricity charges that relate to availability to non-exchange transactions.

57.17 Interest received - receivables

Balance previously reported	9,092,868
Correction of error	(721,307)
	<u>8,371,561</u>

Interest earned on receivables were corrected in accordance with the nature of the originating debt, being property rates and service charges.

57.18 Agency services

Balance previously reported	3,354,239
Correction of error	21,573
	<u>3,375,812</u>

Correction of job evaluation unspent amount from expenditure.

57.19 Operational revenue

Balance previously reported	7,890,216
Correction of error	47,244
	<u>7,937,460</u>

Recognition of prior year revenue allocated to unidentified deposits.

57.20 Construction contract revenue

Reclassification	<u>14,301,285</u>
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In accordance with National Treasury guidance issued in August 2023, the Integrated National Electrification Programme Grant and its associated expenditure was reclassified as construction contract revenue and expenditure in the prior financial year. This is due to the Municipality implementing projects within the Eskom area and the assets being transferred to Eskom.

57.21 Construction contract expenditure

Reclassification	<u>(14,301,285)</u>
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In accordance with National Treasury guidance issued in August 2023, the Integrated National Electrification Programme Grant and its associated expenditure was reclassified as construction contract revenue and expenditure in the prior financial year. This is due to the Municipality implementing projects within the Eskom area and the assets being transferred to Eskom.

57.22 Government grants & subsidies

Balance previously reported	398,107,565
Correction of error	180,223
	<u>398,287,788</u>

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Notes to the Financial Statements

57. Prior Period Adjustments (continued)

The Municipality entered into agreements with some District and Local Municipalities to provide support to the identified Local and District Municipalities to finalise the job evaluation of employees in these Municipalities. This amount was incorrectly classified under expenditure and has been subsequently corrected under government grants and subsidies.

57.23 Fines, Penalties and Forfeits

Balance previously reported	5,905,986
Correction of error	382,859
	<u>6,288,845</u>

Interest earned on receivables were corrected in accordance with the nature of the originating debt, being property rates and service charges. Additionally, revenue on fines were adjusted in accordance with amended working papers and traffic reports.

57.24 Electricity Availability Charges

Correction of error	<u>2,340,840</u>
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Electricity availability charges has been previously disclosed as revenue from exchange transactions, however, based on NT accounting guidance for GRAP 9, the municipality has corrected the portion of electricity charges that relate to availability to non-exchange transactions.

57.25 Interest on availability charges

Correction of error	<u>721,307</u>
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Interest on electricity availability charges has been previously disclosed as revenue from exchange transactions, however, based on NT accounting guidance for GRAP 9, the municipality has corrected the interest on electricity charges that relate to availability to non-exchange transactions.

57.26 Employee related costs

Balance previously reported	(343,098,044)
Correction of error	71,373
	<u>(343,026,671)</u>

The adjustment relates to the corrections made on performance bonus.

57.27 Depreciation and amortisation

Balance previously reported	(78,668,505)
Correction of error	1,998,030
	<u>(76,670,475)</u>

Restatement of comparative amount due to change in useful life of assets.

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57.28 Finance costs

Balance previously reported	(3,039,277)
Correction of error	3,126
	<u>(3,036,151)</u>

The interest relating to the prior year in respect of the DBSA loan was not accrued for.

57.29 Debt impairment

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

57. Prior Period Adjustments (continued)

Balance previously reported	(73,333,424)
Correction of error	43,852
	<u>(73,289,572)</u>

Adjustments processed due to changes in audit dump as at 30/06/2022 - Live system

57.30 Inventory Consumed

Balance previously reported	(13,330,249)
Correction of error	(2,381,192)
	<u>(15,711,441)</u>

Restatement of comparative amount due to misallocation of expenses in accordance with mSCOA guidelines.

57.31 Contracted services

Balance previously reported	(78,132,271)
Correction of error	5,118,949
	<u>(73,013,322)</u>

Restatement of comparative amount due to misallocation of expenses in accordance with mSCOA guidelines.

57.32 Operational costs

Balance previously reported	(72,259,557)
Correction of error	(3,137,484)
	<u>-</u>
	<u>(75,397,041)</u>

Restatement of comparative amount due to misallocation of expenses in accordance with mSCOA guidelines.

57.33 Fair value adjustments

Balance previously reported	4,458,539
Correction of error	17,376,489
	<u>21,835,028</u>

Fair value was adjusted due to prior period adjustment relating to usage of the land as well as disposal of investment properties with the FAR.

58. Segment information

General information

Identification of segments

In accordance with GRAP 18, Segment Reporting, a segment as an activity of the municipality 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. The municipality has identified various activities within the municipality that meets the definition of a segment.

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.

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

58. Segment information (continued)

Aggregated segments

The municipality operates throughout Alfred Duma jurisdiction. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the municipality jurisdiction 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	Goods and/or services
Segment 1	Public Safety
Segment 2	Town Planning and Local Economic Development
Segment 3	Solid Waste and Cleaning
Segment 4	Public Works and Roads
Segment 5	Community Facilities
Segment 6	Electricity

Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

58. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community	Electricity	Public Safety	Public Works and Roads	Solid Waste and Cleansing	Town Planning and LED	Total
Revenue							
Revenue from non-exchange transactions	952,323	21,971,412	11,824,300	-	62,373,300	114,267,782	211,389,117
Revenue from exchange transactions	1,169,960	453,601,191	8,069,768	-	37,488,629	253	500,329,801
Total segment revenue	2,122,283	475,572,603	19,894,068	-	99,861,929	114,268,035	711,718,918
Unallocated - Revenue from non-exchange transactions							492,858,110
Unallocated - Revenue from exchange transactions							53,462,893
Total revenue reconciling items							546,321,003
Entity's revenue							1,258,039,921
Expenditure							
Bulk purchases	-	(348,956,352)	-	-	-	-	(348,956,352)
Contracted services	(709,023)	(8,563,719)	(6,648,502)	-	(1,110,300)	(25,708,892)	(42,740,436)
Depreciation and amortisation	(16,006,103)	(7,374,576)	(163,184)	(3,047,961)	(3,216,202)	(43,912,839)	(73,720,865)
Employee related costs	(30,218,847)	(38,757,727)	(39,012,362)	(9,993,673)	(25,433,996)	(33,231,660)	(176,648,265)
Finance costs	-	(291,004)	-	-	-	-	(291,004)
Loss on disposal of assets	(387)	-	-	-	-	-	(387)
Inventory consumed	(2,896,903)	(9,910,851)	(3,342,151)	(163,598)	(995,421)	(5,149,369)	(22,458,293)
Lease rentals on operating lease	(90,918)	(50,157)	(105,850)	-	-	(42,691)	(289,616)
Construction contract expenditure	-	(11,300,588)	-	-	-	-	(11,300,588)
Impairment on cash and non - cash generating assets	576,817	-	-	-	-	-	576,817
Operational costs	(5,790,487)	(20,187,955)	(15,702,532)	(22,014)	(638,770)	(3,319,802)	(45,661,560)
Bad debts written off	-	(262,093)	-	-	(3,414,964)	-	(3,677,057)
Debt impairment	-	(9,089,468)	-	-	(16,392,740)	-	(25,482,208)
Transfers and Subsidies	-	(7,938,251)	-	-	-	-	(7,938,251)
Total segment expenditure	(55,135,851)	(462,682,741)	(64,974,581)	(13,227,246)	(51,202,393)	(111,365,253)	(758,588,065)

Alfred Duma Local Municipality

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Notes to the Financial Statements

	Community	Electricity	Public Safety	Public Works and Roads	Solid Waste and Cleansing	Town Planning and LED	Total
58. Segment information (continued)							
Total segmental surplus/(deficit)							-
Unallocated - Contracted services							(36,817,983)
Unallocated - Employee related cost							(198,276,633)
Unallocated - Finance costs							(3,164,916)
Unallocated - Inventory Consumed							(1,215,103)
Unallocated - Lease rentals on operating lease							(1,215,519)
Unallocated - Operational cost							(51,082,023)
Unallocated - Remuneration of Councillors							(28,888,566)
Unallocated - Depreciation and amortisation							(7,623,333)
Unallocated - Bad Debts Written Off							(12,105,442)
Unallocated - Transfers and Subsidies							(134,610)
Unallocated - Impairment on cash and non - cash generating assets							(2,061,777)
Unallocated - Debt impairment							(46,043,009)
Unallocated - Loss on disposal of fixed and intangible assets							(7,572,687)
Entity's surplus (deficit) for the period							103,250,258
Assets							
Segment assets acquisitions	24,789,229	36,541,393	2,567,271	12,038,960	-	11,306,294	87,243,147
Unallocated - assets acquisitions							43,086,376
Total assets as per Statement of financial Position							130,329,523

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2022

Community	Electricity	Public Safety	Public Works and Road	Solid Waste and Cleansing	Town Planning and LED	Total
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Alfred Duma Local Municipality

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Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

58. Segment information (continued)

Revenue

Revenue from non-exchange transactions	5,861	18,304,415	6,280,450	-	56,795,856	124,969,846	206,356,428
Revenue from exchange transactions	763,920	439,850,757	6,750,951	-	36,071,903	94,179	483,531,710
Total segment revenue	769,781	458,155,172	13,031,401	-	92,867,759	125,064,025	689,888,138
Unallocated - Revenue from non-exchange transactions							454,536,126
Unallocated - Revenue from exchange transactions							57,195,173
Total revenue reconciling items							511,731,299
Entity's revenue							1,201,619,437

Expenditure

Employee related costs	(31,274,204)	(38,312,214)	(35,673,534)	(8,886,398)	(22,703,365)	(30,376,894)	(167,226,609)
Contracted services	(224,176)	(12,276,419)	(5,166,571)	-	(1,030,947)	(25,903,778)	(44,601,891)
Depreciation and amortisation	(17,365,741)	(7,028,379)	(21,271)	-	-	(45,481,228)	(69,896,619)
Bulk purchases	-	(332,910,050)	-	-	-	-	(332,910,050)
Inventory consumed	(1,459,818)	(5,609,641)	(3,944,866)	(75,979)	(765,322)	(2,722,463)	(14,578,089)
Tranfers and subsidies	-	(11,340,778)	-	-	-	-	(11,340,778)
Lease rental on operating lease	(117,461)	(53,986)	(117,461)	-	-	(53,986)	(342,894)
Operational costs	(4,440,332)	(16,403,928)	(9,934,748)	(288,096)	(661,125)	(2,592,281)	(34,320,510)
Finance costs	-	(351,827)	-	-	-	-	(351,827)
Debt impairment	-	3,694,694	-	-	(17,928,116)	-	(14,233,422)
Construction contract expenditure	-	(14,301,285)	-	-	-	-	(14,301,285)
Bad Debts Written Off	-	(1,215,240)	-	-	(2,603,037)	-	(3,818,277)
Total segment expenditure	(54,881,732)	(436,109,053)	(54,858,451)	(9,250,473)	(45,691,912)	(107,130,630)	(707,922,251)
Total segmental surplus/(deficit)							-

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Notes to the Financial Statements

	Community	Electricity	Public Safety	Public Works and Road	Solid Waste and Cleansing	Town Planning and LED	Total
58. Segment information (continued)							
Unallocated - Contracted Services							(28,411,431)
Unallocated - Depreciation and Armotisation							(6,773,855)
Unallocated - Debt impairment							(59,056,151)
Unallocated - Impairment loss on cash and non cash generating assets							(7,345,904)
Unallocated - Loss on disposal of fixed and intangible assets							(9,802,435)
Unallocated - Inventories losses/write-downs							(12,050,685)
Unallocated - Employee related cost							(175,800,052)
Unallocated - Finance costs							(2,684,323)
Unallocated - Inventory consumed							(1,133,353)
Unallocated - Lease rentals on operating leases							(1,391,250)
Unallocated - Operational costs							(41,076,528)
Unallocated - Bad debts written off							(7,613,415)
Unallocated - Remuneration of Councillors							(25,982,767)
Entity's surplus (deficit) for the period							114,575,038
Assets							
Segment assets	35,116,614	9,248,105	12,245,558	43,767,823	3,483,000	495,807	104,356,907
Unallocated - assets acquisitions							3,487,375
Total assets as per Statement of financial Position							107,844,282

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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	2023	2022
59. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	4,166,819	4,047,614
Amount paid - current year	(4,166,819)	(4,047,614)
	-	-
Audit fees		
Current year subscription / fee	5,607,045	5,166,484
Amount paid - current year	(5,607,045)	(5,166,484)
	-	-
PAYE, SDL and UIF		
Current year subscription / fee	54,573,237	51,495,582
Amount paid - current year	(54,573,237)	(51,495,582)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	45,176,603	45,671,596
Amount paid - current year	(45,176,603)	(45,671,596)
	-	-
Councillors' arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023 relating to consumer accounts as well as cellphone accounts		
30 June 2023	Outstanding more than 90 days	Total
Cllr. LG Hlomuka	10,365	10,365
Cllr. LG Hlongwane	10,337	10,337
Cllr. SE Kubheka	10,337	10,337
Cllr. GS Kubheka	10,460	10,460
Cllr. ZI Madondo	11,107	11,107
Cllr. S Makhathini	443	443
Cllr. VF Memela	7,954	7,954
Cllr. SE Mbhele	4,093	4,093
Cllr. XF Mhlongo	7,284	7,284
Cllr. NP Mlotshwa	9,923	9,923
Cllr. N Mlotshwa	9,923	9,923
Cllr. P Nsele	1,805	1,805
Cllr. A Rajkoomar	9,253	9,253
Cllr. NJ Sithebe	9,923	9,923
Cllr. NB Shabalala	9,923	9,923
Cllr. NB Dlamini	10,160	10,160

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	2023	2022
59. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Cllr. S Sithole	10,378	10,378
Cllr. T Xaba	9,923	9,923
Cllr. MP Zungu	6,319	6,319
Cllr. F Zuma	6,361	6,361
Cllr. SX Zwane	10,460	10,460
Cllr. MM Khoza	10,365	10,365
Cllr. OS Nxumalo	10,027	10,027
Cllr LB Kubheka	10,298	10,298
Cllr. MN Mbhense	9,923	9,923
Cllr. LBM Mavuso	11,017	11,017
Cllr. S & N Makhathini	17,273	17,273
	245,634	245,634
30 June 2022	Outstanding more than 90 days	Total
Cllr. LBM Mavuso	3,894	3,894
Cllr. S&N Makhathini	4,046	4,046
Cllr. TP Khumalo	7,722	7,722
Cllr. B Gwala	7,722	7,722
Cllr. LG Hlomuka	7,722	7,722
Cllr. BB Biyela	7,722	7,722
Cllr. LG Hlongwane	7,722	7,722
Cllr. SS Khumalo	7,722	7,722
Cllr. SE Kubheka	7,947	7,947
Cllr. SE Madondo	7,722	7,722
Cllr. XO Kubheka	7,947	7,947
Cllr. ZI Madondo	7,722	7,722
Cllr. VF Memela	7,947	7,947
Cllr. M Magasela	7,722	7,722
Cllr. PP Mbambo	7,722	7,722
Cllr. SE Mbhele	5,799	5,799
Cllr. K Mdluli	7,722	7,722
Cllr. XF Mhlongo	7,722	7,722
Cllr. KE Mjiyako	7,722	7,722
Cllr TC Mlaba	7,722	7,722
Cllr. NP Mlotshwa	7,722	7,722
Cllr. N Mlotshwa	7,722	7,722
Cllr. XP Mngadi	7,722	7,722
Cllr. MS Mngadi	7,722	7,722
Cllr. SL Msimango	7,722	7,722
Cllr. SL Mswane	7,722	7,722
Cllr. SM Nene	7,639	7,639
Cllr. SE Ngubane	7,947	7,947
Cllr. L Nkosi	7,722	7,722
Cllr. P Nsele	7,947	7,947
Cllr. K Ntini	7,722	7,722
Cllr. BM Nzuza	7,722	7,722
Cllr. A Rajkoomar	6,225	6,225
Cllr. NJ Sithebe	7,722	7,722
Cllr. NS Sithole	7,722	7,722
Cllr. ZT Thabethe	7,722	7,722
Cllr. NB Shabalala	7,722	7,722
Cllr. KE Shabala	7,722	7,722
Cllr. AB Xaba	7,947	7,947
Cllr. NB Dlamini	7,722	7,722
Cllr. TN Ngcobo	7,722	7,722

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Notes to the Financial Statements

	2023	2022
59. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Cllr. S Sithole	7,912	7,912
Cllr T Xaba	10,356	10,356
Cllr. MG Zikalala	7,722	7,722
Cllr. NP Zungu	7,722	7,722
Cllr.F Zuma	7,912	7,912
Cllr SX Zwane	7,947	7,947
Cllr NE Zwane	7,947	7,947
Cllr XS Zwane	7,722	7,722
Cllr. AS Warasally	8,006	8,006
Cllr. ZJ Sibisi	7,744	7,744
Cllr. NC Mtshali	7,722	7,722
Cllr. TP Dlamini	7,722	7,722
Cllr. S Simelane	7,744	7,744
Cllr. BC Majola	7,722	7,722
Cllr. MM Khoza	7,722	7,722
Cllr. BP Sithole	8,028	8,028
Cllr. OS Nxumalo	6,225	6,225
Cllr. A Mchunu	7,947	7,947
Cllr. T Hadebe	284	284
Cllr. LB Kubheka	6,225	6,225
Cllr. MN Mbhense	9,127	9,127
Cllr. LBM Kubheka	953	953
Cllr. N Mbhense	7,722	7,722
	473,078	473,078

60. Construction contracts

Contracts in progress at financial year end

Construction contract revenue	10,309,119	14,301,285
Construction contract expenditure	(11,300,588)	(14,301,285)
	(991,469)	-

Contract amounts included in trade and other payables

Deferred construction revenue	-	(568,280)
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In accordance with National Treasury guidance issued in August 2023, the Integrated National Electrification Programme Grant and its associated expenditure was reclassified as construction contract revenue and expenditure in the prior financial year. This is due to the Municipality implementing projects within the Eskom area and the assets being transferred to Eskom.

On receipt of the grant, the amount is recorded as an advance payment. Revenue is recognised as construction contract revenue in accordance with expenditure being incurred.

The remaining balance on advances received in excess of work completed are included in trade and other payables. For the year under review, the Municipality was required to declare output VAT on the proceeds received which the Municipality was not aware of this requirement until the National Treasury guidance was issued in August 2023. As a result, this reduced funds available to fund expenditure already committed to and therefore revenue recognition was limited to the funds received and available for use.

Additionally, the Municipality was required to payback to the National Treasury unspent funds from the previous financial year in the amount of R913 074 which was the unspent balance of the grant before the change in accounting treatment of the grant. This resulted in reduction of the funds available for recognition of revenue in the current year.

61. Eskom Deposits

The above deposits relates to Streetlighting and Highmast lights held with Eskom

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Notes to the Financial Statements

	2023	2022	
61. Eskom Deposits (continued)			
Eskom Deposits	3,003,430	1,827,950	
62. Interest on Electricity on Availability Charges			
Interest on electricity availability charges	862,846	721,307	
63. Sale of goods and rendering of services			
Advertisements	62,201	127,244	
Entrance Fees	172,148	101,767	
Fire Services	142,849	122,925	
Health and cleaning services	339,216	201,275	
Town planning and building fees	308,146	456,421	
Sundry revenue	138,939	94,719	
Clearance certificates	335,523	331,655	
Traffic Control and Parking	92,267	95,992	
Legal fees	-	44,785	
	1,591,289	1,576,783	
64. Auditors' remuneration			
Fees	4,875,691	4,492,595	
65. Change in estimate			
Property, plant and equipment			
The Municipality has revised the remaining useful lives of assets which had reached the end of their useful lives. based on the asset conditions in terms of GRAP 17 paragraph 56.			
The effect of of the revision has increased a depreciation by R2 350 645			
Depreciation	Depreciation before change in estimate	Less: Depreciation after change in estimate	Change in depreciation per annum
Electricity	7,406,509	(7,406,509)	-
Roads	42,771,162	(43,910,476)	(1,139,314)
Street Furniture	204,152	(162,659)	41,493
Storm Water	2,312,315	(3,041,637)	(729,322)
Buildings	977,012	(977,012)	-
Community buildings	13,914,507	(13,863,329)	51,178
Computer Equipment	1,630,568	(1,667,815)	(37,247)
Furniture and Office Equipment	1,023,470	(1,109,448)	(85,978)
Motor Vehicles	2,970,696	(3,349,457)	(378,761)
Plant and Equipment	2,071,212	(2,143,906)	(72,694)
Solid waste	3,216,202	(3,216,202)	-
	78,497,805	(80,848,450)	(2,350,645)
66. Bad debts written off			
Bad debts written off	15,782,499	11,431,693	



ANNUAL PERFORMANCE REPORT (APR): 2022/2023

2022/2023 FINAL ANNUAL PERFORMANCE REPORT																				
IDP / SDBIP NO.	NATIONAL KEY PERFORMANCE AREAS	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	KEY PERFORMANCE INDICATORS	UNIT OF MEASURE	COMPARISON WITH PREVIOUS YEAR (2021/2022)		2022/2023 CURRENT YEAR						STATUS (ACHIEVED / NOT ACHIEVED)	REASONS FOR TARGETS NOT ACHIEVED / OVER-ACHIEVED	MEASURES TAKEN TO IMPROVE PERFORMANCE FOR TARGETS NOT ACHIEVED	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	WARD	
						2021/2022 (TARGET)	2021/2022 (ACTUAL)	DEMAND	BACKLOG	2022/2023 (TARGET)	2022/2023 (ACTUAL)	2022/2023 ANNUAL BUDGET	2022/2023 BUDGET SPENT							ACHIEVED- GREEN
2022/23/01	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To ensure that the Municipality has well skilled, competent, reliable and motivated employees and Councillors	Implementation of effective Human Resources and Development through Work Skills Plan (WSP) and South African Local Government Association (SALGA) trainings	Number of trainings and capacity building programmes conducted for officials by 30 June 2023	Number	Conduction of 4 trainings and Capacity building programmes for officials by 30 June 2022	Achieved: 5 Training Programmes was facilitated and conducted by 30 June 2022	4 Trainings and Capacity building programmes to be facilitated and conducted by 30 June 2023	NIL	Conduction of 4 trainings and Capacity building programmes for officials by 30 June 2023	Achieved: 7 Training programmes was conducted by 30 June 2023		R926 928.00	R1 213 977.41	ACHIEVED	Over-achievement was due to that 2 Trainings were conducted monthly through LGSETA- grant funding. 1 training was requested by the Dept Public Safety to conduct compliance training for Bylaw Officers	N/A	Training Programes and attendance registers	Corporate Service	N/A
2022/23/02				Percentage of budget spent on implementation of trainings and capacity building programmes (workplace skills plan) by 30 June 2023	Percentage	100% of training budget to be spent on training capacity building programmes (workplace skills plan) by 30 June 2022	Achieved: 100% Total training budget spent on training capacity building programmes (workplace skills plan) by 30 June 2022	100% of training budget to be spent on training capacity building programmes (workplace skills plan) by 30 June 2023	NIL	100% of training budget to be spent on training capacity building programmes (workplace skills plan) by 30 June 2023	Achieved: 100% of training budget to be spent on training capacity building programmes (workplace skills plan) by 30 June 2023				ACHIEVED		N/A	Training Programes and attendance registers, Invoice of Service Providers and Munsoft Budget printouts	Corporate Service	N/A
2022/23/03			By improving of institutional and organisational capacity	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan throughout the financial year 2022/2023	Number	8 employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and Task grade 21) in compliance with the approved employment equity plan throughout the 2021/2022 financial year	Not Achieved: 7 Employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and Task grade 21) in compliance with the approved employment equity plan throughout the 2021/2022 financial year were employed by 30 June 2022	8 employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and Task grade 21) in compliance with the approved employment equity plan throughout the 2022/2023 financial year	1 Employee	8 employees from employment equity target groups employed in the 3 highest levels of Management (Section 54, 56 and Task grade 21) in compliance with the approved employment equity plan throughout the 2022/2023 financial year	Achieved: 8 employees from employment equity target groups employed from section 54, 56 and Task grade 21 by 30 June 2023		Salaries Budget		ACHIEVED	N/A	N/A	Employment Contracts/ Appointment Letters and monthly salary run	Corporate Service	N/A
2022/23/04				Number of graduates employed for youth mass skilling programme throughout the financial year 2022/2023	Number	36 Graduates employed for youth mass skilling programme by 30 June 2022	Not Achieved: 33 Graduates appointed for youth mass skilling programme by 30 June 2022	40 graduates employed for youth mass skilling programme by 30 June 2023	7 Graduates	40 graduates employed for youth mass skilling programme by 30 June 2023	Not Achieved: 32 graduates employed for youth mass skilling programme by 30 June 2023		R 1 016 280,00	R 426 693,22	NOT ACHIEVED	Underperformance was due to 8 Graduates that resigned by 30 June 2023	Office of the Mayor to provide replacements by 30 September 2023	List of beneficiaries and Munsoft Budget printouts	Municipal Manager's- Youth Section	All
2022/23/05				Number of Interns employed in the Finance Department throughout the financial year 2022/2023	Number	5 Interns employed in the Finance department throughout the financial year 2021/2022	Achieved: 5 Interns employed in the Finance department throughout the financial year 2021/2022	5 Interns employed in the Finance department throughout the financial year 2022/2023	NIL	5 Interns employed in the Finance department throughout the financial year 2022/2023	Achieved: 5 interns employed in the Finance department by 30 June 2023		R 699 996,00	R 373 403,25	ACHIEVED	N/A	N/A	List of beneficiaries and Munsoft Budget printouts	Corporate Service	N/A
2022/23/06		To reduce road accidents and fatality through Law Enforcement education and engineering	Conducting of road blocks (Enforcement of traffic legislation)	Number of road blocks conducted by 30 June 2023	Number	12 Road Blocks to be conducted by 30 June 2022	Achieved: 21 Road blocks were conducted by 30 June 2022	12 road blocks to be conducted by 30 June 2023	NIL	12 road blocks to be conducted by 30 June 2023	Achieved: 12 road blocks were conducted by 30 June 2023		N/A	N/A	ACHIEVED	N/A	N/A	Reports to portfolio Committee	Public Safety and Emergency Services	N/A
2022/23/07			Promoting of compliance with Road Traffic Act	Percentage of all vehicles' applications processed by 30 June 2023	Percentage	100% processing of all vehicles' applications received by 30 June 2022	Achieved: 100% processing of all vehicles' applications received by 30 June 2022	100% processing of all vehicles' applications received by 30 June 2023	NIL	100% processing of all vehicles' applications received by 30 June 2023	Achieved: 100% processing of all vehicles' applications received by 30 June 2023		N/A	N/A	ACHIEVED	N/A	N/A	Reports to portfolio Committee	Public Safety and Emergency Services	N/A
2022/23/08			Conducting of tests and issuing of Learner's Licences and Driving Licences	Percentage of learners' licences and Driving Licences issued to all successful applicants tested by 30 June 2023	Percentage	100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2022	Achieved: 100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2022	100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2023	NIL	100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2023	Achieved: 100% issuing of learners' licences and driving licences to all successful applicants tested by 30 June 2023		N/A	N/A	ACHIEVED	N/A	N/A	Reports to portfolio Committee	Public Safety and Emergency Services	N/A
2022/23/09			Conducting of Road Safety Awareness Lectures at Schools	Number of Road Safety Awareness Lectures to be conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2023	Number	20 Road Safety Awareness Lectures to be conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2022	Achieved: 20 Road Safety Awareness Lectures were conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2022	20 Road Safety Awareness Lectures to be conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2023	NIL	20 Road Safety Awareness Lectures to be conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2023	Achieved: 27 Road Safety Awareness Lectures were conducted at Schools within the Alfred Duma Local Municipal Jurisdiction by 30 June 2023		N/A	N/A	ACHIEVED	Over-achievement was due to additional requests that were received from schools for the lectures to be conducted in order to promote road safety awareness.	N/A	Reports to portfolio Committee	Public Safety and Emergency Services	All
2022/23/10			To comply with fire prevention regulations and bylaws and to mitigate the spread of fire	Conducting of Fire Prevention and Inspection within municipal jurisdiction	Number of Fire Prevention and Inspections conducted at businesses within the Municipal Jurisdiction by 30 June 2023	Number	250 Fire Prevention and Inspections to be conducted at businesses within the Municipal Jurisdiction by 30 June 2022	Achieved: 326 Fire Prevention and Inspections were conducted at businesses within the Municipal Jurisdiction by 30 June 2022	500 Fire Prevention and Inspections to be conducted at businesses within the Municipal Jurisdiction by 30 June 2023	174 Inspections	500 Fire Prevention and Inspections to be conducted at businesses within the Municipal Jurisdiction by 30 June 2023	Achieved: 634 Fire Prevention and Inspections were conducted at business premises within the Alfred Duma Local Municipal Jurisdiction by 30 June 2023		N/A	N/A	ACHIEVED	Over-achievement was due to the KPI being demand driven. Companies requests that the Fire Section conduct inspections for them as per fire safety legislation.	N/A	Reports to portfolio Committee	Public Safety and Emergency Services
2022/23/11			Ensuring that monthly ordinary EXCO meetings are coordinated by 30 June 2023	Number of monthly ordinary EXCO meetings coordinated by 30 June 2023	Number	12 Monthly ordinary EXCO Meetings convened by 30 June 2022	Achieved: 16 Monthly ordinary EXCO Meetings convened by 30 June 2022	12 Monthly ordinary EXCO Meetings convened by 30 June 2023	NIL	12 Monthly ordinary EXCO Meetings convened by 30 June 2023	Achieved: 16 Monthly ordinary EXCO meetings were convened by 30 June 2023 08/07/2022 - Special 21/07/2022 - Ordinary 17/08/2022 - Special 30/08/2022 - Ordinary 22/09/2022 - Ordinary 25/11/2022 - Special 20/10/2022 - Ordinary 14/12/2022 - Ordinary 22/02/2023 - Ordinary 24/02/2023 - Special 29/05/2023 - Special 03/07/2023 - Ordinary 22-06-2023 - Ordinary		N/A	N/A	ACHIEVED	Over-achievement was due to the convening of Special meetings: 08/07/2022 17/08/2022 25/11/2022 29/05/2023	N/A	Agendas, Attendance Registers and Minutes of EXCO meetings	Corporate Services	N/A
2022/23/12	Good Governance, Public Participation & Ward Committee	To improve effectiveness and efficiencies of municipal strategic and operational structures	Ensuring that monthly ordinary Council meetings are coordinated by 30 June 2023	Number of monthly ordinary Council Meetings coordinated by 30 June 2023	Number	12 Monthly ordinary Council Meetings convened by 30 June 2022	Achieved: 17 Monthly ordinary Council Meetings convened by 30 June 2022	12 Monthly ordinary Council Meetings convened by 30 June 2023	NIL	12 Monthly ordinary Council Meetings convened by 30 June 2023	Achieved: 14 Ordinary Council meetings were convened by 30 June 2023 12/07/2022 - Special 28/07/2022 - Ordinary 19/08/2022 - Special 31/08/2022 - Ordinary 29/09/2022 - Ordinary 31/10/2022 - Ordinary 29/11/2022 - Ordinary 15/12/2022 - Ordinary - Ordinary 27/02/2023 - Ordinary 31/03/2023 - Ordinary 02/05/2023 - Ordinary 30/05/2023 - Ordinary Ordinary		N/A	N/A	ACHIEVED	Over-achievement was due to the convening of Special meetings: 12/07/2022 19/08/2022	N/A	Agendas, Attendance Registers and Minutes of Council meetings	Corporate Services	N/A
2022/23/13			Ensuring that quarterly Audit Committee meetings are coordinated by 30 June 2023	Number of quarterly Audit Committee meetings coordinated by 30 June 2023	Number	4 Quarterly Audit Committee Meetings convened by 30 June 2022	Achieved: 5 Quarterly Audit Committee Meetings convened by 30 June 2022	4 Quarterly Audit Committee Meetings convened by 30 June 2023	NIL	4 Quarterly Audit Committee Meetings convened by 30 June 2023	Achieved: 5 Quarterly AC meetings were convened by 30 June 2023 04/08/2022 - Ordinary 26/08/2022 - Special 26/10/2022 - Ordinary 01/02/2023 - Ordinary		N/A	N/A	ACHIEVED	Over-achievement was due to the convening of one Special meeting: 26/08/2022	N/A	Attendance Registers and Minutes of AC meetings	Corporate Services	N/A
2022/23/14			Ensuring that monthly ordinary MPAC meetings are coordinated by 30 June 2023	Number of monthly ordinary MPAC meetings coordinated by 30 June 2023	Number	4 Quarterly ordinary MPAC Meetings convened by 30 June 2022	Achieved: 4 Quarterly ordinary MPAC Meetings were convened by 30 June 2022	12 Monthly ordinary MPAC Meetings convened by 30 June 2023	NIL	12 Monthly ordinary MPAC Meetings convened by 30 June 2023	Not Achieved: 7 Monthly ordinary MPAC Meetings convened by 30 June 2023 27/07/2022 - Ordinary 27/09/2022 - Ordinary 19/01/2023 - Ordinary 23/02/2023 - Ordinary Ordinary 22/06/2023 - Ordinary		N/A	N/A	NOT ACHIEVED	6 other meetings were not held due to no Quorum: 16/02/2023 23/03/2023 27/03/2023 20/04/2023 18/05/2023 19/05/2023	• Subsequent to the submission of the agenda, reminder SMSes will be sent to all members days before the meeting. • Registers will be monitored to identify Councillors who frequently do not attend meetings and such will be reported to the Speakers office and ensure that the Standing Rules are applied in dealing with non-attendance. • If efforts above do not yield positive outcomes, reports will be submitted to Council (through the Speaker's office) to consider the replacement of members who do not honour their responsibilities.	Agendas, Attendance Registers and Minutes of MPAC meetings	Corporate Services	N/A
2022/23/15			Ensuring that quarterly Circular 88 reports are submitted to COGTA by 30 June 2023	Number of quarterly Circular 88 reports submitted to COGTA by 30 June 2023	Number	4 Quarterly Back to Basic reports submitted to COGTA by 30 June 2022	Not Achieved: 3 Quarterly Back to Basic reports submitted to COGTA by 30 June 2022	4 Quarterly Circular 88 reports submitted to COGTA by 30 June 2023	1 Report	4 Quarterly Circular 88 reports submitted to COGTA by 30 June 2023	Achieved 4 Quarterly Circular 88 report submitted to COGTA by 30 June 2023 - Quarter 4 02/05/2023 - Quarter 3		N/A	N/A	ACHIEVED	N/A	N/A	Circular 88 Reports and proof of submission to COGTA	Municipal Manager's Office-PMS	N/A
2022/23/16	Local Economic Development	To create a conducive environment for Local Economic Development	Ensuring enhancement and sustainability of SMME's and Co-ops	Number of job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2023	Number	150 job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2022	Not Achieved: 127 job opportunities were created and sustained through informal traders in the Municipal LED initiatives by 30 June 2022	100 job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2023	NIL	100 job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2023	Not Achieved: 0 Job opportunities created through LED initiatives by 30 June 2023		N/A	N/A	NOT ACHIEVED	Underperformance was due to the technical problems or network issues internally from September 2022 to December 2022. Local Economic Development were unable to use the online system for the issuing or trading permits.	The indicator and the Technical Indicator Description (TID's) will be amended during the adjustment budget period to ensure that it is well defined.	ID copies, registration documents, Munsoft printouts, attendance registers	Development Planning and Human Settlements	N/A
2022/23/17				Number of jobs created and sustained through municipal capital projects by 30 June 2023	Number	150 jobs created and sustained through municipal capital projects 30 June 2022	Achieved: 151 jobs created and sustained through municipal capital projects 30 June 2022	150 jobs created and sustained through municipal capital projects 30 June 2023	NIL	150 jobs created and sustained through municipal capital projects by 30 June 2023	Not Achieved: 56 Jobs created and sustained through municipal capital projects 30 June 23		N/A	N/A	NOT ACHIEVED	Each Capital funded project has a Business Plan/Technical Report that is submitted to the Municipal Infrastructure Grant Unit. This report entails details summarising estimates of the scope of works, employment plan, funding model, etc. This report is a guide and estimate for the entire project from start to completion.	The indicator and the Technical Indicator Description (TID's) will be amended during the adjustment budget period to ensure that it is well defined.	EPWP System Printouts	Technical and Infrastructural Services	All

2022/23/18			Promoting the SMME's Development	Number of support provision to SMME's and Co-ops through LED initiatives by 30 June 2023	Number	100 SMME's and Co-ops supported by 30 June 2022	Achieved: 104 SMME's and Co-ops supported by 30 June 2022	60 SMME's and Co-ops supported by 30 June 2023	NIL	60 SMMEs and Co-ops supported by 30 June 2023	Achieved: 219 SMMEs and Co-ops supported	R 20 554,00	R 477,41	ACHIEVED	Over-achievement is due to increased number of permits issued for VULA fund applications	N/A	CIPC registration certificates, copies of payment slips, pictures, ID copies and signed register by Beneficiaries, permits and ID copies	Development Planning and Human Settlements	All
2022/23/19			Ensuring the enhancement of appropriate and sustainable LED	Date of Red Tape Reduction Programme meetings convened at Alfred Duma Local Municipality by 30 June 2023	Date	Initiate the Red Tape Reduction Programme and Implement the Red Tape Reduction Task Team Recommendations from meetings held by 30 June 2022	Achieved: 4 meetings were held: 30/09/21, 04/10/21, 25/03/22, 25/04/22. The Red Tape Reduction Programme Initiated and Red Tape Reduction Task Team recommendations was implemented by 30 June 2023	4 Red Tape Reduction Programme meetings convened by 30 June 2023	NIL	4 Red Tape Reduction Programme meetings convened by 30 June 2023	Achieved: 4 Red Tape Reduction Programme Meetings convened by 30 June 2023	N/A	N/A	ACHIEVED	The amendment of unit of measure to "number" of meetings will be done during the adjustment budget period.	N/A	Red tape Reduction Action List, MCM Resolutions, Red Tape Reduction Task Team Presentations	Development Planning and Human Settlements	N/A
2022/23/20	Cross Cutting	To improve strategic and spatial planning in the municipality	Reviewal of the Spatial Development Framework (SDF)	Date of Spatial Development Framework (SDF) reviewed by Council by 30 June 2023	Date	Adoption of the Spatial Development Framework (SDF) by Council by 30 June 2022	Achieved: Spatial Development Framework (SDF) was adopted by Council by 30 June 2022.	Adoption of the Spatial Development Framework (SDF) by Council by 30 June 2023	NIL	Adoption of the Spatial Development Framework (SDF) by Council by 30 June 2023	Achieved: SDF was adopted on the 25th of May 2023	N/A	N/A	ACHIEVED	N/A	N/A	Council Resolutions	Development Planning and Human Settlements	N/A
2022/23/21		To ensure an effective Land Use Management in the Municipality	Ensuring the sitting of Municipal Planning Tribunal to decide on the development applications received by the Municipality	Number of Municipal Planning Tribunal meetings convened by 30 June 2023	Number	New target	New target	4 Municipal Planning Tribunal meetings convened by 30 June 2023	New target	4 Municipal Planning Tribunal meetings convened by 30 June 2023	Achieved: 4 Municipal Planning Tribunal meetings convened by 30 June 2023	R 37 208,00	R 24 000,00	ACHIEVED	N/A	N/A	Minutes of the meeting and attendance registers	Development Planning and Human Settlements	All
2022/23/22		To ensure the provision of Library Services through outreach programmes	Increase social development in municipal area	Number of outreach programmes conducted by libraries as per arts and culture development plan throughout 2022/2023 financial year	Number	16 Outreach programmes conducted by libraries as per arts and culture development plan by 30 June 2022	Achieved: 85 Outreach programmes conducted by libraries as per arts and culture development plan by 30 June 2022	16 Outreach programmes conducted by libraries as per arts and culture development plan by 30 June 2023	NIL	16 Outreach programmes conducted by libraries as per arts and culture development plan by 30 June 2023	Achieved: 112 Outreach programmes conducted by libraries as per arts and culture development plan by 30 June 2023	N/A	N/A	ACHIEVED	Over-achievement was due to that a number of invasions from schools and pre-schools has increased, more programme were conducted as per the Library events calendar.	N/A	Reports to Portfolio Committee	Community and Social Service	All
2022/23/23		To facilitate the development of arts, culture and tourism through preservation of heritage	Implementation of arts, culture and tourism development plan	Number of events as per the approved arts, culture and tourism development plan by June 2023	Number	21 Events conducted as per arts, culture and tourism development plan by 30 June 2022	Achieved: 34 Events conducted as per arts, culture and tourism development plan by 30 June 2022	21 Events conducted as per arts, culture and tourism development plan by 30 June 2023	NIL	21 Events conducted as per arts, culture and tourism development plan by 30 June 2023	Achieved: 34 Events conducted as per arts, culture and tourism development plan by 30 June 2023	R 31 583,00	R 432,00	ACHIEVED	Over-achievement was due to partnership with stakeholders such as EDTEA, Uthukela District Municipality, Department of Sport, Arts and Culture	N/A	Approvals, Programmes, Posters, Newspaper articles and Attendance Registers, Photo Gallery	Development Planning and Human Settlements	All
2022/23/24		To ensure effective and credible strategic municipal planning	Revision of a credible Integrated Development Plan	Date of compilation and approval by Council of a credible Integrated Development Plan by 30 June 2023	Date	Council approved, aligned IDP by 30 June 2022	Achieved: Integrated Development Plan (IDP) was adopted by Council by 30 June 2022.	Council approved, aligned IDP by 30 June 2023	NIL	Council approved, aligned IDP by 30 June 2023	Achieved: Council approved 2023/2024 IDP on the 25th of May 2023	N/A	N/A	ACHIEVED	N/A	N/A	Council Resolutions and a credible IDP	Municipal Manager's Office-IDP Section	N/A
2022/23/25		To preserve and protect the natural environment and bio-diversity	Promotion of greening within the area of the municipal jurisdiction	Number of trees planted through promotion of greening programme by 30 June 2023	Number	80 trees planted by 30 June 2022	Achieved: 450 trees were planted by 30 June 2022	80 trees planted by 30 June 2023	NIL	80 trees planted by 30 June 2023	Achieved: 120 trees planted by 30 June 2023	R 14 556,00	R 5 075,00	ACHIEVED	Over-achievement was due to the donated trees and partnership between Alfred Duma Local Municipality and Department of Agriculture, Fisheries and Forestry (DAFF). Tree planting took place in quarter 4 due to the delays in sourcing of the trees in Q1, 2, and 3 the planting programme continued through Q4.	N/A	Tree register, Procurement Forms, Monthly/Weekly reports	Community and Social Service	All Wards
2022/23/26		To ensure improved access to basic service	Improved access to basic services	Percentage of households with access to basic electricity in the Municipal supplied Area by 30 June 2023	Percentage	100% of households with access to basic electricity in the Municipal supplied area by 30 June 2022	Achieved: 100% of households with access to basic electricity in the Municipal supplied area by 30 June 2022	100% of households with access to basic electricity in the Municipal supplied area by 30 June 2023	NIL	100% of households with access to basic electricity in the Municipal supplied area by 30 June 2023	Achieved: 100% of households with access to basic electricity in the Municipal supplied area by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	MUNSOFT Printouts	Technical and Infrastructural Services	All
2022/23/27		To facilitate access to basic electricity in terms of the ESKOM schedule 5b programme	Through the implementation of electricity infrastructure to accommodate new connections in terms of the ESKOM schedule 5b programme	Number of households provided with electricity infrastructure by Alfred Duma Local Municipality to accommodate new connections in terms of the ESKOM schedule 5b programme by 30 June 2023	Number	New target	New target	747 households provided with electricity infrastructure by Alfred Duma Local Municipality in terms of the ESKOM Schedule 5b programme by 30 June 2023	NIL	747 households provided with electricity infrastructure by Alfred Duma Local Municipality in terms of the ESKOM Schedule 5b programme by 30 June 2023	Not Achieved: 622 Households have been provided with electricity infrastructure in terms of the Eskom Schedule 5b programme by the 30 June 2023.	R 13 752 000,00	R 12 252 000,00	NOT ACHIEVED	Underperformance was because of the R1 500 000 that was taken by National Treasury due to underperformance on the INEP grant.	Applications for funding for construction have been made to DMRE.	Electrical Designs, MoU between Alfred Duma Municipality and ESKOM	Technical and Infrastructural Services	All
2022/23/28		To ensure improved access to basic service	Improved access to basic services	Percentage of households with access to basic solid waste removal in the Urban Area by 30 June 2023	Percentage	100% of households with access to basic solid waste removal in the urban area by 30 June 2022	Achieved: 100% of households with access to basic solid waste removal in the urban areas by 30 June 2022.	100% of households with access to basic solid waste removal in the urban area by 30 June 2023	NIL	100% of households with access to basic solid waste removal in the urban area by 30 June 2023	Not Achieved: 99,94% of households with access to basic solid waste removal in the urban area by 30 June 2023			NOT ACHIEVED	All households receive refuse collection on a weekly basis, as per the refuse collection schedule. However the valuation roll and billing system calculation is on 99,70%	The C&SW section will work with Finance section on the billing system to ensure the actual % achieved links	Monthly Reports to Portfolio Committee meeting and Annual Munsoft Printout	Community and Social Service	All
2022/23/29				Percentage of households with access to basic solid waste removal in the rural areas (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2023	Percentage	100% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2022	Achieved: 99,4% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2022.	100% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2023	0,6% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek)	100% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2023	Not Achieved: 99,30% of households with access to basic solid waste removal in the rural area (Ulivaal, Ekuvukeni and Waaihoek) by 30 June 2023	R 8 973 600,00	R 11 458 862,50	NOT ACHIEVED	Vacant plots are contributing to the non-collections of refuse	Work hand in hand with Human Settlement committee meeting and control measures.	Monthly Reports to Portfolio Committee meeting and Annual Munsoft Printout	Community and Social Service	35, 33, 31
2022/23/30				Percentage of households earning less than R4 160,00 per month with access to free basic services by 30 June 2023	Percentage	80% of households earning less than R3 960,00 per month with access to free basic services by 30 June 2022	Achieved: 82% of households earning less than R3 960,00 per month with access to free basic services by 30 June 2022	80% of households earning less than R3 960,00 per month with access to free basic services by 30 June 2023	NIL	80% of households earning less than R4 160,00 per month with access to free basic services by 30 June 2023	Achieved: 86,60% of households earning less than R4 160,00 per month with access to free basic services by 30 June 2023	N/A	N/A	ACHIEVED	Over-achievement was due to the enhanced processes that were put in place when receiving and vetting applications. This was done to address the query that was previously raised by the AG	N/A	Munsoft Printouts, Indigent Register	Budget and Treasury	All
2022/23/31				Number of High Mast Lights in Ezakheni- Ward 1 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 1- and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 1- and ready for commissioning by Eskom by 30 June 2023	Achieved: 6 High Mast lights in Ezakheni, Ward 1 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 100 000,00	R 1 797 614,00	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	1
2022/23/32				Number of High Mast Lights in Ezakheni- Ward 2 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 2 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 2 and ready for commissioning by Eskom by 30 June 2023	Achieved: 6 High Mast lights in Ezakheni, Ward 2 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 100 000,00	R 1 889 154,70	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	2
2022/23/33				Number of High Mast Lights in Ezakheni- Ward 4 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 4 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 6 High Mast Lights in Ezakheni, Ward 4 and ready for commissioning by Eskom by 30 June 2023	Achieved: 6 High Mast lights in Ezakheni, Ward 4 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 100 000,00	R 1 975 431,33	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the overspending is covered by other projects that have under-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	4
2022/23/34				Number of High Mast Lights in Ezakheni Wards 6 & 8 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 6 High Mast Lights in Ezakheni- Wards 6 & 8 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 6 High Mast Lights in Ezakheni- Wards 6 & 8 and ready for commissioning by Eskom by 30 June 2023	Achieved: 6 High Mast lights in Ezakheni, Ward 6, & 8 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 100 000,00	R 2 092 187,50	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment reconciliation & completion certificate	Technical and Infrastructural Services	6 & 8
2022/23/35				Number of High Mast Lights in Kwalithathi- Ward 36 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 6 High Mast Lights at Kwalithathi in Ward 36 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 6 High Mast Lights at Kwalithathi in Ward 36 and ready for commissioning by Eskom by 30 June 2023	Achieved: 6 High Mast lights at Kwalithathi in Ward 36 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 100 000,00	R 2 084 912,00	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	36
2022/23/36				Number of High Mast Lights in Matlwane- Ward 23 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 7 High Mast Lights in Matlwane- Ward 23 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 7 High Mast Lights in Matlwane- Ward 23 and ready for commissioning by Eskom by 30 June 2023	Achieved: 7 High Mast lights in Matlwane- Ward 23 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 500 000,00	R 2 747 523,04	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the overspending is covered by other projects that have under-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	23
2022/23/37				Number of High Mast Lights in Watersmeet- Ward 18 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 7 High Mast Lights in Watersmeet- Ward 18 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 7 High Mast Lights in Watersmeet- Ward 18 and ready for commissioning by Eskom by 30 June 2023	Achieved: 7 High Mast lights in Watersmeet- Ward 18 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 500 000,00	R 2 437 178,62	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the overspending is covered by other projects that have under-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	18
2022/23/38				Number of High Mast Lights in Baldaskraal- Ward 24 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 7 High Mast Lights in Baldaskraal- Ward 24 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 7 High Mast Lights in Baldaskraal- Ward 24 and ready for commissioning by Eskom by 30 June 2023	Achieved: 7 High Mast lights in Baldaskraal- Ward 24 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 500 000,00	R 2 745 528,81	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the overspending is covered by other projects that have under-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	24
2022/23/39				Number of High Mast Lights in Nhlalakahle- Ward 22 to be installed and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Installation of 7 High Mast Lights in Nhlalakahle- Ward 22 and ready for commissioning by Eskom by 30 June 2023	New target	Installation of 7 High Mast Lights in Nhlalakahle- Ward 22 and ready for commissioning by Eskom by 30 June 2023	Achieved: 7 High Mast lights in Nhlalakahle- Ward 22 have been installed and are ready for commissioning by eskom by 30 June 2023	R 2 500 000,00	R 2 584 412,15	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	22
2022/23/40				Number of Households in Ensimbini- Ward 25, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 60 Households in Ensimbini- Ward 25 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 60 Households in Ensimbini- Ward 25 and ready for commissioning by Eskom by 30 June 2023	Achieved: 60 Households in Ensimbini- Ward 25 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 1 080 000,00	R 1 890 704,82	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	25
2022/23/41				Number of Households in Empungwini- Ward 4 to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 25 Households in Empungwini- Ward 4 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 25 Households in Empungwini- Ward 4 and ready for commissioning by Eskom by 30 June 2023	Not Achieved: 0 Households in Empungwini- Ward 4 were electrified by 30 June 2023	R 450 000,00	R 381 947,83	NOT ACHIEVED	Due to National Treasury taking away R1.5 million from the Gazetted budget, construction was not done.	The municipality have re-applied for additional funding and the project will be included in the 2023/2024 financial year adjustments budget.	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	4
2022/23/42				Number of Households in Ematafuleni- Ward 25, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 36 Households Ematafuleni- Ward 25 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 36 Households Ematafuleni- Ward 25 and ready for commissioning by Eskom by 30 June 2023	Achieved: 36 Households in Ematafuleni- Ward 25 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 648 000,00	R 467 601,84	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	25

BASIC SERVICE DELIVERY AND INFRASTRUCTURAL DEVELOPMENT

Improved access to basic services

2022/23/43					Number of Households in Buhlebezwe- Ward 11, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 95 Households in Buhlebezwe- Ward 11 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 95 Households in Buhlebezwe- Ward 11 and ready for commissioning by Eskom by 30 June 2023	Achieved: 95 Households in Buhlebezwe- Ward 11 have been electrified and ready to be commissioned by Eskom by 30 June 2023	R 1 710 000,00	R 1 290 501,48	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	11
2022/23/44					Number of Households Qimkhowe- Ward 32, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 143 Households in Qimkhowe- Ward 32 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 143 Households in Qimkhowe- Ward 32 and ready for commissioning by Eskom by 30 June 2023	Achieved: 143 Households in Qimkhowe- Ward 32 have been electrified and ready to be commissioned by Eskom by 30 June 2023	R 2 880 000,00	R 784 964,71	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	32
2022/23/45					Number of Households in Roosboom- Ward 11, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 13 Households in Roosboom- Ward 11 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 13 Households in Roosboom- Ward 11 and ready for commissioning by Eskom by 30 June 2023	Achieved: 13 Households in Roosboom- Ward 11 have been electrified and ready to be commissioned by Eskom by 30 June 2023	R 234 000,00	R 217 193,53	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	11
2022/23/46					Number of Households in Ezakheni- Wards 1 to 8, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 100 Households in Ezakheni- Wards 1 to 8 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 100 Households in Ezakheni- Wards 1 to 8 and ready for commissioning by Eskom by 30 June 2023	Not Achieved: 0 Households in Ezakheni- Wards 1 to 8 were electrified by 30 June 2023	R 1 800 000,00	R 379 607,18	NOT ACHIEVED	Due underspending on INEP projects and Eskom approved late the projects, the National Treasury requirements was not met, they took away R1.5 million from the Gazetted budget, construction was not done.	The municipality have re-applied for additional funding and the project will be included in the 2023/2024 financial year adjustments budget.	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	1 to 8
2022/23/47					Number of Households in Goodhope- Ward 25, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 60 Households in Goodhope- Ward 25 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 60 Households in Goodhope- Ward 25 and ready for commissioning by Eskom by 30 June 2023	Achieved: 60 Households in Goodhope- Ward 25 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 1 080 000,00	R 725 978,56	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	25
2022/23/48					Number of Households in Ezimbuzini- Ward 16 to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 30 Households in Ezimbuzini- Ward 16 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 30 Households in Ezimbuzini- Ward 16 and ready for commissioning by Eskom by 30 June 2023	Achieved: 30 Households in Ezimbuzini- Ward 16 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 540 000,00	R 568 415,18	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	16
2022/23/49					Number of Households in Emkhumula- Ward 16, to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 115 Households in Emkhumula- Ward 16 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 115 Households in Emkhumula- Ward 16 and ready for commissioning by Eskom by 30 June 2023	Achieved: 115 Households in Emkhumula- Ward 16 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 2 070 000,00	R 2 067 357,71	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, Payment certificate, site hand over minutes, Payment reconciliation & completion certificate	Technical and Infrastructural Services	16
2022/23/50					Number of Households in Emashiselweni- Ward 15 to be electrified and ready for commissioning by Eskom by 30 June 2023	Number	New target	New target	Electrification of 70 Households in Emashiselweni- Ward 15 and ready for commissioning by Eskom by 30 June 2023	New target	Electrification of 70 Households in Emashiselweni- Ward 15 and ready for commissioning by Eskom by 30 June 2023	Achieved: 70 Households in Emashiselweni- Ward 15 have been electrified and are ready to be commissioned by Eskom by 30 June 2023	R 1 260 000,00	R 1 245 823,43	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid documents, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	15
2022/23/51					Date of Electrical Refurbishment in Modokloof- Ward 22 by 30 June 2023	Date	New target	New target	Electrical Refurbishment in Modokloof- Ward 22 by 30 June 2023	New target	Electrical Refurbishment in Modokloof- Ward 22 by 30 June 2023	Achieved: Electrical Refurbishment in Ward 22: Circuit Breakers at Modokloof- Ward 22 and TPN Switch House have been refurbished by 30 June 2023	R 2 000 000,00	R 1 833 891,64	ACHIEVED	Under-expenditure: The contractor was appointed below the budgeted amount.	N/A	Reports, Requisitions, order and Invoices.	Technical and Infrastructural Services	22
2022/23/52					Date of Supply and Installation of 11KV switchgear at Jantha Substation- Ward 20 by 30 June 2023	Date	New target	New target	11KV switchgear to be supplied and installed at Jantha Substation- Ward 20 by 30 June 2023	New target	11KV Switchgear to be supplied and installed at Jantha Substation- Ward 20 by 30 June 2023	Achieved: 11KV Switchgear has been supplied and installed at Jantha Substation in Ward 20 by 30 June 2023.	R 9 675 000,00	R 9 401 655,05	ACHIEVED	Under-expenditure: The contractor was appointed below the budgeted amount.	N/A	Copy of bid Quotations, letter of appointment, Payment reconciliation	Technical and Infrastructural Services	20
2022/23/53					Date of Refurbishment of Jantha Substation Building in Ward 20 by 30 June 2023	Date	New target	New target	Jantha Substation Building to be refurbished in Ward 20 by 30 June 2023	New target	Jantha Substation Building to be refurbished in Ward 20 by 30 June 2023	Not Achieved: Jantha substation building in Ward 20 was not refurbished by 30 June 2023	R 525 000,00	R 500 175,50	NOT ACHIEVED	Awaiting electricity department to cover the cables and install gates required for protection	To monitor and ensure that electricity department complete outstanding works by 31 July 2023	Copy of bid Quotations, letter of appointment, Payment reconciliation	Technical and Infrastructural Services	20
2022/23/54					Date of Upgrade of Ezakheni Swimming pool in Ward 8 by 30 June 2023	Date	New target	New target	Ezakheni Swimming Pool in Ward 8 to be Upgraded by 30 June 2023	New target	Ezakheni Swimming Pool in Ward 8 to be Upgraded by 30 June 2023	Achieved: Swimming Pool was upgraded at Ezakheni- Ward 8 by 30 June 2023	R 1 617 425,00	R 1 503 680,63	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	8
2022/23/55					Number (in kilometres) of Gravel Road to the Cemetery in Ward 19 to be constructed by 30 June 2023	KMs	New target	New target	1,2km of Gravel Roads to the Cemetery in Ward 19 to be constructed by 30 June 2023	New target	1,2km of Gravel Roads to the Cemetery in Ward 19 to be constructed by 30 June 2023	Achieved: 1,2km of Gravel Roads to the Cemetery- Ward 19 was constructed by 30 June 2023	R 3 000 000,00	R 2 921 166,73	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	19
2022/23/56					Date of Upgrade of ablution facilities in Iling Road Taxi Rank in Ward 10 by 30 June 2023	Date	New target	New target	Ablution Facilities in Iling Road Taxi Rank in Ward 10 to be upgraded by 30 June 2023	New target	Ablution Facilities in Iling Road Taxi Rank in Ward 10 to be upgraded by 30 June 2023	Achieved: Ablution Facilities in Iling Road Taxi Rank in Ward 10 was upgraded by 12 December 2022	R 1 882 575,00	R 1 830 380,22	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	10
2022/23/57					Date of Sportsfields to be upgraded in AG Magubane- Ward 21 and Settlers Park- Ward 13 by 30 June 2023	Date	New target	New target	AG Magubane and Settlers Park Sportsfields in Ward 21 and Ward 13 to be upgraded by 30 June 2023	New target	AG Magubane and Settlers Park Sportsfields in Ward 21 and Ward 13 to be upgraded by 30 June 2023	Achieved: AG Magubane and Settlers Park Sportsfields in Ward 21 and Ward 13 was upgraded by 15 May 2023	R 2 000 000,00	R 1 773 845,06	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	21 & 13
2022/23/58					Number (in kilometres) of Tarred Road of Circle Road in Ward 20 to be rehabilitated by 30 June 2023	KMs	New target	New target	1km tarred road of Circle Road in Ward 20 to be rehabilitated by 30 June 2023	New target	1km tarred road of Circle Road in Ward 20 to be rehabilitated by 30 June 2023	Achieved: 1km of Tarred Road Ward 20- Circle Road was rehabilitated by 30 June 2023	R 8 000 000,00	R 7 929 032,50	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	20
2022/23/59					Date of a Sportsfield- Phase 2 in Ward 20 to be constructed by 30 June 2023	Date	New target	New target	Acaciavale Sportsfield- Phase 2 in Ward 20 to be constructed by 30 June 2023	New target	Acaciavale Sportsfield- Phase 2 in Ward 20 to be constructed by 30 June 2023	Achieved: Sportsfield- Phase 2 was constructed in Acaciavale in Ward 20 by 13 April 2023	R 4 888 600,00	R4 285 600,05	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	20
2022/23/60					Date of Civil Works within the Indoor High Performance Centre- Phase 4 in Ward 13 to be constructed by 30 June 2023	Date	New target	New target	Civil Works within Indoor High Performance Centre- Phase 4 in Ward 13 to be constructed by 30 June 2023	New target	Civil Works within Indoor High Performance Centre- Phase 4 in Ward 13 to be constructed by 30 June 2023	Achieved: Civil Works within Indoor High Performance Centre in Ward 13- Phase 4 was constructed by 27 June 2023	R 20 943 000,00	R17 869 139,53	ACHIEVED	Over-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	13
2022/23/61					Number of Maintenance Equipment (11 Tideflex Valves) to be supplied and installed at Klipriver- Ward 12 by 30 June 2023	Number	New target	New target	11 Tideflex Valves (Maintenance Equipment) to be supplied and installed at Klipriver- Ward 12 by 30 June 2023	New target	11 Tideflex Valves (Maintenance Equipment) to be supplied and installed at Klipriver- Ward 12 by 30 June 2023	Achieved: 11 Tideflex Valves (Maintenance Equipment) was installed at Klipriver- Ward 12 by 30 June 2023	R 10 800 000,00	R10 212 434,29	ACHIEVED	Under-expenditure: The contractor was appointed below the budgeted amount.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	12
2022/23/62					Number of Low Water Crossing to be rehabilitated in Roosboom- Ward 25 by 30 June 2023	Number	New target	New target	1 Low Water Crossing to be rehabilitated in Roosboom- Ward 25 by 30 June 2023	New target	1 Low Water Crossing to be rehabilitated in Roosboom- Ward 25 by 30 June 2023	Not Achieved: 0 Low Water Crossing to be rehabilitated in Roosboom- Ward 25 by 30 June 2023	R 2 000 000,00	R1 347 034,23	NOT ACHIEVED	The project is in progress as per the grant, the duration is 12 months from March 2023- Feb 2024 and is a multi year project	The Project will be completed by December 2023	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	Technical and Infrastructural Services	25
2022/23/63					Number of Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26 by 30 June 2023	Number	New target	New target	1 Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26 by 30 June 2023	New target	1 Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26 by 30 June 2023	Not Achieved: 0 Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26 by 30 June 2023	R 2 000 000,00	R1 235 672,55	NOT ACHIEVED	The project is in progress as per the grant, the duration is 12 months from March 2023- Feb 2024 and is a multi year project	The Project will be completed by December 2023	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	Technical and Infrastructural Services	26
2022/23/64					Number of Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16 by 30 June 2023	Number	New target	New target	1 Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16 by 30 June 2023	New target	1 Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16 by 30 June 2023	Not Achieved: 0 Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16 by 30 June 2023	R 2 000 000,00	R1 238 690,25	NOT ACHIEVED	The project is in progress as per the grant, the duration is 12 months from March 2023- Feb 2024 and is a multi year project	The Project will be completed by December 2023	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	Technical and Infrastructural Services	16
2022/23/65					Number of Low Water Crossings to be rehabilitated in Kwahlatshi- Ward 36 by 30 June 2023	Number	New target	New target	2 Low Water Crossings to be rehabilitated in Kwahlatshi- Ward 36 by 30 June 2023	New target	2 Low Water Crossings to be rehabilitated in Kwahlatshi- Ward 36 by 30 June 2023	Not Achieved: 0 Low Water Crossing to be rehabilitated in Kwahlatshi- Ward 36 as the project was removed from the list by 30 June 2023	R 1 000 000,00	R0,00	NOT ACHIEVED	The project was removed from the List and will not be implemented. The R1M was repositioned to fund the Emashiselweni and Kwamanzini low water crossing projects.	To be removed as per the directive from Disaster Grant	Copy of bid documents, letter of appointment, site hand over minutes & Practical completion certificate	Technical and Infrastructural Services	36

To ensure improved access to basic services

Improved access to basic services

BASIC SERVICE DELIVERY AND INFRASTRUCTURAL DEVELOPMENT

2022/23/66				Date of a Firestation in Ekuvukeni Phase 2 in Ekuvukeni- Ward 33 to be constructed by 30 June 2023	Date	New target	New target	Ekuvukeni Fire Station Phase 2 - in Ekuvukeni- Ward 33 to be constructed by 30 June 2023	New target	Ekuvukeni Fire Station Phase 2 - in Ekuvukeni- Ward 33 to be constructed by 30 June 2023	Achieved: Fire Station was constructed in Ekuvukeni- Ward 33 by 19 June 2023	R 13 000 000,00	R12 309 900,10	ACHIEVED	Under-expenditure: The contractor was appointed below the budgeted amount.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	33
2022/23/67				Date of Staff Change rooms and Ablution facilities to be upgraded in Ekuvukeni- Ward 33 by 30 June 2023	Date	New target	New target	Staff Change rooms and Ablution facilities in Ekuvukeni- Ward 33 to be upgraded by 30 June 2023	New target	Staff Change rooms and Ablution facilities in Ekuvukeni- Ward 33 to be upgraded by 30 June 2023	Achieved: Staff Change rooms and Ablution Facilities in Ekuvukeni- Ward 33 upgraded by 06 December 2022	R 2 000 000,00	R1 971 056,42	ACHIEVED	Under-expenditure: The total overall grant is not fully spent, the underspending covered the projects that have over-spending.	N/A	Copy of bid Quotations, letter of appointment, site hand over minutes, Payment reconciliation & Practical completion certificate	Technical and Infrastructural Services	33
2022/23/68	To ensure improved access to the networks and systems to improve service delivery	Replace old servers to ensure continued service delivery		Date of main server to be replaced by 30 June 2023	Date	New target	New target	The main server to be replaced by 30 June 2023	New target	The main server to be replaced by 30 June 2023	Achieved: The main server was replaced by 30 June 2023	R 4 000 000,00	R 2 297 654,00	ACHIEVED	Under-expenditure: The purchasing was below the budgeted amount.	N/A	Copy of bid documents, letter of appointment, SLA and Invoice	Corporate Services (IT section)	N/A
2022/23/69	To ensure that the required processes for procurements are monitored	Procuring Municipal Fleet for implementation of procurement plan		Date of Municipal Fleet (plant and machinery) to be procured by 30 June 2023	Date	Implementation of procurement plan by purchasing municipal fleet (plant and machinery) (1. Track Dozer, 2. 1 x Skid Steer / Mini Loader with FF attachments - Cold Planer, Mechanical Broom, Compactor, 3. 1 x 8-ton flat truck (drop side), 4. 3 x Single Axle Refuse Compactors, 5. 2 x TLBs, 6. 2 x 6m3 Tipper, 7. 1 x 8-ton flat truck (drop side)) by 30 June 2022	Not Achieved: The following fleet were purchased and delivered by 30 June 2022: 1) 1 x New Caterpillar 428 Backhoe Loader (NKR 16167) - R1295870.96 2) 1 x New Caterpillar 428 Backhoe Loader (NKR 10697) - R1295870.96 3) 1 x New Caterpillar 426F2 Backhoe Loader (NKR 39879) - R1051913.67 4) 1 x Isuzu Refuse Compactor FTR 850 - R 2488093.45 5) 1 x Isuzu Refuse Compactor FTR 850 - R 2488093.45 6) 1 x Isuzu Refuse Compactor FTR 850 - R 2488093.45	Implementation of procurement plan by purchasing municipal fleet (plant and machinery) by 30 June 2023	New plant and machinery	Implementation of procurement plan by purchasing municipal fleet (plant and machinery) by 30 June 2023	Not Achieved: The purchasing of the following municipal fleet (plant & machinery) by 30 June 2023 1) 1 x Isuzu MU-X received on 22/09/2022 - NKR 14609 2) 1 x Case Hydraulic Excavator received on 29/09/2022 - NKR 222 3) 1 x Case TLB received on 29/09/2022 - NKR 12593 4) 1 x Isuzu 8 Ton Dropside received on 24/11/2022 NKR 59185 And 1 x Cattle rail was ordered on NKR 59185 (the 8 Ton Dropside Truck procured in Quarter 2) as per Order No.17383 but could not be installed. 5) 1 x Isuzu 4 Ton Dropside received on 24/11/2022 - NKR 59186 6) 1 x Isuzu 4 Ton Dropside received on 24/11/2022 - NKR 59187 7) 1 x Isuzu MU-X received on 25/11/2022 - NKR 12441 8) 1 x Isuzu MU-X received on 24/11/2022 - NKR 12373 9) 1 x Isuzu Cherry Picker received on 23/12/2022 - NKR 46124 10) 1 x Isuzu Cherry Picker received on 23/12/2022 - NKR 45921 11) 1 x UD Truck Croner received on 15/03/23- NKR 39814	R 24 400 000,00	R 23 723 352,71	NOT ACHIEVED	Under-expenditure: Order x Cattle rail was cancelled as the Service Provider was unable to deliver as per the order. Purchase request cancelled as the service provider under quoted.	To monitor and ensure that the procurement is done in the next financial year. A new PR No.19456 has been issued	Letter of appointment, Bid documents & invoices 1) Copy of Bid Document 2) Copy of Advertisement in Paper 3) Emails / Documents regarding Bid Meetings 4) All documentation with Financial Implications in regard to this Bid	Public Safety and Emergency Services	N/A
2022/23/70				Date of Municipal Fleet (plan (insourcing) municipal fleet to be procured by 30 June 2023	Date	New target	New target	Implementation of procurement plan (insourcing) municipal fleet by 30 June 2023	New target	Implementation of procurement plan (insourcing) municipal fleet by 30 June 2023	Achieved: 1) 2 x Hoists were installed and Invoice no. 016832 was received on 23/12/22 2) 2 x Hoists were installed and Invoice no. 126 was received on 19/04/2023 by 19 April 2023.	R 1 000 000,00	R 557 801,00	ACHIEVED	Under-expenditure: The procurements were below the budget amount	N/A	Letter of appointment, Bid documents & invoices: 1) Copy of Bid Document 2) Copy of Advertisement in Paper 3) Emails / Documents regarding Bid Meetings 4) All documentation with Financial Implications in regard to this Bid	Public Safety and Emergency Services	N/A
2022/23/71	To ensure that CBD and remote cameras are upgraded as per the procurement plan	Upgrade CBD and remote camera systems		Date of upgrading the CCTV Camera Systems by 30 June 2023	Date	New target	New target	CCTV Camera System to be upgraded by 30 June 2023	New target	CCTV Camera System to be upgraded by 30 June 2023	Achieved: Equipment was installed at the following sites and the following matters resolved by 30 May 2023: a) Installed a UPS for the CCTV Room b) Installed a 13U cabinet (for switched linked to Town Hall) c) 6 x cameras for Department Public Safety d) Installed back up battery UPS X10 CCTV Room e) 8 x Cameras were installed at the CBD intersections (Lyell & Alexandra Street, Murchison & Queen Street and Murchison & Egerton Road)	R 1 500 000,00	R 1 386 849,50	ACHIEVED	Under-expenditure: The contractor was appointed below the budgeted amount.	N/A	Documentation & invoices: 1) Copy of Agreement with Service Provider 2) Monthly Reports on upgrading of infrastructure 3) Monthly Reports on functionality and maintenance of cameras 4) Emails / Documents regarding Fault reports, maintenance and invoices 5) All documentation with Financial Implications (Tax Invoices etc)	Public Safety and Emergency Services	N/A
2022/23/72	To create a conducive environment for Local Economic Development	Ensuring enhancement and sustainability of Informal Trading		Date of Informal Trading Stalls to be constructed in Ward 35 by 30 June 2023	Date	New target	New target	Informal Trading Stalls (8) to be constructed in Ward 35 by the 30 June 2023	New target	Informal Trading Stalls (8) to be constructed in Ward 35 by the 30 June 2023	Not Achieved: No Informal Trading Stalls constructed in Ward 35 by 30 June 2023.	R 2 000 000,00	R288 439,00	NOT ACHIEVED	Under-expenditure: Additional Funding received for the project. A new MOA had to be signed. Commencement of SCM processes was delayed. All Bid Documents preparation, BoQ Compiled. SCM processes completed and Contractor appointed in May 2023.	Application for roll-over sent to EDTEA to utilise funding in 2023/2024 financial year	Letter of appointment, Bid documents and invoices. Copy of Bid Document, Copy of Advertisement in Paper, All Financial Implications regarding Bid. Quarterly Reports with Pictures	Development Planning and Human Settlements	35
2022/23/73	To ensure provision of descent and adequate houses to the deserving beneficiaries	Plan and support the acceleration of sustainable human settlements		Number of Title deeds generated in respect of the Enhanced Extended Discount benefit Scheme (EEDBS) and housing projects by 30 June 2023	Number	40 Title Deeds in respect of the Enhanced Extended Discount Benefit Scheme (EEDBS) to be generated by 30 June 2022	Achieved: 97 Title Deeds in respect of the Enhanced Extended Discount Benefit Scheme (EEDBS) were generated by 30 June 2022	40 Title Deeds in respect of the Enhanced Extended Discount Benefit Scheme (EEDBS) and housing projects to be generated by 30 June 2023	N/A	40 Title Deeds in respect of the Enhanced Extended Discount Benefit Scheme (EEDBS) and housing projects to be generated by 30 June 2023	Achieved: 146 Title Deeds in respect of the Enhanced Extended Discount Benefit Scheme (EEDBS) and housing projects were generated by 30 June 2023		DohS Funding	ACHIEVED	Over-achievement was due to that the generation of title deeds by the conveyancers take approximately three months hence the variation.	N/A	Title Deeds	Development Planning and Human Settlements	N/A
2022/23/74				Number of new houses in Wards 5,9, 10, 20,21, 22,28 & 33 to be constructed by 30 June 2023	Number	New target	New target	Construction of 80 New Houses by 30 June 2023	62 Houses	Construction of 80 New Houses by 30 June 2023	Not Achieved: 60 New houses were constructed by 30 June 2023			NOT ACHIEVED	The POE contained both the new houses to be constructed and repaired houses in 2022/2023 financial year instead of only new houses	The target and KPI will be amended to reflect the number of houses repaired and houses rebuilt during the financial year under review	D6 Forms	Development Planning and Human Settlements	5, 9, 10, 20, 21, 22, 28 & 33
2022/23/75				Percentage of collection rate to maximise revenue generation achieved by 30 June 2023	Percentage	Collection rate of 80% to maximise revenue generation by 30 June 2022	Achieved: 87% collection rate and maximise revenue generated by 30 June 2022	Collection rate of 80% to maximise revenue generation by 30 June 2023	N/A	Collection rate of 80% to maximise revenue generation by 30 June 2023	Achieved: 87% collection rate and maximise revenue generated by 30 June 2023	N/A	N/A	ACHIEVED	Over-achievement was due to the Municipality implementing and closely monitoring the Council approved Revenue Enhancement Strategy.	N/A	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/76				Percentage of Auditor Queries to be addressed as per AG action Plan by 30 June 2023	Percentage	100% percent of Audit Queries to be addressed as per AG action Plan by 30 June 2022	Achieved: 100% of all queries as per Audit Response Plan are addressed by 30 June 2022	100% percent of Audit Queries to be addressed as per AG action Plan by 30 June 2023	N/A	100% percent of Audit Queries to be addressed as per AG action Plan by 30 June 2023	Achieved: 100% of AG queries resolved by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	AG Action Plan, Action list and Reports	All Head of Departments	N/A
2022/23/77				Percentage of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Percentage	100% of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	Not Achieved: 76% of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	100% of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	24% of Municipality's capital budget	100% of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Not Achieved: 81% of municipality's capital budget spent on capital projects by 30 June 2023	R 161 946 600,00	R 131 344 319,00	NOT ACHIEVED	Underperformance: All projects were completed but there were savings derived. Projects were awarded below the budgeted amount.	The Municipality is continuously implementing Demand Management on the procurement of Goods and Services. Furthermore, the Municipality is also closely monitoring the Council's assets as per Circular 82 of the MFMA.	Monthly Reports and Annual Financial Statements	Budget and Treasury and Technical and Infrastructural Services	N/A
2022/23/78				Percentage of MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Percentage	100% of MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	Not Achieved: 99% of MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	100% of MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	1% of MIG budget	100% of MIG budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Not Achieved: 99.5% of MIG budget spent on capital projects by 30 June 2023	R 70 409 000,00	R 70 124 939,00	NOT ACHIEVED	Underperformance: All projects were completed but there were savings derived. Projects were appointed below the budgeted amount.	The letters of applications have been drafted to National Treasury for the roll-over of funds.	Section 71 reports	Technical and Infrastructural Services	N/A
2022/23/79				Percentage of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Percentage	100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	Not Achieved: 95% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	5% of INEP budget	100% of INEP budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Not Achieved: 100% of INEP budget spent on capital projects by 30 June 2023	R 13 752 000,00	R 12 252 000,00	ACHIEVED	Funds received were fully spent however R1,5M was withheld by National Treasury due to low spending in the 2nd Quarter of the financial year, however all projects implemented are complete.	As the Municipality we need to ensure that consultants are appointed early and the commencement with designs happens in the 1st Quarter so that Eskom will approve our projects early.	Section 71 reports	Technical and Infrastructural Services	N/A
2022/23/80				Percentage of Municipal Repairs and Maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Percentage	100% of municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	Not Achieved: 89% of municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2022	100% of municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	20% of Municipal repairs and maintenance	100% of municipal repairs and maintenance budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan by 30 June 2023	Not Achieved: 58% of municipal repairs and maintenance budget spent on capital projects by 30 June 2023	R 130 007 386,00	R 74 469 790,56	NOT ACHIEVED	Underperformance: The maintenance of Municipal assets was not done in line with each department's maintenance plan.	Stricter controls and timeframes will be enforced to ensure that the maintenance of Council's assets are prioritised and done on time.	Section 71 reports	All Head of Departments	N/A
2022/23/81				Amount in rands of Unauthorised expenditure incurred throughout 2022/2023 financial year	Amount	Decreasing Unauthorised expenditure to R0 throughout 2021/2022 financial year	Not Achieved: R20 510 605	Decreasing Unauthorised expenditure to R0 throughout 2022/2023 financial year		Decreasing Unauthorised expenditure to R0 throughout 2022/2023 financial year	Not Achieved: R5 212 188,16 + R2 978 393,00 unauthorised expenditure by 30 June 2023	N/A	N/A	NOT ACHIEVED	The Department of Sports and Infrastructure (SIG) gazetted an amount of R10 950 000,00 to our Municipality during the 2022/2023 financial year. However, this amount was not transferred to the Municipality by 30 June 2023. Due to expenditure being incurred against this grant, an amount of R5 212 188,16 has been disclosed as unauthorised expenditure. An amount of R2 978 393,00 was incurred due to loss of disposal of assets being higher than the estimated budget.	Meetings were held with the Department of Sports and Infrastructure to obtain reasons as to why the transfer of this grant was not done. There were internal challenges that were experienced by this department. It has been resolved that the gazetted amount of R10 950 000,00 will be transferred to the Municipality in the 2023/2024 FY.	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/82				Amount in rands of Irregular expenditure incurred throughout 2022/2023 financial year	Amount	Decreasing Irregular expenditure to R0 throughout 2021/2022 financial year	Achieved	Decreasing Irregular expenditure to R0 throughout 2022/2023 financial year	N/A	Decreasing Irregular expenditure to R0 throughout 2022/2023 financial year	Not Achieved: Total: R 29 658 438,00 Current year: R 7 938 251,00 Prior years: R 21 720 187,00 irregular expenditure by 30 June 2023	N/A	N/A	NOT ACHIEVED	The Municipality engaged Eskom to stop the payment of all claims on Free Basic Electricity and to de-configure all meters. The Municipality also reported all payments made to Eskom on Free Basic Electricity as irregular expenditure in respect of the 20/2021, 2021/2022 and 2022/2023 Financial Years.	The Municipal Manager appointed a committee to investigate this matter in terms of Section 32 of the MFMA. Furthermore, the Municipality embarked on a door to door campaign to compile a new accurate, credible and reliable indigent register.	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/83				Amount in rands of Fruitless and Wasteful expenditure incurred throughout 2022/2023 financial year	Amount	Decreasing Fruitless and Wasteful expenditure to R0 throughout 2021/2022 financial year	Not Achieved: R553.05	Decreasing Fruitless and Wasteful expenditure to R0 throughout 2022/2023 financial year	NIL	Decreasing Fruitless and Wasteful expenditure to R0 throughout 2022/2023 financial year	Achieved: Decreasing Fruitless and Wasteful expenditure to R0 throughout 2022/2023 financial year	N/A	N/A	ACHIEVED	N/A	N/A	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A

ABILITY AND MANAGEMENT

To improve financial viability of municipality

2022/23/84	MUNICIPAL FINANCIAL Y			Ratio: Total operating revenue received minus operating grants divided by debt service payments (e. interests plus redemption) by 30 June 2023	Debt Coverage Ratio	1:3 (Achievement of 1:3 debt coverage ratio throughout 2021/2022 financial year)	Achieved 1:1 the municipality can pay the loan in less than 3 months in 2021/2022 financial year	1:3 (Achievement of 1:3 debt coverage ratio throughout 2022/2023 financial year)	NIL	1:3 (Achievement of 1:3 debt coverage ratio throughout 2022/2023 financial year)	Achieved- 1:684.44 the municipality can pay the loan in less than 3 months in 2021/2022 financial year	N/A	N/A	ACHIEVED	N/A	N/A	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/85				Ratio: Available cash plus investments divided by monthly fixed operating expenditure by 30 June 2023	Cash Coverage Ratio	1:2 (Achievement of 1:2 cash coverage ratio throughout 2021/2022 financial year)	Achieved 1:7	1:2 (Achievement of 1:2 cash coverage ratio throughout 2022/2023 financial year)	NIL	1:2 (Achievement of 1:2 cash coverage ratio throughout 2022/2023 financial year)	Achieved- 4:8 cash coverage ratio throughout 2022/2023	N/A	N/A	ACHIEVED	N/A	N/A	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/86				Ratio: Outstanding Gross debtors minus Bad Debt Provision (Impairment) divided by actual billed revenue times 365 days by 30 June 2023	Outstanding Debtors Services Ratio	1:1 (Achievement of 1:1 outstanding debtors service ratio throughout 2021/2022 financial year)	Not Achieved 1:0.398	1:30 days (Achievement of 1:30 days outstanding debtors ratio throughout 2022/2023 financial year)	NIL	1:30 days (Achievement of 1:30 days outstanding debtors ratio throughout 2022/2023 financial year)	Not Achieved- 1:438 days outstanding debtors ratio throughout 2022/2023 financial year	N/A	N/A	NOT ACHIEVED	Negative economic growth and recession, above inflation electricity tariff increases, lengthy legal processes to recover debt in ESKOM areas, loss of jobs and flooding of the CBD.	The Revenue Enhancement Strategy and Door to Door Campaigns are being implemented. Data cleansing of the billing system has commenced. Engagements with Govt departments to settle arrear debts are ongoing	Monthly Reports and Annual Financial Statements	Budget and Treasury	N/A
2022/23/87		To ensure Maintenance of Municipal Assets	Maintenance of register for movables and municipal buildings assets	Date of a credible movables and municipal buildings assets register and submitted to the CFO by 30 June 2023	Date	1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2022	Achieved: 1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2022	1 credible movable assets register to be compiled and submitted to the CFO by 30 June 2023	NIL	1 credible movables and municipally buildings asset register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible movables and municipally buildings asset register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Movables Asset Register, valuation of Investment Property	Budget and Treasury	N/A
2022/23/88			Maintenance of register for electricity, roads and stormwater, WIP and solid waste assets	Date of a credible Storm Water, Roads, Solid Waste, WIP and Electricity Register compiled and submitted to the CFO by 30 June 2023	Date	1 credible electricity, roads and stormwater, solid waste, WIP register compiled and submitted to the CFO by 30 June 2022	Achieved: 1 electricity, roads and stormwater, solid waste, WIP register compiled and submitted to the CFO by 30 June 2022	1 credible electricity, roads and stormwater, solid waste, WIP register compiled and submitted to the CFO by 30 June 2023	NIL	1 credible Storm Water, Roads, Solid Waste, WIP and Electricity Register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible Storm Water, Roads, Solid Waste, WIP and Electricity Register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Electricity, Roads and Stormwater, WIP and solid waste registers	Technical and Infrastructural Services	N/A
2022/23/89			Maintenance of a register for intangible assets	Date of a credible Intangible assets register compiled and submitted to the CFO by 30 June 2023	Date	1 credible Intangible asset register to the CFO by 30 June 2022	Achieved: 1 credible Intangible asset register to the CFO by 30 June 2022	1 credible Intangible asset register to the CFO by 30 June 2023	NIL	1 credible Intangible assets register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible Intangible assets register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Intangible assets register	Corporate services	N/A
2022/23/90			Maintenance of a register for Municipal properties assets	Date of a credible municipal land, heritage and investment properties register compiled and submitted to the CFO by 30 June 2023	Date	1 credible municipal property and heritage Assets register to be compiled and submitted to the CFO by 30 June 2022	Achieved: 1 credible municipal property and heritage Assets register to be compiled and submitted to the CFO by 30 June 2022	1 credible municipal property and heritage Assets register to be compiled and submitted to the CFO by 30 June 2023	NIL	1 credible municipal land, heritage and investment properties register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible municipal land, heritage and investment properties register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Municipal immovable property register (Investment property, land and land held for sale) and Heritage Movable asset register.	Development Planning and Human Settlements	N/A
2022/23/91			Maintenance of a register for street furniture assets	Date of a credible street furniture register compiled and submitted to the CFO by 30 June 2023	Date	1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2022	Achieved: 1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2022	1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2023	NIL	1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible street furniture register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Street furniture register	Public Safety and Emergency Services	N/A
2022/23/92			Maintenance of a register for recreational facilities assets	Date of a credible Recreational Facilities asset register compiled and submitted to the CFO by 30 June 2023	Date	New target	New target	1 credible recreational facilities register to be compiled and submitted to the CFO by 30 June 2023	New target	1 credible recreational facilities register to be compiled and submitted to the CFO by 30 June 2023	Achieved: 1 credible recreational facilities register to be compiled and submitted to the CFO by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	Recreational facilities register	Community and Social Service	N/A
2022/23/93		To ensure the effective running of Supply Chain Management	Enhance effective and efficient SCM process and procedures	Percentage of procurements less than R200 000 to be processed monthly and reported quarterly during the 2022/2023 financial year	Percentage	100% of procurements less than R200 000 processed monthly and reported quarterly during the 2021/2022 financial year	Not Achieved: 98% of Procurements less than R200 000 processed by 30 June 2022	100% of Procurements less than R200 000 processed by 30 June 2023	2% of procurements less than R200 000 processed monthly and reported quarterly	100% of procurements less than R200 000 processed monthly and reported quarterly during the 2022/2023 financial year	81.5% of procurements less than R200 000 processed monthly and reported quarterly during the 2022/2023 financial year	N/A	N/A	NOT ACHIEVED	Underperformance: Departments had insufficient funds on their respective line items to procure goods and services. Hence, these procurements could not be processed. All procurements which had sufficient budget were finalized by the Supply Chain Management Section in the 2022/2023 FY.	Clients departments were advised by the Supply Chain Management Section to ensure that there is sufficient budget available before they issue the "Requests for Goods." Client departments were further advised that they must indicate on the "Request for Goods" form the realistic estimated market price to avoid procurements being referred back due to insufficient funds.	Monthly Reports to the Municipal Manager and Portfolio Committees (Finance and affected Departmental Portfolios)	Budget and Treasury	N/A
2022/23/94				Number of BEC meetings convened by 30 June 2023 (based on the number of bids that need to serve at BEC)	Number	20 BEC meetings convened by 30 June 2022 (based on the number of bids that need to serve at BEC)	Not Achieved: 16 BEC meetings convened by 30 June 2022	20 BEC meetings convened by 30 June 2023 (based on the number of bids that need to serve at BEC)	4 BEC meetings	20 BEC meetings convened by 30 June 2023 (based on the number of bids that need to serve at BEC)	Achieved: 20 BEC meetings convened by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	BEC Minutes and attendance Registers	Budget and Treasury	N/A
2022/23/95				Number of BAC meetings convened by 30 June 2022 (based on the number of bids that need to serve at BAC)	Number	10 BAC meetings convened by 30 June 2022 (based on the number of bids that need to serve at BAC)	Achieved: 13 BAC meetings convened by 30 June 2022	10 BAC meetings convened by 30 June 2023 (based on the number of bids that need to serve at BAC)	NIL	10 BAC meetings convened by 30 June 2023 (based on the number of bids that need to serve at BAC)	Achieved: 10 BAC meetings convened by 30 June 2023	N/A	N/A	ACHIEVED	N/A	N/A	BAC Minutes and attendance Registers	Budget and Treasury	N/A

COUNCIL FUNDING FOR CAPITAL BUDGET- 2022/2023	BUDGET	BUDGET SPENT
PMU topslce from total allocation (MIG)	R 300 000,00	R 250 920,00
Upgrading of Lister Clarence	R 100 000,00	R 35 449,85
Security System- Stores	R 500 000,00	R 350 250,00
Speed Machines	R 500 000,00	R 467 014,00
Furniture and Equipment	R 2 515 000,00	R 2 112 420,61
Number Plate Recognition System	R 250 000,00	R 167 343,48

COUNCIL FUNDING FOR CAPITAL BUDGET- 2022/2023	BUDGET	BUDGET SPENT
Fire Fighting Equipments- Ezakheni	R 250 000,00	R 159 257,00
Fire Fighting Equipments- Ekuvukeni	R 250 000,00	R 178 653,93
Parks and Gardens- Small Plants	R 350 000,00	R 234 661,83
IT Computer Equipment	R 1 200 000,00	R 1 121 886,95
Call Centre	R 2 000 000,00	R 1 659 453,15
Traffic signs	R 50 000,00	R -

6.3 Action Plan (2022/2023 Financial Year)

ALFRED DUMA LOCAL MUNICIPALITY
AUDIT RESPONSE PLAN 2022-2023

NO	CLASSIFICATION	NATURE OF AUDIT QUERY	DETAILED FINDING	ROOT CAUSE	AG RECOMMENDATIONS	MANAGEMENT RESPONSE	REPEAT FINDING YES/NO	ACTION PLAN	DUE DATE	RESPONSIBLE OFFICIAL	POE
1-3	Material Matters: Audit of Predetermined Objectives	Reported performance not reliable: number of houses electrified and ready for commissioning by Eskom	During the audit of performance information, physical verification was conducted and misstatements were identified:	Management did not ensure that the reported achievement in respect of households to be electrified and ready for commissioning by Eskom by 30 June 2023 is reliable, accurate and complete. Management did not adequately prepare regular, accurate and complete performance report that is supported and evidenced by reliable information as the information provided did not support the achievement of reported targets.	Management should design and implement processes and procedures that will allow for the continuous collection, recording, review and reporting of performance information to enable consistent collection and reporting on its development priorities and to support information reported on the annual performance report.	Management agrees with the findings as these findings were noted during the physical verification. However, some of the findings have a technical explanation,	Yes	1. The municipality will conduct a review of the planning document (SDBIP) to ensure that the performance report is supported and evidenced by reliable information that is accurate and complete. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 2. The Technical Indicator Description (TID's) will be enhanced for the 2023/2024 financial year to consider the relevant amendments to the performance report. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 3. Physical verification of projects to be conducted by the Performance Management Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 4. Physical verification of projects to be conducted by the Internal Audit Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager Internal Audit And Risk Management	31-Mar-24	Manager: PMS, Monitoring and Evaluation	1. Adjusted 2023/2024 SDBIP and Council resolution. 2. Reviewed Technical Indicator Description (TID's) and council resolution.
4	Material Matters: Audit of Predetermined Objectives	Indicator: Number of jobs created and sustained through municipal capital projects by 30 June 2023	A - The indicator was not well defined. B - Reported performance was not verifiable. C- Differences were found between the reported performance and portfolio of evidence. As a result of the above; •the indicator is not measurable and verifiable, and in certain instances, reported performance is inaccurate •there has been non-compliance with the Municipal Systems Act •there has been non-compliance with the National Treasury's Framework for Managing Programme Performance Information (FMPPPI)	Management did not adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management did not adequately review the annual performance report to confirm that reported performance is accurate.	Management should adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management should adequately review the annual performance report to confirm that reported performance is accurate.	Management noted the AG finding and an amended APR was submitted to AG.	No	1. The municipality will conduct a review of the planning document (SDBIP) to ensure that the performance report is supported and evidenced by reliable information that is accurate and complete. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 2. The Technical Indicator Description (TID's) will be enhanced for the 2023/2024 financial year to consider the relevant amendments to the performance report. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 3. Physical verification of projects to be conducted by the Performance Management Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 4. Physical verification of projects to be conducted by the Internal	31-Mar-24	Manager: PMS, Monitoring and Evaluation	1. Adjusted 2023/2024 SDBIP and Council resolution. 2. Reviewed Technical Indicator Description (TID's) and council resolution.
5	Material Matters: Audit of Predetermined Objectives	Indicator: Number of job opportunities created and sustained through informal traders in the Municipal LED initiatives by 30 June 2023	A - The indicator was not well defined. B - Differences were found between the reported performance and portfolio of evidence. As a result of the above; •the indicator is not measurable and verifiable, and in certain instances, reported performance is inaccurate •there has been non-compliance with the Municipal Systems Act •there has been non-compliance with the National Treasury's Framework for Managing Programme Performance Information (FMPPPI)	Management did not adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management did not adequately review the annual performance report to confirm that reported performance is accurate.	Management should adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management should adequately review the annual performance report to confirm that reported performance is accurate.	Management noted the AG finding and an amended APR was submitted to AG.	No	1. The municipality will conduct a review of the planning document (SDBIP) to ensure that the performance report is supported and evidenced by reliable information that is accurate and complete. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 2. The Technical Indicator Description (TID's) will be enhanced for the 2023/2024 financial year to consider the relevant amendments to the performance report. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 3. Physical verification of projects to be conducted by the Performance Management Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager PMS, Monitoring and	31-Mar-24	Manager: PMS, Monitoring and Evaluation	1. Adjusted 2023/2024 SDBIP and Council resolution. 2. Reviewed Technical Indicator Description (TID's)

AUDIT RESPONSE PLAN 2022-2023

NO	CLASSIFICATION	NATURE OF AUDIT QUERY	DETAILED FINDING	ROOT CAUSE	AG RECOMMENDATIONS	MANAGEMENT RESPONSE	REPEAT FINDING YES/NO	ACTION PLAN	DUE DATE	RESPONSIBLE OFFICIAL	POE
6	Material Matters: Audit of Predetermined Objectives	Number of support provision to SMME's and Co-ops through LED initiatives by 30 June 2023. (Indicator no.18)	A - Targets are inconsistent with the indicator. B- Difference between the reported performance and portfolio of audit evidence. As a result of the above: *the indicator is not measurable and verifiable, and in certain instances, reported performance is inaccurate *target is not consistent with the indicator resulting in reported performance being inconsistent with the indicator *there has been non-compliance with the Municipal Systems Act *there has been non-compliance with the National Treasury's Framework for Managing Programme Performance Information (FMPPPI)	Management did not adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management did not adequately review the annual performance report to confirm that reported performance is accurate.	Management should adequately review the planning documents to ensure that to ensure compliance with relevant prescripts. Management should adequately review the annual performance report to confirm that reported performance is accurate.	Management noted the AG finding and an amended APR was submitted to AG.	No	1. The municipality will conduct a review of the planning document (SDBIP) to ensure that the performance report is supported and evidenced by reliable information that is accurate and complete. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 2. The Technical Indicator Description (TID's) will be enhanced for the 2023/2024 financial year to consider the relevant amendments to the performance report. Action date: 31/03/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 3. Physical verification of projects to be conducted by the Performance Management Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager PMS, Monitoring and Evaluation 4. Physical verification of projects to be conducted by the Internal Audit Section. Action date: Mid year 28/02/2024 and at year end 31/07/2024 Responsible Official: Manager Internal Audit And Risk Management	31-Mar-24	Manager: PMS, Monitoring and Evaluation	1. Adjusted 2023/2024 SDBIP and Council resolution. 2. Reviewed Technical Indicator Description (TID's)
7	Material Matters: Compliance with Key Legislation	Significant Control Deficiencies relating to Free Basic Electricity	The municipality did not comply with section 65(2)(a) of the MFMA which requires the accounting officer of a municipality to take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds. The municipality made payments for free basic electricity provided to indigent households without performing regular reviews of the beneficiaries to ensure that they are valid. The irregularity is likely to result in a financial loss for the beneficiaries that do not meet the criteria to qualify for the benefit.	Management did not implement proper record keeping to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting in a timely manner Management did not adequately review the monthly billing from Eskom to ensure that transfer payments are made for valid beneficiaries that complies with the indigent policy of the municipality	Management should continue to investigate the above matter	It must be noted that the above finding "deficiencies on free basic electricity" was raised in the 2021/2022 financial year end audit in terms of Communication of Finding number 6 dated 19 November 2022. Management immediately took an item to Council in November 2022 to stop the roll out Free Basic Electricity (FBE). Further to the above, the municipality was issued with a Material Irregularity from the Office of the AG on 30 January 2023. Many E-mails, meetings and telephone calls between officials of the municipality and officials of Eskom took place. Unfortunately, the process to de-configure the electricity meters was a lengthy process and could not be immediately stopped which was beyond the control of the municipality. Please refer to the reports dated 27/02/2023, 16/03/2023 and 31/07/2023 in terms responding to the Material Irregularity that was raised. These reports provide the progress made in terms	Yes	1. The municipal manager will appoint a committee to conduct an investigation on this matter to determine the financial loss incurred by the municipality, if any official was negligent in carrying out his/her responsibilities, and identify the internal control deficiencies. Action date: 31/01/2024 Responsible Official: Municipal Manager 2. All FBE payments to Eskom will be stopped. Action date: immediately Responsible Official: Manager Technical and Infrastructural Services 3. The Department of Technical and Infrastructure Services must engage with and meet with Eskom to discuss and resolve the FBE issues. Action date: 28/02/2024 Responsible Official: Manager Technical and Infrastructural Services 4. The Credit Control Section will create a database for all new FBE applications strictly applying the policy. Action date: 31/03/2024 Responsible Official: Manager Revenue Service 5.The Internal Audit Section will conduct sample reviews on the FBE applications received. Action date: 30/04/2024 Responsible Official: Manager Internal Audit & Risk Management	30-Jun-24	Executive Director Technical and Infrastructural Services and Executive Director Budget and Treasury	Policy of FBE, SLA review reports on progress to MCM and AG office
8	Material Matters: Compliance with Key Legislation	Expenditure Management	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R7,20 million, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-compliance with the Municipal budget and reporting regulations 11(2) as funding was not available to cover capital expenditure.	The Memorandum Of Understanding between the Municipality and Sports and Recreation is in place but unfortunately, Sports and Recreation did not effect payment to the Municipality in time	Management should implement adequate/reasonable steps to ensure the unauthorized expenditure is prevented.	It has been noted by Management. Management will ensure that appointment and construction commences once the trench has been received by the Municipality	No	Management will ensure that only once confirmation of the funds is within the Municipalities accounts commencement of works will then be initiated. Action date: immediately Responsible Official: Manager Technical and Infrastructural Services	30-Jun-24	Executive Director Technical and Infrastructural Services	Confirmation of funds received from the Department Sports and Recreation.

6.4 Appendices:

APPENDIX A: Councillors: Committee allocation and Council attendance

APPENDIX B: Committee and Committee purpose

APPENDIX C: Third tier administrative structure

APPENDIX D: Functions of Municipality/entity

APPENDIX E: Disclosure of financial interest

Appendices:

- a. **Councillors: Committee Allocation and Council Attendance**
- b. **Committees and Committee Purposes**
- c. **Third Tier Administrative Structure**
- d. **Functions of Municipality/Entity**
- e. **Recommendations of the Municipal Audit Committee**
- f. **Long term Contracts and Public Private Partnerships**
- g. **Municipal Entity / Service provider Performance Schedule**
- h. **Disclosure on Financial Interest**
- i. **Revenue Collection Performance**
 - (i) **Revenue Collection Performance by Vote**
 - (ii) **Revenue Collection Performance by Source**
- j. **Conditional Grants Received (Excluding MIG)**
- k. **Capital Expenditure – New an Upgrade/ Renewal Programmes**
 - (i) **Capital Expenditure – New Assets**
 - (ii) **Capital Expenditure – Upgrade/ Renewal**
- l. **Capital Program by Project**
- m. **Capital Program by Project by Ward**
- n. **Service connection backlogs at Schools and Clinics**
- o. **Service Backlogs Experienced by the Community where another Sphere of Government is responsible for Service Provision**
- p. **Declaration of Loans and Grants made by the Municipality**
- q. **Declaration of Returns not made in due time under Section 71**
- r. **National and Provincial outcomes for Local Government**

A. Councillors: Committee allocation and Council Structure

COUNCILLORS: COMMITTEE ALLOCATED AND COUNCIL STRUCTURE				
Council Member	Exco members	Committee Allocated to	Ward and/or Party Represented	
SURNAME	NAME	DESIGNATION / REPRESENTATION ON COMMITTEES	WARD	PARTY
Biyela	Bonisiwe Beauty	MPAC MEMBER / WOMEN'S CAUCUS MEMBER	PR	NFP
Buys	Sharon Ann	SPGFPC MEMBER / WOMEN'S CAUCUS MEMBER	12	DA
Dlamini	Nokwazi Barbara	CSSPC MEMBER / WOMEN'S CAUCUS MEMBER	3	ANC
Dlamini	Thobani Prince	EXCO MEMBER / CHAIRPERSON - CSSPC / RAPID RESPONSE MEMBER	23	IFP
Gwala	Bonisiwe	RULES MEMBER / WOMEN'S CAUCUS MEMBER	PR	EFF
Hadebe	Thulile	EXCO MEMBER / WOMEN'S CAUCUS MEMBER / RAPID RESPONSE MEMBER	PR	ANC
Hlomuka	Londathina Given	CSPC MEMBER	4	ANC
Hlonewane	Lindiwe Goodness	WOMEN'S CAUCUS MEMBER	PR	ANC
Khoza	Mthokozisi Magical	TISPC MEMBER	14	IFP
Khumalo	Siphamandla Samuel	TISPC MEMBER	11	ANC
Khumalo	Thulasizwe Patric	EXCO MEMBER / CHAIRPERSON - CSPC / LOCAL LABOUR FORUM	PR	IFP

Kubheka	Gladys Sihlesenkosi	CSSPC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Kubheka	Lindiwe Bongiwe Marrilyn	SPGFPC MEMBER / RULES MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Kubheka	Sibongile Emily	CSSPC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Kubheka	Xolani Oswald	SPGFPC MEMBER	15	IFP
Madondo	Sifiso Eric	EXCO MEMBER / PSESPC CHAIRPERSON / RAPID RESPONSE MEMBER	PR	EFF
Madondo	Zamukwenzani Israel	CSSPC MEMBER	30	IFP
Magasela	Mzuzwana	MPAC MEMBER	34	IFP
Majola	Bhekokwakhe Christopher	TISPC MEMBER	28	IFP
Makhathini	Sithembiso	PSESPC MEMBER	1	ANC
Mbambo	Philile Patricia	SPGFPC MEMBER / WOMEN'S CAUCUS MEMBER	PR	EFF
Mbhele	Mzwandile Beatus	EXCO MEMBER / RAPID RESPONSE MEMBER	PR	ANC
Mbhense	Monica Ntombiningi	WOMEN'S CAUCUS MEMBER	PR	ANC
Mbhense	Ntuthuko	DPHSPC MEMBER	35	IFP
Mchunu	Andile	EXCO MEMBER / RAPID RESPONSE MEMBER	PR	ANC
Mdluli	Khulekani	CSSPC MEMBER	7	IFP

Memela	Vusumuzi Fred	SPGFPC MEMBER	8	ANC
Mhlongo	Xoliswa Fikelephi	CSSPC MEMBER / WOMEN'S CAUCUS MEMBER	PR	IFP
Mjiyakho	Khanyisile Evertrinah	MPAC MEMBER / WOMEN'S CAUCUS MEMBER	PR	IFP
Mkhasibe	Nkululeko Daniel	DPHSPC MEMBER	26	ANC
Mlaba	Thulasizwe Cristopher	PSESPC MEMBER	17	IFP
Mlotshwa	Mosley Ntombizonke	MPAC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Mlotshwa	Njabulo	DPHSPC MEMBER / RULES MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Mlotshwa	Nkosinathi Petros Bethwel	TISPC MEMBER	25	ANC
Mngadi	Mabutho Siboniso	DPHSPC MEMBER	5	ANC
Mngadi	Xolani Peacefully	CSSPC MEMBER	10	ANC
Msimango	Sanele Lesley	SPGFPC MEMBER	18	IFP
Mswane	Sakhile Lucas	CSPC MEMBER	19	IFP
Mthethwa	Emmanuel Nkosinathi Mandlenkosi	MPAC MEMBER	PR	NPA
Mtshali	Nikiwe Cynthia	MPAC MEMBER / CHAIRPERSON WOMEN'S CAUCUS	PR	EFF
Nene	Siphelele Minenhle	DPHSPC MEMBER	33	IFP

Ngcobo	Thembinkosi Nicholas	MPAC MEMBER	24	IFP
Ngubane	Sihle Emmanuel	MPAC MEMBER	32	IFP
Njoko	Thabisile Precious	EXCO MEMBER / WOMEN'S CAUCUS MEMBER / RAPID RESPONSE MEMBER	PR	ANC
Nkosi	Lwazilwakhe	PSESPC MEMBER	PR	EFF
Nsele	Phasika	TISPC MEMBER	29	IFP
Ntini	Khanyisani	DPHSPC MEMBER	PR	IFP
Nxumalo	Octavia Sindisiwe	MPAC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Nzuza	Bhiza Muzomusha	SPGFPC MEMBER	31	IFP
Nzuza	Phangisani Milton	MPAC MEMBER	PR	APM
Rajkoomar	Anand	RULES MEMBER / TISPC MEMBER	13	DA
Shabalala	Khanyisle Elizabeth	PSESPC MEMBER	PR	IFP
Shabalala	Ntandoyenkosi Bisset	RULES MEMBER	PR	IFP
Sibisi	Zama Joel	MAYOR / CHAIRPERSON SPGFPC / RAPID RESPONSE CHAIRPERSON	PR	IFP
Simelane	Sizwe	DEPUTY MAYOR / CHAIRPERSON TISPC / RAPID RESPONSE MEMBER	36	IFP
Sithebe	Nkosinathi Justice	SPGFPC MEMBER	6	ANC
Sithole	Bhekinkosi Petros	SPEAKER / RULES CHAIRPERSON / RAPID RESPONSE MEMBER	PR	IFP
Sithole	Nkosinathi Shadrack	TISPC MEMBER	9	ANC

Sithole	Sabelo	CHIEF WHIP / RAPID RESPONSE MEMBER / LOCAL LABOUR FORUM	PR	ABC
Sithole	Sabelo Marcus	RULES MEMBER	PR	IFP
Suddaby	Michael Rodney	MPAC CHAIRPERSON	PR	DA
Thabede	Zakhele Thomas	CSSPC MEMBER	PR	IFP
Warasally	Abbas Sheik Dawood	EXCO MEMBER / DPHS CHAIRPERSON / RAPID RESPONSE MEMBER	20	IFP
Xaba	Austin Bhekisisa	CSPC MEMBER	27	IFP
Xaba	Tholakele	RULES MEMBER / MPAC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Zikalala	Mduduzi Garnet	CSPC MEMBER	16	IFP
Zikalala	Nonhlanhla Lucia	PSESPC MEMBER / WOMEN'S CAUCUS MEMBER	PR	ANC
Zikalala	Sandile Brian	CSSPC MEMBER	21	ANC
Zuma	Fana	DPHSPC MEMBER	PR	IFP
Zungu	Mzwakhe Pamu	PSESPC MEMBER	37	IFP
Zwane	Nkosikhona Excellent	MPAC MEMBER	PR	IFP
Zwane	Simphiwe Xolani Musawenkosi	TISPC MEMBER	2	ANC
Zwane	Xolani Simphiwe	CSPC MEMBER	22	ANC

COMMITTEES (OTHER THAN EXCO) AND PURPOSES	
MUNICIPAL COMMITTEES	
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Oversee the operation of public accounts
RULES COMMITTEE	Council's Rules and Conduct of Councillors
RAPID RESPONSE COMMITTEE	Public Complaints, memorandums etc.
WOMEN'S CAUCUS	Gender issues / employment equity, etc.
COMMUNITY AND SOCIAL SERVICES PORTFOLIO	Community and Social Services issues
CORPORATE SERVICES PORTFOLIO	Corporate Admin Legal and Human Resources affairs
DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS PORTFOLIO	Related to Land as well as housing issues and planning affairs
PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO	Public Safety and Emergency Services issues
STRATEGIC PLANNING, GOVERNANCE AND FINANCE PORTFOLIO	Financial services and Social Strategic Planning and Governance issues
TECHNICAL AND INFRASTRUCTURAL SERVICES PORTFOLIO	Technical, Infrastructure / Electrical issues
AUDIT COMMITTEE	Performs functions as per MFMA section 166

APPENDIX C: Third Tier Administration

Organogram- attached as **Annexure “A”**

APPENDIX D: FUNCTIONS OF MUNICIPALITY

Municipal Functions as per Schedules 4 Part B & 5 Part B of MSA		
Municipal Functions	Function Applicable to Municipality (Yes/No)	Function performed by Alfred Duma Local Municipality (Yes/No)
Air pollution	NO	NO
Building regulations	YES	YES
Child care facilities	NO	NO
Electricity and gas reticulation	YES	YES
Fire-fighting services	YES	YES
Local tourism	YES	YES
Municipal airstrip/ aerodrome	YES	YES
Municipal planning	YES	YES
Municipal health services	NO	NO
Municipal public transport	NO	NO
Municipal public works	YES	YES
Pontoons, ferries, jetties, piers and harbours	NO	NO
Storm water management system in built-up areas	YES	YES
Trading regulations	YES	YES
Water and sanitation services	NO	NO
Beaches and amusement facilities	NO	NO
Billboards and the display of advertisements in public places	YES	YES
Cemeteries and burial sites	YES	YES
Cleansing and solid waste management	YES	YES
Control of public nuisance	YES	YES
Control of undertaking the sell liquor to the public	YES	YES
Facilities for the accommodation, care and burial of animals	YES	YES
Fencing and fences	NO	NO
Licensing of dogs	YES	YES
Licensing and control of undertakings that sell food to the public	YES	YES
Local amenities	YES	YES
Local sport facilities	YES	YES

Markets	YES	YES
Municipal abattoirs	NO	NO
Municipal parks and recreation	YES	YES
Municipal roads	YES	YES
Noise control/pollution	YES	YES
Municipal Pound	YES	YES
Public places	YES	YES
Refuse removal, refuse dumps and solid waste disposal	YES	YES
Street trading	YES	YES
Street lighting	YES	YES
Traffic and parking	YES	YES

APPENDIX E: RECOMMENDATIONS OF THE AUDIT COMMITTEE

As per an Audit Committee Report on pages 37 to 43.

APPENDIX F: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts Entered into during Year					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	End Date of Contract	Project Manager	Contract Value
N/A					

APPENDIX G: MUNICIPAL ENTITY / PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

As per the Assessment of External Service Providers below.

Alfred Duma Annual Assessment of External Service Providers: 2022/2023

No:	Bid Number	Name of external Service Provider	Date Contract Awarded	Completion date	Service provided in terms of the SLA	Value of project	Expenditure to date	Comparison with previous year 2021 / 2022		Current Financial Year 2022 / 2023		Assessment of Service Providers Performance				
								Target	Actual	Target	Actual	G	S	P	Reason for non-achievement	Corrective measures
1	CS5/2018	Data Box Technologies CC	2019/05 /30	2022/08 /30 extended to end of January 2023	Lease of Multifunction Copiers	R6 884 049,12	R860 506,14	Lease of Multifunction Copiers	Lease of Multifunction Copiers	Lease of Multifunction Copiers	Lease of Multifunction Copiers			P	There were challenges with the turnaround time, the service provider was delayed providing support timely where there were challenges. The municipality have advertised for new service provider. It is with the department to participate in the RT tender.	This lease expired and a new service provider was appointed
2	CS06/2021	Azuka Group (Pty) Ltd	2022/01 /26	2025/01 /25	Maintenance of the PABX system	R503 953,44	R503 953,44 - R20 998,07 = R482 955,37	Maintenance of the PABX system	Maintenance of the PABX system	Maintenance of the PABX system	Maintenance of the PABX system			P	Service Provider was penalised in accordance with the Service Level Agreement due to not fulfilling the required timelines of matters that had to be attended to, therefore the penalty of R20 998,07.	The Service Provider was penalised and given a penalty

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2A	CS06/2021	Azuka Group (Pty) Ltd	2022/01/26	2025/01/25	Installation of Telephone System at Public Safety and Call Centre	R1 659 453,15	R1 659 453,15	N/A	N/A	Once off installation of Telephone System at Public Safety and Call Centre	Once off installation of Telephone System at Public Safety and Call Centre		S		All matters not finalised therefore the above penalty.	
2B	CS06/2021	Azuka Group (Pty) Ltd	2022/01/26	2025/01/25	8 Portal Digital Extensions - Room 218	R6 756,06	R6 756,06	N/A	N/A	Once off installation of 8 Port Digital Extension - Room 218	Once off installation of 8 Port Digital Extension - Room 218		S		The work was eventually done, but it took a very long time before this was finalised - therefore the above penalty	
2C	CS06/2021	Azuka Group (Pty) Ltd	2022/01/26	2025/01/25	VoIP Gateway Board / Software Assurance Services / 16 Port Digital Extensions / Professional Services	R61 237,20	R61 237,20	N/A	N/A	Once Off at the Town Hall and 4 Keate Street (VoIP Gateway Board / Software Assurance Services / 16 Port Digital Extensions / Professional Services	Once Off at the Town Hall and 4 Keate Street (VoIP Gateway Board / Software Assurance Services / 16 Port Digital Extensions / Professional Services		S		The work was eventually done, but it took a very long time before this was finalised therefore the above penalty	

										onal Service)	onal Service)					
3	RT15/2021 - ORDER 6831	Vodacom	01/02/2022	2026/03/31	Supply and Delivery of mobile communication services to the state.	R24 000,00 in respect of SMS system only	R24 000,00	R24 000,00	R24 000,00	Supply and Delivery of mobile communication services to the state.	Supply and Delivery of mobile communication services to the state.	G			N/A	
3A	RT3/2022	ITEC	01/02/2023	01/02/2026	Lease of Multifunction Copiers	R4 166 150,76	R453 048,29	N/A	N/A	Lease of Multifunction Copiers	Lease of Multifunction Copiers	G			N/A	
3B	RT3/2022	ITEC	01/02/2023	01/02/2026	Copy Charges in respect of Multifunction Copiers	Will vary monthly in accordance with usage	R221 700,47	N/A	N/A	Lease of Multifunction Copiers	Lease of Multifunction Copiers	G			N/A	
4	MO 01/2019	Bokang Consulting Services PTY LTD	2020/05/06	2023/05/30	Forensic Investigations	R1 768 455,77	R1 768 455,77	Conduct Forensic Investigations	Conduct Forensic Investigations	Conduct Forensic Investigations	Conduct Forensic Investigations	G			N/A	
5	ES01/2020	Golden Rewards	2021/10/25	2022/01/31	Panel of contract or for the construction of buildings and structures	R 1 998 989,24	R 1 998 989,24	N/A	N/A	Panel of contract or for the construction of buildings and structures	Panel of contract or for the construction of buildings and structures	G			N/A	

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6	IATS2021/2022/9	Headman Trading and Services	2021/08/18	2022/04/30	Construction of Emattheni Sportsfield in Ward 29-Phase 2	R 1 161 000,00	R 1 149 838,00	N/A	N/A	Construction of Emattheni Sportsfield in Ward 29-Phase 2	Construction of Emattheni Sportsfield in Ward 29-Phase 2	G			N/A	
7	IATS2021/2022/06	Setshabelo Trading 647	2021/08/18	2022/04/30	Construction of 1.35km of tarred road in ward 21	R 7 000 000,00	R 5 821 962,80	N/A	N/A	Construction of 1.35km of tarred road in ward 21	Construction of 1.35km of tarred road in ward 21		S		N/A	
8	IATS2021/2022/08	Uphaphelegwalagwala Construction CC	2021/08/20	2022/04/30	Construction of Ekuvukeni Sports Field Phase 2 in Ward 33	R 2 000 000,00	R 1 710 739,25	N/A	N/A	Construction of Ekuvukeni Sports Field Phase 2 in Ward 33	Construction of Ekuvukeni Sports Field Phase 2 in Ward 33	G			N/A	
9	IATS2021/2022/5	UVO Contracting CC	2021/08/18	2022/06/30	Construction of 1 km tarred surfaced road in Ward 20	R 7 000 000,00	R 5 846 910,21	N/A	N/A	Construction of 1 km tarred surfaced road in Ward 20	Construction of 1 km tarred surfaced road in Ward 20	G			N/A	
10	IATS2021/2022/07	Bezwangendaba (Pty) Ltd	2021/08/18	2022/04/30	Construction of 2,5 km gravel road phase 3 KwaMnangeni in Ward 31	R 3 200 000,00	R 2 874 077,29	N/A	N/A	Construction of 2,5 km gravel road phase 3 KwaMnangeni in Ward 31	Construction of 2,5 km gravel road phase 3 KwaMnangeni in Ward 31	G			N/A	

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11	SLA103/2020/2021	Niphile Consulting Engineers	2021/07/12	2022/07/29	Construction of Indoor High-Performance Fitness Centre Phase 3 in Ward 13	R 36 400 000,00	R 36 400 000,00	N/A	N/A	Construction of Indoor High-Performance Fitness Centre Phase 3 in Ward 13	Construction of Indoor High-Performance Fitness Centre Phase 3 in Ward 13	G			N/A	
12	IATS2021/2022/04	Santo Civils Transport and Maintenance	2021/08/18	2022/04/30	Construction of 0.6 km tarred roads in Ward 17	R 3 460 000,00	R 2 654 846,53	N/A	N/A	Construction of 0.6 km tarred roads in Ward 17	Construction of 0.6 km tarred roads in Ward 17	G			N/A	
13	IATS2021/2022/01	Temoso Civils	2021/08/18	2022/04/30	Construction of 4KMs gravel road Ward 11	R 3 872 628,07	R 3 477 329,30	N/A	N/A	Construction of 4KMs gravel road Ward 11	Construction of 4KMs gravel road Ward 11	G			N/A	
14	IATS2021/2022/02	Amanqamng eshe trading	2021/09/10	2022/06/30	Construction of 1 km tarred roads in Ward 5 Ezakhe ni	R 6 218 271,44	R 6 202 789,00	N/A	N/A	Construction of 1 km tarred roads in Ward 5 Ezakhe ni	Construction of 1 km tarred roads in Ward 5 Ezakhe ni		S		N/A	
15	IATS2021/2022/03	Thami Ngcobo and associates	2021/08/18	2022/04/30	Construction of 1,0KMs of access Road in Ward 23	R 6 481 511,81	R 6 481 511,81	N/A	N/A	Construction of 1,0KMs of access Road in Ward 23	Construction of 1,0KMs of access Road in Ward 23		S		N/A	

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16	DF 08/2018	Niphile Consulting Engineers	2022/09 /26	2022/06 /30	Constru ction of Indoor High- Perform ance Fitness Centre Phase 3 in Ward 13	R 16 317 195,44	R 9 373 190,83	N/A	N/A	Constru ction of Indoor High- Perform ance Fitness Centre Phase 3 in Ward 13	Constru ction of Indoor High- Perform ance Fitness Centre Phase 3 in Ward 13	G		N/A	
17	IATS2021 /2022/05	Ziyamasha Trading and Construction (Pty) Ltd	2022/08 /08	2023/03 /10	Constru ction of Gravel Roads to Cemeter y in Ward 19	R 2 921 578,85	R 2 540 144,98	N/A	N/A	Constru ction of 1,0KM Gravel Roads to Cemeter y in Ward 19	Constru ction of 1,0KM Gravel Roads to Cemeter y in Ward 19	G		N/A	
18	IATS2021 /2022/13	Nelsam Trading and Projects (Pty) Ltd	2022/09 /19	2023/04 /28	Constru ction of Staff Changer ooms and Ablution Facilitie s in Ward 33	R 971 056,45	R 1 953 580,73	N/A	N/A	Constru ction of Staff Changer ooms and Ablution Facilitie s in Ward 33	Constru ction of Staff Changer ooms and Ablution Facilitie s in Ward 33	G		N/A	
19	IATS2021 /2022/24	Jama kaSjadu Projects (Pty) Ltd	2022/09 /19	2023/04 /28	Constru ction of Acaciav ale Sportsfi eld in Ward 20 - Phase 2	R 4 325 838,56	R 2 185 216,00	N/A	N/A	Constru ction of Acaciav ale Sportsfi eld in Ward 20 - Phase 2	Constru ction of Acaciav ale Sportsfi eld in Ward 20 - Phase 2	G		N/A	

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20	IATS2021/2022/25	Zhemveloh Enterprise (Pty) Ltd	2022/09/19	2023/04/28	Upgrade of Ezakhe ni Swimming Pool in Ward 8	R 1 860 038,55	R 272 890,80	N/A	N/A	Upgrade of Ezakhe ni Swimming Pool in Ward 8	Upgrade of Ezakhe ni Swimming Pool in Ward 8			P	The service provider has abandoned site due to payment issues. The municipality has drafted an intention to terminate.	The Service Provider's contract was terminated
21	IATS2021/2022/26	Nqengelele Sithwathwa Construction	2022/09/19	2023/04/28	Construction of Ablution Facilities in Iling Road Taxi Rank in Ward 10	R 1 830 530,15	R 1 668 908,00	N/A	N/A	Construction of Ablution Facilities in Iling Road Taxi Rank in Ward 10	Construction of Ablution Facilities in Iling Road Taxi Rank in Ward 10	G			N/A	
22	IATS2021/2022/27	Ourkingdom Engineering	2022/09/19	2023/04/28	Construction of Ekuvuke ni Fire station (Phase 2)	R 12 309 933,85	R 4 483 433,70	N/A	N/A	Construction of Ekuvuke ni Fire station (Phase 2)	Construction of Ekuvuke ni Fire station (Phase 2)		S		N/A	
23	IATS2021/2022/28	Mybuko Trading CC	2022/10/25	2023/05/31	The Rehabilitation of Circle Road in Ward 10	R 6 818 637,16	R 3 626 484,00	N/A	N/A	The Rehabilitation of Circle Road in Ward 10	The Rehabilitation of Circle Road in Ward 10		S		N/A	
24	IATS2021/2022/29	Amashadu Projects (Pty) Ltd	2022/10/25	2023/05/31	Upgrade of AG Magubane and Settlers Park Sportsfield in	R 1 774 287,11	R 678 293,47	N/A	N/A	Upgrade of AG Magubane and Settlers Park Sportsfield in	Upgrade of AG Magubane and Settlers Park Sportsfield in	G			N/A	

					Ward 21 and 22					Ward 21 and 22	Ward 21 and 22					
25	ES01/2020	Muchero Logistics	2022/03/22	2022/06/30	Completion of the rehabilitation of Rangoon Road	R 2 700 000,00	R 2 700 000,00	N/A	N/A	Completion of the rehabilitation of Rangoon Road	Completion of the rehabilitation of Rangoon Road		S		N/A	
26	EES03/2018	BJL Direct Projects	2021/05/03	2021/10/30	Electrification of 164 Households in Bluebank & St Josephs - Ward 26 & Roosboom-Ward 11, 13 & 25 and ready for commissioning by Eskom by 30 June 2022	R 801 817,38	R 801 817,38	Electrification of 164 Households in Bluebank & St Josephs - Ward 26 & Roosboom-Ward 11, 13 & 25 and ready for commissioning by Eskom by 30 June 2022	Project is 100% complete	N/A	N/A	G			N/A	
27	IATS2021/2022/17	Solethu Infrastructure projects	2022/04/07	2022/06/30	Installation of high mast lights in ward 11	R 1 975 829,92	R 1 975 829,91	Installation of 8 high mast lights in ward 11	Project is 100% complete	N/A	N/A	G			N/A	

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28	IATS2021/2022/16	Boniswa Trading	2022/01/10	2022/05/31	Installation of high mast lights in ward 16	R 1 808 030,00	R 1 808 030,00	Installation of 8 high mast lights in ward 16	Project is 100% complete	N/A	N/A	G		N/A	
29	IATS2021/2022/15	Sethoe Engineering	2022/01/10	2022/05/31	Installation of high mast lights in ward 3 & 4	R 2 281 510,30	R 2 281 510,30	Installation of 8 high mast lights in ward 3 & 4	Project is 100% complete	N/A	N/A	G		N/A	
30	EES12/2015	Black Shepherd	2016/03/25	2022/08/31	Electrify households in Burford, Zwelish a, Mcitshe ni, Pieters and Ezakhe ni 7,20,& 8	R 3 690 000,00	R 3 737 796,09	Electrification of 70 households in Burford, Zwelish a, Mcitshe ni, Pieters and Ezakhe ni 7,20,& 8	Project is 100% complete	N/A	N/A	G		N/A	
31	SLA85/2021/2022	R Busisiwe (PTY) LTD	2022/03/10	2022/06/30	Electrification of household in wards 26, 11, 13 and 25	R 3 632 034,45	R 3 628 639,05	Electrification of 250 household in wards 26, 11, 13 and 25	Project is 100% complete	N/A	N/A	G		N/A	
32	EES05/2018	Dithaha Consulting Engineers	2021/06/30	2021/11/30	Electrification of households ward	R 2 963 417,70	R 2 963 417,70	Electrification of 120 households	Project is 100% complete	N/A	N/A	G		N/A	

					34, 36, 32 and 24			lds ward 34, 36, 32 and 24								
33	IATS2021 /2022/14	Thando's Electrical (PTY) LTD	2021/12 /13	2022/06 /30	Electrific ation of househo lds in ward 24, 14, 4 & 23	R 3 597 136,29	R 3 249 458,98	Electrific ation of 100 househo lds in ward 24,14,4 & 23	Project is 100% complet e	N/A	N/A	G			N/A	
34	ES01/202 0	Muchero Logistics	2022/03 /22	2022/06 /30	Comple tion of the rehabilit ation of Rangoo n Road	R 2 700 000,00	R 2 700 000,00	Comple tion of the rehabilit ation of Rangoo n Road	Project is 100% complet e	N/A	N/A		S		N/A	
35	EES02/20 21	Kush Power	2020/05 /18	2021/05 /31	Mainten ance of Municip al 132KV TO 220V Electricit y Network s	R 2 964 805,80	R 2 964 805,80	Mainten ance of Municip al 132KV TO 220V Electricit y Network s	Project is 100% complet e	N/A	N/A	G			N/A	
36	IATS2022 /2023/12	Thoba Constructors	2022/07 /26	2023/06 /30	Installati on of High Mast in Ward 1	R 2 100 000,00	R 1 459 370,00	N/A	N/A	Installati on of 3 High Mast Lights in Ward 1	Installati on of 3 High Mast Lights in Ward 1- and ready for commis sioning	G			N/A	

											by Eskom by 30 June 2023					
37	IATS2022/2023/10	Mjantshi Engineering Consultants	2022/07/26	2023/06/30	Installation of High Mast in Ward 6 & 8	R 2100 000,00	R 1592 980,00	N/A	N/A	Installation of 6 High Mast Lights in Ward 6 & 8	Installation of 6 High Mast Lights in Ward 6 & 8 and ready for commissioning by Eskom by 30 June 2023	G			N/A	
38	IATS2022/2023/11	Yande engineering project cc	2022/07/26	2023/06/30	Installation of High Mast in Ward 2	R 2100 000,00	R 1378 159,70	N/A	N/A	Installation of 3 High Mast Lights in Ward 2	Installation of 3 High Mast Lights in Ward 2 and ready for commissioning by Eskom by 30 June 2023	G			N/A	

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39	IATS2022/2023/09	Siyazelula Trading and Project	2022/10/26	2023/06/30	Installation of High Mast in Ward 4	R 2100,00	R 1733 379,42	N/A	N/A	Installation of 3 High Mast Lights in Ward 4	Installation of 3 High Mast Lights in Ward 4 and ready for commissioning by Eskom by 30 June 2023	G			N/A	
40	IATS2022/2023/08	B&S Electrical	2022/07/26	2023/06/30	Installation of High Mast in Ward 36	R 2100,00	R 1459 370,00	N/A	N/A	Installation of 3 High Mast Lights at Kwahlat hi in Ward 36	Installation of 3 High Mast Lights at Kwahlat hi in Ward 36 and ready for commissioning by Eskom by 30 June 2023	G			N/A	
41	IATS2021/2022/19	Nobesuthu Technologies	2022/07/26	2023/06/30	Electrification of Households in Ensimbi ni- Ward 25	R 1080 000	R 150 808,72	N/A	N/A	Electrification of 60 Households in Ensimbi	Electrification of 60 Households in Ensimbi ni- Ward	G			N/A	

										ni- Ward 25	25 and ready for commis sioning by Eskom by 30 June 2023				
42	IATS2021 /2022/19	NWS Engineers	2022/07 /26	2023/06 /30	Electrific ation of Househ olds Empung wini - Ward 4	R 450 000,00		N/A	N/A	Electrific ation of 25 Househ olds Empung wini - Ward 4	Electrific ation of 25 Househ olds Empung wini - Ward 4 and ready for commis sioning by Eskom by 30 June 2023	G		N/A	
43	IATS2021 /2022/19	Nobesuthu Technologies	2022/07 /26	2023/06 /30	Electrific ation of Househ olds Ematafu leni - Ward 25	R 648 000,00	R129, 971.88	N/A	N/A	Electrific ation of 36 Househ olds Ematafu leni - Ward 25	Electrific ation of 36 Househ olds Ematafu leni - Ward 25 and ready for commis sioning	G		N/A	

											by Eskom by 30 June 2023				
44	IATS2021/2022/19	VWP Engineers and project managers (pty) ltd	2022/06/06	2023/06/30	Electrification of Households in Qhimkhowe - Ward 32	R 1 080 000,00	R470, 842.21	Electrification of households ward 34, 36, 32 and 24	Project is completed	Electrification of 143 Households in Qhimkhowe - Ward 32	Electrification of 60 Households in Qhimkhowe - Ward 32 and ready for commissioning by Eskom by 30 June 2023	G		N/A	
45	IATS2021/2022/19	Nobesuthu Technologies	2022/06/26	2023/06/30	Electrification of Households in Buhlebeze - Ward 11	R 1 710 000,00	R363, 964.12	N/A	N/A	Electrification of 95 Households in Buhlebeze - Ward 11	Electrification of 95 Households in Buhlebeze - Ward 11 and ready for commissioning by Eskom by 30	G		N/A	

											June 2023				
46	IATS2021/2022/19	Nobesuthu Technologies	2022/07/26	2023/06/30	Electrification of Households in Roosboom - Ward 11	R 234 000,00	R90,390.43	N/A	N/A	Electrification of 13 Households in Roosboom - Ward 11	Electrification of 13 Households in Roosboom - Ward 11 and ready for commissioning by Eskom by 30 June 2023	G		N/A	
47	IATS2021/2022/19	Mathembamahle Enterprise		2023/06/30	Electrification of Households in Ezakheni- Ward 1 to 8	R 1 800 000,00	R308,675.18	N/A	N/A	Electrification of 100 Households in Ezakheni- Ward 1 to 8	Electrification of 100 Households in Ezakheni- Ward 1 to 8 and ready for commissioning by Eskom by 30 June 2023	G		N/A	

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48	IATS2021/2022/19	Nobesuthu Technologies	2022/07/26	2023/06/30	Electrification of Households in Good hope-Ward 25	R 1 080 000,00	R152, 440.90	N/A	N/A	Electrification of 60 Households in Good hope-Ward 25	Electrification of 60 Households in Good hope-Ward 25 and ready for commissioning by Eskom by 30 June 2023	G		N/A	
49	IATS2021/2022/19	Thokomela Engineering (pty)	2022/06/06	2023/06/30	Electrification of Households in Ezimbuzini-Ward 16	R 540 000,00		Electrification of households in ward 24,14,4, 23	Project is 100% complete	Electrification of 30 Households in Ezimbuzini-Ward 16	Electrification of 30 Households in Ezimbuzini-Ward 16 and ready for commissioning by Eskom by 30 June 2023	G		N/A	

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50	IATS2021/2022/19	Thokomela Engineering (pty)	2022/06/06	2023/06/30	Electrification of Households in Emkhomula Ward 16	R 2 070 000,00	R128,366.00	Electrification of households in ward 24,14,4,23	Project is 100% complete	Electrification of 115 Households in Emkhomula Ward 16	Electrification of 115 Households in Emkhomula Ward 16 and ready for commissioning by Eskom by 30 June 2023	G		N/A	
51	IATS2021/2022/19	Thokomela Engineering (pty)	2022/06/06	2023/06/30	Electrification of Households in Emashiselweni Ward 15	R 1 260 000,00	R55,983.33	Electrification of households in ward 24,14,4,23	Project is 100% complete	Electrification of 70 Households in Emashiselweni Ward 15	Electrification of 70 Households in Emashiselweni Ward 15 and ready for commissioning by Eskom by 30 June 2023	G		N/A	

52	EES03/2021	Smart Muntu Agent and Projects Services	2021/12/10	2024/12/31	Appointment of Panel of to supply and provide emergency repairs to the 132kv to 220kv electricity network, disconnections and disconnections of electricity meters	R 1 040 175,00	R 941 746,50	N/A	N/A	Carry out disconnections, reconnections and meter inspections.	Carry out disconnections, reconnections and meter inspections.	G			N/A	
53	EES03/2021	Nothani Engineering	2021/12/01	2024/12/31	Appointment of Panel of to supply and provide emergency repairs to the 132kv to 220kv electricity network, disconn	R 1 040 175,00	R 937 537,50	N/A	N/A	Carry out disconnections, reconnections and meter inspections.	Carry out disconnections, reconnections and meter inspections.	G			N/A	

					ections and disconn ections of electricit y meters											
54	EES03/20 21	Lambouka Trading	2021/12 /10	2024/12 /31	Appoint ment of Panel of to supply and provide emerg ncy repairs to the 132kv to 220kv electricit y network, disconn ections and disconn ections of electricit y meters	R 1 236 250,00	R 1 236 250,00	N/A	N/A	Carry out disconn ections, reconne ctions and meter inspecti ons.	Carry out disconn ections, reconne ctions and meter inspecti ons.	G			N/A	
55	EES03/20 21	Evelore Construction	2021/12 /10	2024/12 /31	Appoint ment of Panel of to supply and provide emerg ncy repairs	R 1 236 250,00	R 1 236 250,00	N/A	N/A	Carry out disconn ections, reconne ctions and meter inspecti ons.	Carry out disconn ections, reconne ctions and meter inspecti ons.	G			N/A	

					to the 132kv to 220kv electricit y network, disconn ections and disconn ections of electricit y meters										
56	State Tender	Isuzu Truck Centre			Invoice no. 111000 1126 dated 23/12/2 2; received 1 x cherry picker on 23/12/2 2 to the value of R1 382 135.55	R1 382 135.55	R1 382 135.55	N/A	N/A	Purchas ed 1 x Cherry Picker	Receive d on 23/12/2 2	G		N/A	
57	State Tender	Isuzu Truck Centre			Invoice no. 111000 1125 dated 23/12/2 2 received 1 x cherry	R1 382 135.55	R1 382 135.55	N/A	N/A	Purchas ed 1 x Cherry Picker	Receive d on 23/12/2 2	G		N/A	

					picker on 23/12/2 2 to the value of R1 382 135.55										
58	State Tender	Isuzu Truck Centre			Invoice no.1110 001024 dated 24/11/2 2. received 1 x Isuzu 4 x ton dropside on 24/11/2 2 to the value of R753 728.96	R753 728.96	R753 728.96	N/A	N/A	Purchas ed 1 x Isuzu 4 x ton dropside	Receive d on 23/12/2 2	G		N/A	
59	State Tender	Williams Hunt Pretoria			Invoice no. 111006 1901 dated 17/10/2 2 received 1 x Isuzu MU-X on 17/10/2 2 to the value of R699 545.39	R699 545.39	R699 545.39	N/A	N/A	Purchas ed 1 x Isuzu MU-X	Receive d on 17/10/2 2	G		N/A	

60	State Tender	Isuzu Truck Centre			Invoice no. 1110058334 dated 22/09/22. Received 1 x Isuzu MU-X on 01-11-22 to the value of R699 549.99	R699 545.99	R699 545.99	N/A	N/A	Purchased 1 x Isuzu MU-X	Received on 01-11-22	G		N/A	
61	State Tender	Isuzu Truck Centre			Invoice no. 1110001830 dated 25-11-22. Received 1 x Isuzu MU-X on 25/11/22 to the value of R699 549.99	R699 549.99	R699 549.99	N/A	N/A	Purchased 1 x Isuzu MU-X	Received on 25-11-22	G		N/A	
62	State Tender	Isuzu Truck Centre			Invoice no. 1110001023 dated 24/11/22.	R753 728.96	R753 728.96	N/A	N/A	Purchased 1 x Isuzu 4 x ton dropside	Received on 24/11/22	G		N/A	

					Received 1 x Isuzu 4 x ton dropside to the value of R753 728.96										
63	State Tender	Isuzu Truck Centre			Invoice no. 111000 1025 dated 24/11/22. Received 1 x Isuzu 8 x ton dropside to the value of R1 205 168.95	R1 205 168.95	R1 205 168.95	N/A	N/A	Purchased 1 x Isuzu 8 x ton dropside to the value of R1 205 168.95	Received on 24/11/22	G		N/A	
64	State Tender	Merafe Holdings			Invoice no. 202306 dated 15/03/23. Received 1 x UD Truck Croner 12 Cube Compact to the value of	R2 431 836.00	R2 431 836.00	N/A	N/A	Purchased 1 x UD Truck Croner 12 Cube compact or to the value of R2 431 836.00	Received on 16/03/23	G		N/A	

					R2 431 836.00.											
65	PS01/2019	NKR BUSINESS ENTERPRISE/AUTOZONE	2019-12-06	1. SLA - 31/07/22 2. FIRST ADDENDUM: 31-07-22 TO 31-10-22 3. SECOND ADDENDUM: 01-11-22 TO 31-12-22 4. THIRD ADDENDUM: 01-01-23 TO 31-03-2023	Appointment of the panel of service providers for mechanical repairs and maintenance	R3 324 994.72	R3 324 994.72	Appointment of the panel of service providers for mechanical repairs and maintenance	Appointment of the panel of service providers for mechanical repairs and maintenance	Appointment of the panel of service providers for mechanical repairs and maintenance	Appointment of the panel of service providers for mechanical repairs and maintenance	G			N/A	
66	PS06/2020	ONE STOP COMPUTERS	2021-05-28	2024-05-31	SUPPLY, INSTALLATION AND MAINTENANCE OF	R1 500 000.00	R1 491 181.78	SUPPLY, INSTALLATION AND MAINTENANCE OF	SUPPLY, INSTALLATION AND MAINTENANCE OF	SUPPLY, INSTALLATION AND MAINTENANCE OF	SUPPLY, INSTALLATION AND MAINTENANCE OF	G			N/A	

					CURRE NT SURVEI LLANC E CAMER A SYSTE M			CURRE NT SURVEI LLANC E CAMER A SYSTE M	OF CURRE NT SURVEI LLANC E CAMER A SYSTE M	CURRE NT SURVEI LLANC E CAMER A SYSTE M	CURRE NT SURVEI LLANC E CAMER A SYSTE M				
67	PS02/2021	PLAN B LIFESTYLE PTY LTD	2021-06-02	2024-06-30	SUPPL Y AND DELIVE RY ROAD TRAFFI C SIGNS AND STREE T NAMES	R1 193 452.40	R1 193 452.40	SUPPL Y AND DELIVE RY ROAD TRAFFI C SIGNS AND STREE T NAMES	SUPPL Y AND DELIVE RY ROAD TRAFFI C SIGNS AND STREE T NAMES	SUPPL Y AND DELIVE RY ROAD TRAFFI C SIGNS AND STREE T NAMES	SUPPL Y AND DELIVE RY ROAD TRAFFI C SIGNS AND STREE T NAMES	G		N/A	
68	PS01/2021	SIZOWAKHA SECURITY AND CLEANING SERVICES	3-Feb-22	28-Feb-25	PROVIS ION OF SECURI TY SERVIC ES	R7 078 995.57	R7 078 995.57	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	G		N/A	
69	PS01/2021	MASIPHEPH E SECURITY	9-Feb-22	31-Jan-25	PROVIS ION OF SECURI TY SERVIC ES	R11 738 257.24	R11 738 257.24	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	G		N/A	
70	PS02/2022	NOMASULU M-ANE TRADING AND PROJECTS	13-Jul-22	31-Jul-25	PANEL OF SERVIC E PROVID ERS FOR	R2 658 919.90	R2 658 919.90	PANEL OF SERVIC E PROVID ERS FOR	PANEL OF SERVIC E PROVID ERS FOR	PANEL OF SERVIC E PROVID ERS FOR	PANEL OF SERVIC E PROVID ERS FOR	G		N/A	

					PROVIS ION OF SECURI TY SERVIC ES			PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES	PROVIS ION OF SECURI TY SERVIC ES					
71	PS02/2022	NDATE SBONGA PROJECTS	13-Jul-22	31-Jul-25	PANEL OF SERVIC E PROVID ERS FOR PROVIS ION OF SECURI TY SERVIC ES	R1 250 519.59	R1 250 519.59	PANEL OF SERVIC E PROVID ERS FOR PROVIS ION OF SECURI TY SERVIC ES	PANEL OF SERVIC E PROVID ERS FOR PROVIS ION OF SECURI TY SERVIC ES	PANEL OF SERVIC E PROVID ERS FOR PROVIS ION OF SECURI TY SERVIC ES	PANEL OF SERVIC E PROVID ERS FOR PROVIS ION OF SECURI TY SERVIC ES	G			N/A	
72	PS05/2019	Emcom Wireless	24-02-20	30-06-23	Supply, mainten ance and repairs of radio and radio commun ication	R1 785 534.91	R1 785 534.91	Supply, mainten ance and repairs of radio and radio commun ication	Supply, mainten ance and repairs of radio and radio commun ication	Supply, mainten ance and repairs of radio and radio commun ication	Supply, mainten ance and repairs of radio and radio commun ication	G			N/A	
73	PS07/2019	AFRIRENT	06-12-2019	31-12-2022 1ST ADDEN DUM: 01-01-23 TO 31-03-23 2ND ADDEN DUM:	TRACKI NG SYSTE M	R1 250 519.59	R1 250 519.59	SUPPL Y, FITMEN T OF AND MAINTEN ANCE OF A VEHICL E MONIT ORING,	SUPPL Y, FITMEN T OF AND MAINTEN ANCE OF A VEHICL E MONIT ORING,	SUPPL Y, FITMEN T OF AND MAINTEN ANCE OF A VEHICL E MONIT ORING,	SUPPL Y, FITMEN T OF AND MAINTEN ANCE OF A VEHICL E MONIT ORING,	G			N/A	

				01-04-23 TO 30-06-23				TRACKING AND FLEET MANAGEMENT SYSTEM	TRACKING AND FLEET MANAGEMENT SYSTEM	TRACKING AND FLEET MANAGEMENT SYSTEM	TRACKING AND FLEET MANAGEMENT SYSTEM				
74	DF 09/2021	Travel with Flair	10/12/2021	31/12/2022	Traveling agent service	N/A		Appointment of a Registered Services (Traveling Agent) to Render Services in Respect of Travel, Accommodation, Airfares and Car Hire Arrangements for the Alfred Duma Local Municipality for a Period of	Traveling agent service	Monthly Payments	R66 699,99	G			N/A

								Twelve Months							
75	DF 09/2021	Harvey World Travel	10/12/2 021	31/05/2 023	Travelin g agent service	N/A		Appoint ment of a Register ed Services (Traveli ng Agent) to Render Services in Respect of Travel, Accom modatio n, Airfares and Car Hire Arrange ments for the Alfred Duma Local Municip ality for a Period of Twelve Months	Travelin g agent service	Monthly Paymen ts	R976 234,11	G		N/A	

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76	DF04/2021	Kunene Makopo Risk Solution PTY LTD	2021/07/01	30/06/2024	Insurance Broker Services The Municipality's assets are insured for the financial year, however there number of outstanding insurance claims are high, and the turnaround time is very slow in terms of progress in resolving insurance claims on the brokers side.	R20305726,75	R20305726,75	N/A	N/A	Provision of terms insurance portfolio	Provision of terms insurance portfolio		S	N/A	
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77	DF 03/2021	G4S Cash Solutions (PTY) LTD	2021/07 /01	2024/07 /30	Cash In Transit security services provided for all collectio n sites at the Alfred Duma Local Municip ality. To collect cash from all cashieri ng services points as per the agreed times.	R1 089 383	R 347 908,80	N/A	N/A	Provisio n of cash in transit services	Provisio n of cash in transit services	G			N/A	
78	DF 07/2021	Pay@ Secured Payment Solutions	2021/07 /01	2023/07 /31	The Provisio n of Third- Party Paymen t services for the Alfred Duma LM Account s	R 2 000 000.00	R 440 000.00	N/A	N/A	To provide a collectio n system through third party vendors for consum er account s	To provide a collectio n system through third party vendors for consum er account s	G			N/A	

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79	DF09/2020	Moosha trading	2021/01/23	2023/01/31	Supply and delivery of swimming pool chemicals	Stock is ordered as and when needed	R3 078 350	Supply and delivery of swimming pool chemicals	Supply and delivery of swimming pool chemicals	Supply and delivery of swimming pool chemicals	Supply and delivery of swimming pool chemicals		S		N/A	
80	DF09/2020	Moosha trading	2021/04/01	2023/01/31	Supply and delivery of electrical material	Stock is ordered as and when needed	R3 078 350,00	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material		S		N/A	
81	DF09/2020	Elenyoni Trading and Projects	2021/05/10	2023/05/31	Supply and delivery of electrical material	Stock is ordered as and when needed, Panel of service provider	R1 816 537,00	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material			P	The Municipality has expressed its concerns with the service provider in terms of performance and has met with the service provider on a number of occasions. There has been an improvement, however, there are still challenges in the turnaround time on claims.	An email with a 7-day turnaround time was issued and then there was an improvement in the Service Providers performance
82	DF09/2020	Amagwazela Trading	2021/04/01	2023/04/30	Supply and delivery of electrical material	R 1 022 722,90	R 1 022 722,90	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	G			N/A	

83	DF09/2020	Going Places t/a Build it Uitvaal	2021/05/31	2023/05/31	Supply and delivery of building material	Stock is ordered as and when needed	R1 990 481,75	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material		S		N/A	
84	DF09/2020	Bhandelinye Trading	2021/04/01	2023/03/31	Supply and delivery of electrical material	Stock is ordered as and when needed	R1 238 710,00	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material	Supply and delivery of electrical material		S		N/A	
85	DF09/2020	Eyethu	2021/04/01	2023/03/31	Supply and delivery of Roller Shutter doors fleet workshop	R 2 153 000,00	R 2 153 000,00	Supply and delivery of Roller Shutter doors fleet workshop	Supply and delivery of Roller Shutter doors fleet workshop	Supply and delivery of Roller Shutter doors fleet workshop	Supply and delivery of Roller Shutter doors fleet workshop		G		N/A	
86	DF15/2019	Skhanyiso Engineering	2020/03/19	2023/03/31	Supply and delivery of oil	R 10 749 660,58	R 10 749 660,58	Supply and delivery of oil	Supply and delivery of oil	Supply and delivery of oil	Supply and delivery of oil		G		N/A	
87	RT25-2016	Munsoft	2016-06-30	2025-06-30	Provision of Financial System	R 53 565 393,19	R 53 565 393,19	Financial System, IT Support, Printing and Postage of Consumer Account	Financial System, IT Support, Printing and Postage of Consumer Account	Financial System, IT Support, Printing and Postage of Consumer Account	Financial System, IT Support, Printing and Postage of Consumer Account		G		N/A	

								s and mSCOA Support	s and mSCOA Support	s and mSCOA Support	s and mSCOA Support				
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Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

APPENDIX H: DISCLOSURE OF FINANCIAL INTERESTS

Disclosure of financial interests			
Period 1 July 2022-30 June 2023			
Position	Surname	Name	Description of financial interest (Nil or details)
Mayor	Sibisi	Zama Joel	Nil
Deputy Mayor	Simelane	Sizwe	Nil
Exco Members	Dlamini	Thobani Prince	Nil
	Hadebe	Thulile	Nil
	Khumalo	Thulasizwe Patric	Nil
	Madondo	Sifiso Eric	Nil
	Mbhele	Mzwandile Beatus	Nil
	Mchunu	Andile	Director in Qwinyzito and Somakade Trading
	Njoko	Thabisile Precious	Nil
	Warasally	Abbas Sheik Dawood	Nil
Speaker	Sithole	Bhekinkosi Petros	Nil
Councillors			
	Biyela	Bonisiwe Beauty	Nil
	Buys	Sharon Ann	Nil
	Dlamini	Nokwazi Barbara	Nil
	Gwala	Bonisiwe	Nil
	Hlomuka	Londathina Given	Nil
	Hlonewane	Lindiwe Goodness	Nil
	Khoza	Mthokozisi Magical	Nil
	Khumalo	Siphamandla Samuel	Nil
	Kubheka	Gladys Sihlesenkosi	Nil
	Kubheka	Lindiwe Bongile Marrison	Nil
	Kubheka	Sibongile Emily	Nil
	Kubheka	Xolani Oswald	Nil
	Madondo	Zamukwenzani Israel	Nil
	Magasela	Mzuzwana	Nil

	Majola	Bhekokwakhe Christopher	Nil
	Makhathini	Sithembiso	Nil
	Mbambo	Philile Patricia	Nil
	Mbhense	Monica Ntombiningi	Nil
	Mbhense	Ntuthuko	Nil
	Mdluli	Khulekani	Nil
	Memela	Vusumuzi Fred	Nil
	Mhlongo	Xoliswa Fikelephi	Nil
	Mjiyakho	Khanyisile Evertrinah	Nil
	Mkhasibe	Nkululeko Daniel	Nil
	Mlaba	Thulasizwe Cristopher	Nil
	Mlotshwa	Mosley Ntombizonke	Nil
	Mlotshwa	Njabulo	Nil
	Mlotshwa	Nkosinathi Petros Bethwel	Nkosi P B Mlotshwa Contractors
	Mngadi	Mabutho Siboniso	Advocate Investigative Group T/A Advo-Solution Investigators and Etino-Pharm (Pty) Ltd
	Mngadi	Xolani Peacefully	Nil
	Msimango	Sanele Lesley	Nil
			Nil
	Mswane	Sakhile Lucas	
	Mthethwa	Emmanuel Nkosinathi Mandlenkosi	Nil
	Mtshali	Nikiwe Cynthia	Nil
	Nene	Siphelele Minenhle	Nil
	Ngcobo	Thembinkosi Nicholas	Nil
	Ngubane	Sihle Emmanuel	Nil
	Nkosi	Lwazilwakhe	Nil
	Nsele	Phasika	Nil
	Ntini	Khanyisani	Siyiphiwe Community Development NPC
	Nxumalo	Octavia Sindisiwe	Nil

	Nzuza	Bhiza Muzomusha	Nil
	Nzuza	Phangisani Milton	Nil
	Rajkoomar	Anand	Nil
	Shabalala	Khanyisile Elizabeth	Nil
	Shabalala	Ntandoyenkosi Bisset	Nil
	Sithebe	Nkosinathi Justice	Nil
	Sithole	Nkosinathi Shadrack	Nil
	Sithole	Sabelo	Nil
	Sithole	Sabelo Marcus	Nil
	Suddaby	Michael Rodney	Nil
	Thabede	Zakhele Thomas	Nil
	Xaba	Austin Bhekisisa	Nil
	Xaba	Tholakele	Nil
	Zikalala	Mduduzi Garnet	Nil
	Zikalala	Nonhlanhla Lucia	Nil
	Zikalala	Sandile Brian	Nil
	Zuma	Fana	Nil
	Zungu	Mzwakhe Pamu	Nil
	Zwane	Nkosikhona Excellent	Nil
	Zwane	Simphiwe Xolani Musawenkosi	Nil
	Zwane	Xolani Simphiwe	Nil
Municipal Manager	NGIBA	Miss SS	Nil
Section 56	SIMELANE	Mr PBB	Emasisweni Co-op 14%; HKS Agri Pty Ltd 33.3%; Mshumbu Security Pty Ltd 100%
	MAZIBUKO	Mr R	TIG Group 100%
	MOLEFE	Mrs CE	Nil
	KUNENE	Mr MZ	Nil
	KUNENE	Mr SN	Nil
	NKOSI	Mr MT	Nil

APPENDIX I (I): REVENUE COLLECTION PERFORMANCE BY VOTE

DESCRIPTION	BUDGET	ACTUALS
	R	R
Property Rates	231 681 981,00	229 926 978,17
Property Rates – penalties / Interest	40 263 690,00	41 440 024,00
Services Charges - Electricity	466 940 835,00	444 075 638,00
Services Charges – Refuse Removal	30 744 590,00	30 873 591,86
Rental of Facilities and Equipment	2 427 331,00	2 785 491,07
Interest Earned – External Investments	7 646 814,00	31 400 547,25
Interest Earned – Outstanding Debtors	10 349 572,00	8 379 118,32
Fines	32 256 262,00	28 459 817,00
Licences, Permits and Agency Fees	2 978 959,00	6 215 865,00
Transfers and Grants Recognised	427 794 646,00	400 185 201,48
Other Income	7 664 698,00	34 297 649,85

APPENDIX I (II): REVENUE COLLECTION BY SOURCEInformation available on the **Annual Financial Statements on pages 96 to 218.****APPENDIX J: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

DETAILS	BUDGET	ACTUAL	MAJOR CONDITIONS APPLIED BY DONOR (CONTINUE BELOW IF NECESSARY)
FINANCE MANAGEMENT GRANT (FMG)	R2 100 000	R2 100 000	
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	R2 993 000	R2 993 000	
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)	R4 500 000	R4 500 000	
DEPARTMENT OF SPORTS AND RECREATION GRANT	R10 950 000	R0	<i>The funds were not transferred to the municipality from Department of Sports and Infrastructure</i>
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	R37 699 595	R36 414 000	
MUSEUM SUBSIDY	R235 000	R235 000	
PROVINCIALISATION OF LIBRARIES	R5 890 000	R5 890 000	
RECAPITALISATION OF LIBRARIES (CYBER CADET)	R2 039 000	R2 039 000	
HOUSING ACCREDITATION SUBSIDY	R3 156 122	R1 868 035	<i>The total includes R109 519.46 in interest earned on a bank balance.</i>
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	R70 409 000	R70 409 000	

APPENDIX K (I): CAPITAL EXPENDITURE- NEW ASSETS PROGRAMME

DESCRIPTION	ORIGINAL BUDGET	ACTUAL EXPENDITURE
Installation of 6 High Mast Lights in Ezakheni, Ward 1	R 2 100 000.00	R 1 797 614.00
Installation of 6 High Mast Lights in Ezakheni, Ward 2	R 2 100 000.00	R 1 889 154.70
Installation of 6 High Mast Lights in Ezakheni, Ward 4	R 2 100 000.00	R 1 975 431.33
Installation of 6 High Mast Lights in Ezakheni- Wards 6 & 8	R 2 100 000.00	R 2 092 187.50
Installation of 6 High Mast Lights at Kwahlathi in Ward 36	R 2 100 000.00	R 2 084 912.00
Installation of 7 High Mast Lights in Matiwane- Ward 23	R 2 500 000.00	R 2 747 523.04
Installation of 7 High Mast Lights in Watersmeet- Ward 18	R 2 500 000.00	R 2 437 178.62
Installation of 7 High Mast Lights in Baldaskraal- Ward 24	R 2 500 000.00	R 2 745 528.81
Installation of 7 High Mast Lights in Nhlalakahle- Ward 22	R 2 500 000.00	R 2 584 412.15
Electrification of 60 Households in Ensimbini- Ward 25	R 1 080 000.00	R 1 890 704.82
Electrification of 25 Households in Empungwini- Ward 4	R 450 000.00	R 381 947.83
Electrification of 36 Households Ematafuleni- Ward 25	R 648 000.00	R 467 601.84
Electrification of 95 Households in Buhlebezwe- Ward 11	R 1 710 000.00	R 1 290 501.48
Electrification of 143 Households in Qhimkhowe- Ward 32	R 2 880 000.00	R 784 964.71
Electrification of 13 Households in Roosboom- Ward 11	R 234 000.00	R 217 193.53
Electrification of 100 Households in Ezakheni- Wards 1 to 8	R 1 800 000.00	R 379 607.18
Electrification of 60 Households in Goodhope- Ward 25	R 1 080 000.00	R 725 978.56
Electrification of 30 Households in Ezimbuzini- Ward 16	R 540 000.00	R 568 415.18

Electrification of 115 Households in Emkhumula- Ward 16	R 2 070 000.00	R 2 067 357.71
Electrification of 70 Households in Emashiselweni- Ward 15	R 1 260 000.00	R 1 245 823.43
Ekuvukeni Fire Station Phase 2 - Ekuvukeni- Ward 33	R 13 000 000.00	R 12 309 900.10
Staff Change rooms and Ablution facilities in Ekuvukeni- Ward 33	R 2 000 000.00	R 1 971 056.42
Ablution Facilities in Illing Road Taxi Rank in Ward 10	R 1 882 575.00	R 1 830 389.22
AG Magubane and Settlers Park Sportsfield in Ward 21	R 2 000 000.00	R 1 773 845.06
Tarred road of Circle Road in Ward 20	R 8 000 000.00	R 7 929 032.50
Acaciavale Sportsfield- Phase 2 in Ward 20 to be constructed by 30 June 2023	R 4 888 600.00	R 4 285 600.05
CCTV Camera System to be upgraded	R 1 500 000.00	R 1 386 849.50
8 Informal Trading Stalls to be constructed in Ward 35	R 2 000 000.00	R 288 439.00
Ezakheni Swimming Pool in Ward 8	R 1 617 425.00	R 1 503 680.63

APPENDIX K (II): CAPITAL EXPENDITURE-UPGRADE/ RENEWAL PROGRAMME

DESCRIPTION	ORIGINAL BUDGET	ACTUAL EXPENDITURE
FURNITURE AND EQUIPMENT		
Repairs of Tarred Roads - Princess & King Street (MDRG)	R 1 936 000.00	R 1 886 920.00
Repairs of Tarred Road - Hamilton Road (MDRG)	R 1 103 000.00	R 1 057 770.00
11KV Switchgear to be supplied and installed at Jantha Substation- Ward 20	R 9 675 000.00	R 9 401 655.05
Electrical Refurbishment	R 2 000 000.00	R 1 833 891.64
Jantha Substation Building to be refurbished in Ward 20	R 525 000.00	R 500 175.50
Repairs of Tarred Road - Intondolo (MDRG)	R 11 822 120.00	R 11 755 206.56

APPENDIX L: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

CAPITAL PROJECT	ORIGINAL BUDGET	ACTUAL
Repairs of Tarred Roads - Princess & King Street (MDRG)	R 1 936 000.00	R 1 886 920.00
Repairs of Tarred Road - Hamilton Road (MDRG)	R 1 103 000.00	R 1 057 770.00
11KV Switchgear to be supplied and installed at Jantha Substation- Ward 20	R 9 675 000.00	R 9 401 655.05
Jantha Substation Building to be refurbished in Ward 20	R 525 000.00	R 500 175.50
Repairs of Tarred Road - Intondolo Street (MDRG)	R 11 822 120.00	R 11 755 206.56
Installation of 6 High Mast Lights in Ezakheni, Ward 1	R 2 100 000.00	R 1 797 614.00
Installation of 6 High Mast Lights in Ezakheni, Ward 2	R 2 100 000.00	R 1 889 154.70
Installation of 6 High Mast Lights in Ezakheni, Ward 4	R 2 100 000.00	R 1 975 431.33
Installation of 6 High Mast Lights in Ezakheni- Wards 6 & 8	R 2 100 000.00	R 2 092 187.50
Installation of 6 High Mast Lights at Kwahlathi in Ward 36	R 2 100 000.00	R 2 084 912.00
Installation of 7 High Mast Lights in Matiwane- Ward 23	R 2 500 000.00	R 2 747 523.04
Installation of 7 High Mast Lights in Watersmeet- Ward 18	R 2 500 000.00	R 2 437 178,62
Installation of 7 High Mast Lights in Baldaskraal- Ward 24	R 2 500 000.00	R 2 745 528.81
Installation of 7 High Mast Lights in Nhlalakahle- Ward 22	R 2 500 000.00	R 2 584 412.15
Electrification of 60 Households in Ensimbini- Ward 25	R 1 080 000.00	R 1 890 704.82
Electrification of 25 Households in Empungwini- Ward 4	R 450 000.00	R 381 947.83
Electrification of 36 Households Ematafuleni- Ward 25	R 648 000.00	R 467 601.84
Electrification of 95 Households in Buhlebezwe- Ward 11	R 1 710 000.00	R 1 290 501.48

Electrification of 143 Households in Qhimkhowe- Ward 32	R 2 880 000.00	R 784 964.71
Electrification of 13 Households in Roosboom- Ward 11	R 234 000.00	R 217 193.53
Electrification of 100 Households in Ezakheni- Wards 1 to 8	R 1 800 000.00	R 379 607.18
Electrification of 60 Households in Goodhope- Ward 25	R 1 080 000.00	R 725 978.56
Electrification of 30 Households in Ezimbuzini- Ward 16	R 540 000.00	R 568 415.18
Electrification of 115 Households in Emkhumula- Ward 16	R 2 070 000.00	R 2 067 357.71
Electrification of 70 Households in Emashiselweni- Ward 15	R 1 260 000.00	R 1 245 823.43
Electrical Refurbishment	R 2 000 000.00	R 1 833 891.64
Gravel Roads to the Cemetery in Ward 19	R 3 000 000.00	R 2 921 166.73
Ablution Facilities in Illing Road Taxi Rank in Ward 10	R 1 882 575.00	R 1 830 389.22
AG Magubane and Settlers Park Sportsfield in Ward 21	R 2 000 000.00	R 1 773 845.06
Tarred road of Circle Road in Ward 20	R 8 000 000.00	R 7 929 032.50
Acaciavale Sportsfield- Phase 2 in Ward 20 to be constructed by 30 June 2023	R 4 888 600.00	R 4 285 600.05
Civil Works within Indoor High-Performance Centre- Phase 4 in Ward 13	R 20 943 000.00	R 17 869 139.53
11 Tideflex Valves (Maintenance Equipment) to be supplied and installed at Klipriver- Ward 12	R 10 800 000.00	R 10 212 434.29
1 Low Water Crossing to be rehabilitated in Roosboom- Ward 25	R 2 000 000.00	R 1 347 034.23
1 Low Water Crossing to be rehabilitated in Kwamanzini- Ward 26	R 2 000 000.00	R 1 235 672.55
1 Low Water Crossing to be rehabilitated in Emashiselweni- Ward 16	R 2 000 000.00	R 1 238 690.25
2 Low Water Crossings to be rehabilitated in Kwahlathi- Ward 36	R 1 000 000.00	R 0.00
Ekuvukeni Fire Station Phase 2 - Ekuvukeni- Ward 33	R 13 000 000.00	R 12 309 900.10

Staff Change rooms and Ablution facilities in Ekuvukeni- Ward 33	R 2 000 000.00	R 1 971 056.42
The main server	R 4 000 000.00	R 2 297 654.00
Implementation of procurement plan by purchasing municipal fleet (plant and machinery)	R 24 400 000.00	R 23 723 352.71
Implementation of procurement plan (insourcing) municipal fleet	R 1 000 000.00	R 557 801,00
CCTV Camera System to be upgraded	R 1 500 000.00	R 1 386 849.50
8 Informal Trading Stalls to be constructed in Ward 35	R 2 000 000.00	R 288 439.00
Ezakheni Swimming Pool in Ward 8	R 1 617 425.00	R 1 503 680.63
Call Centre	R 2 000 000.00	R 1 659 453.15
Number plate recognition	R 250 000.00	R 167 343.48
Upgrade of Lister Clarence	R 100 000.00	R 35 449.85
IT Computer Equipment	R 1 200 000.00	R 1 121 886.95
Top slice - PMU	R 300 000.00	R 250 920.00
Parks and Garden Small Plants	R 350 000.00	R 234 661.83
Speed Machine	R 500 000.00	R 467 014.00
Fire station equipment - Ekuvukeni	R 250 000.00	R 178 653.93
Fire station equipment – Ezakheni	R 250 000.00	R 159 257.00
Security System – Stores	R 500 000.00	R 350 250.00

APPENDIX M: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR

CAPITAL PROGRAMME BY PROJECT BY WARD: YEAR 0		
CAPITAL PROJECT	WARD(S) AFFECTED	WORK COMPLETED (YES/NO)
ELECTRICITY/HIGH MAST LIGHTS		
Installation of 6 High Mast Lights in Ezakheni, Ward 1	3 & 4	YES
Installation of 6 High Mast Lights in Ezakheni, Ward 2	11	YES
Installation of 6 High Mast Lights in Ezakheni, Ward 4	16	YES
Installation of 6 High Mast Lights in Ezakheni- Wards 6 & 8	6 & 8	YES
Installation of 6 High Mast Lights at Kwahlathi in Ward 36	36	YES
Installation of 7 High Mast Lights in Matiwane- Ward 23	23	YES
Installation of 7 High Mast Lights in Watersmeet- Ward 18	18	YES
Installation of 7 High Mast Lights in Baldaskraal- Ward 24	24	YES
Installation of 7 High Mast Lights in Nhlalakahle- Ward 22	22	YES
Electrification of 60 Households in Ensimbini- Ward 25	25	YES
Electrification of 25 Households in Empungwini- Ward 4	4	YES
Electrification of 36 Households Ematafuleni- Ward 25	25	YES
Electrification of 95 Households in Buhlebezwe- Ward 11	11	YES
Electrification of 143 Households in Qhimkhowe- Ward 32	32	YES
Electrification of 13 Households in Roosboom- Ward 11	11	YES
Electrification of 100 Households in Ezakheni- Wards 1 to 8	1 & 8	YES
Electrification of 60 Households in Goodhope- Ward 25	25	YES
Electrification of 30 Households in Ezimbuzini- Ward 16	16	YES
Electrification of 115 Households in Emkhumula- Ward 16	16	YES
Electrification of 70 Households in Emashiselweni- Ward 15	15	YES

APPENDIX N: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics
None

APPENDIX O: SERVICE BACKLOGS EXPERIENCED BY 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)

None

APPENDIX P: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans *Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R'00	Total Amount committed over previous and future years
As per the Annual Financial Statements on pages 96 to 218.				

APPENDIX Q: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71						
Month	Declaration made to the:					
	Mayor (Y/N)	Date	Provincial Treasury (Y/N)	Date	National Treasury (Y/N)	Date
July	No declarations made all returns were submitted as per MFMA					
August						
September						
October						
November						
December						
January						
February						
March						
April						
May						
June						

APPENDIX R: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or percentages achieved
N/A		

END